THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tiande Chemical Holdings Limited**, you should at once hand this Circular to the purchaser or the transferee or the bank, stockbroker or other registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

TIANDE CHEMICAL HOLDINGS LIMITED
天德化工控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 609)

DISCLOSEABLE TRANSACTION

RESUMPTION OF LAND USE RIGHTS

A letter from the Board of Directors is set out on pages 3 to 6 of this Circular.

3 December 2008

In this Circular, the following expressions have the following meanings unless the context requires otherwise:–

"Board"	means the board of Directors
"Company"	means Tiande Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 609)
"Compensation Agreement"	means the Agreement on the Compensation for the Resumption of Land entered into between Weifang Sub-Bureau and Weifang Common dated 6 November 2008
"Directors"	means the directors (including independent non-executive directors) of the Company
"Group"	means the Company and its subsidiaries
"Independent Third Party(ies)"	means (an) independent third party(ies) not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and is(are) not connected person(s) of the Company (as defined in the Listing Rules)
"Land"	means the piece of land currently occupied by Weifang Common with an approximate area of 16,494 square metres situated at the East of Wenhua Road, the North of Xuanwu Street, Weifang City, Shandong Province, PRC previously for industrial use as more particularly described in the State-owned Land Use Certificate with reference of Wei Guo Yong (2004) No.F038 dated 26 October 2004
"Land Use Rights"	means the land use rights in respect of the Land
"Latest Practicable Date"	means 28 November 2008, being the latest practicable date for ascertaining certain information in this Circular prior to its printing
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"PRC"	means the People's Republic of China but, for the purpose of this Circular, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Relocation Compensation Notice"	means the notice jointly issued by the Shandong Government Authorities to Weifang Common in respect of the relocation compensation payable by the Shandong Government Authorities to Weifang Common dated 14 November 2008
"Resumption"	means the resumption of the Land Use Rights by Weifang Sub-Bureau pursuant to the Resumption Notice
"Resumption Notice"	means the notice of resumption of the Land Use Rights issued by the Shandong Weifang Economic Development Zone Planning and Construction Bureau to Weifang Common dated 12 June 2008
"RMB"	means Renminbi, the lawful currency of the PRC
"Shandong Government Authorities"	means the Economic Development Bureau, the Planning and Construction Bureau and the Finance Bureau of Shandong Weifang Economic Development Zone
"Shareholders"	means the shareholders of the Company
"Weifang Common"	means Weifang Common Chem Co., Ltd., a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Weifang Sub-Bureau"	means the Shandong Weifang Economic Development Zone Sub-Bureau of the Weifang Municipal State Land Resources Bureau
"%"	means percentage

TIANDE CHEMICAL HOLDINGS LIMITED
天德化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 609)

Executive Directors:
Mr. Liu Hongliang *(Chairman)*
Mr. Wang Zijiang
Mr. Guo Xitian
Mr. Guo Yucheng

Independent non-executive Directors:
Mr. Leung Kam Wan
Mr. Gao Baoyu
Mr. Liu Chenguang

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal office:
Room 2204A
22nd Floor
Bank of America Tower
12 Harcourt Road
Hong Kong

3 December 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

RESUMPTION OF LAND USE RIGHTS

INTRODUCTION

The Board of the Company announces that on 6 November 2008, Weifang Common, an indirect wholly-owned subsidiary of the Company, entered into the Compensation Agreement with Weifang Sub-Bureau pursuant to which Weifang Sub-Bureau is required to make a compensation of RMB6,185,250.00 to Weifang Common in respect of the Resumption. On 14 November 2008, the Shandong Government Authorities jointly issued the Relocation Compensation Notice to Weifang Common in respect of the relocation compensation of RMB4,948,200.00 payable by the Shandong Government Authorities to Weifang Common. Both compensations are payable within 60 days upon the surrender of the Land Use Rights by Weifang Common.

THE COMPENSATION AGREEMENT

Date : 6 November 2008

Parties

Party A : Weifang Sub-Bureau

Party B : Weifang Common

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, Weifang Sub-Bureau is a government body and an Independent Third Party.

In accordance with the Compensation Agreement, Weifang Sub-Bureau shall resume the Land Use Rights pursuant to the Resumption Notice. Particulars of the Land Use Rights are set out as follows:–

Address	:	the East of Wenhua Road, the North of Xuanwu Street, Weifang City, Shandong Province, PRC
State-owned Land Use Certificate number	:	Wei Guo Yong (2004) No.F038 (濰國用(2004)字第F038號)
Original term	:	50 years commencing from June 2004 and ending on 25 June 2054
Size of total site area	:	approximately 16,494 square metres
Original acquisition cost	:	RMB1,844,427.19
Original acquisition date	:	May 2004
Original usage	:	for industrial use
Planned usage	:	for non-industrial use

Under the Compensation Agreement, Weifang Sub-Bureau is required to make a compensation of RMB6,185,250.00 to Weifang Common in respect of the Resumption within 60 days upon the surrender of the Land Use Rights by Weifang Common. On the other hand, Weifang Common is required to surrender (i) the original State-owned Land Use Certificate, State-owned Land Grant Contract and Building Ownership Certificate relating to the Land to Weifang Sub-Bureau within 5 days upon signing of the Compensation Agreement; and (ii) the vacant possession of the Land within 60 days after the completion of the subsequent transfer of the Land Use Rights by the Weifang Municipal People's Government or not later than 1 July 2009, whichever is later.

As regards the compensation on the relocation of the buildings, the structures and the production facilities erected on the Land, the Shandong Government Authorities jointly issued the Relocation Compensation Notice to Weifang Common dated 14 November 2008 pursuant to which a compensation in the sum of RMB4,948,200.00 shall be payable by the Shandong Government Authorities to Weifang Common within 60 days upon the surrender of the Land Use Rights by Weifang Common.

BASIS ON THE CALCULATION OF THE COMPENSATIONS

The compensation for the Resumption is made through negotiations between Weifang Sub-Bureau and Weifang Common by reference to a valuation report whereas, according to the Relocation Notice, the relocation compensation is decided by the Shandong Government Authorities by reference to the valuation report obtained by them.

REASONS FOR THE RESUMPTION

According to the Resumption Notice, the usage of the area of which the Land forms part is to change from industrial use to non-industrial use in accordance with the working direction laid down by the Management Committee of Shandong Weifang Economic Development Zone and the Weifang Municipal People's Government on the development of the third service industry and the "Five Great Pieces" development planning within the Weifang Economic Development Zone. As the Land is currently occupied by Weifang Common as its production factory which is inconsistent with such working direction and the development planning, the Shandong Weifang Economic Development Zone Planning and Construction Bureau issued the Resumption Notice to Weifang Common requesting the removal by Weifang Common from the Land.

Apart from the Land, there are two pieces of land of an aggregate area of approximate 39,627 square metres currently occupied by Weifang Common falling within the Resumption Notice and required to be resumed by Weifang Sub-Bureau. As at the Latest Practicable Date, Weifang Common has not been approached by Weifang Sub-Bureau for any negotiations on the amount of compensation on the resumption of these two pieces of land.

The Directors consider that since the production facilities erected on the Land can be relocated to the other production plants of the Group in the PRC so as to centralise the resources for realising the strategy of large-scale operation, magnify the synergistic effect of vertical upstream integration and facilitate the operation of future business development of the Group, there is no material adverse effect on the operation and production of the Group as a whole. The Directors are also of the opinion that the Group has sufficient resources for the expansion of its production capacities in the foreseeable future and the compensations to be received by Weifang Common will further enhance the Group's liquidity.

The Board considers that the compensation under the Compensation Agreement is by reference to the similar market value of comparable land and valuation report. No professional valuation has been made by Weifang Common for the purpose of the Resumption of the Land Use Rights. The Directors consider that the terms and the compensation of the Resumption are fair and reasonable and are in the interests of the Group and Shareholders as a whole.

USE OF THE COMPENSATIONS FROM THE RESUMPTION AND THE RELOCATION

The net amount of the compensations from the Resumption and the relocation will be used to finance the capital expenditure for re-building of production facilities and buildings in the other production plants of the Group and as general working capital of the Group.

FINANCIAL EFFECTS ON THE RESUMPTION

The Company is expected to record an estimated gain before tax from the net amount of the compensations of approximately RMB6,399,450.00 based on the carrying value of the Land Use Rights and the written-off of the non-removable properties erected on the Land of approximately RMB4,509,000.00 as at 31 October 2008 and after deducting the estimated relevant expenses but without taking into account of the pre-setting, re-building and installation costs for the relocation of the production facilities of Weifang Common.

The Resumption will reduce the Group's non-current asset by approximately RMB4,509,000.00 with reference to the carrying value of the Land Use Rights and the written-off of the non-removable properties as at 31 October 2008. The cash flow position of the Group will be increased by RMB11,133,450.00 upon the completion of the Resumption. There will be no material impact on the total liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the amount of the compensations exceed 5% but below 25%, the Resumption constitutes a discloseable transaction for the Company under the Listing Rules.

GENERAL

The Company is an investment holding company. The principal business activities of the Group include the research and development, production and sale of fine chemical products, which is broadly categorised into three major product groups, namely cyanoacetate products, alcoholic products and petrochemical products.

Your attention is also drawn to the general information as set out in the Appendix to this Circular.

By Order of the Board
Tiande Chemical Holdings Limited
Liu Hongliang
Chairman

RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries and that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

DISCLOSURE OF INTERESTS

Interests of Directors in the shares, underlying shares and debenture

As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

*Long position in the ordinary shares of HK$0.01 each of the Company ("**Shares**")*

Name of Directors	Company/name of associated corporation *(Note 1)*	Number of Shares held/ interests in the Shares	Capacity	Approximate percentage in the total issued share capital
Mr. Liu Hongliang	Cheerhill Group Limited	292,000,000 *(Note 2)*	Interest of controlled corporation	73.00%

Notes:

1. The 292,000,000 Shares were held by Cheerhill Group Limited ("Cheerhill"), the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang ("Mr. Liu"), 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu.

2. Mr. Liu is deemed to be interested in 292,000,000 Shares referred to in Note 1 above by virtue of his 38% interests in Cheerhill.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the

SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of substantial shareholders and other persons in the share capital of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares

Name of Shareholders	Number of Shares held/interests in the Shares	Capacity	Approximate percentage in the total issued share capital
Cheerhill Group Limited	292,000,000	Beneficiary owner	73.00%

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests in other members of the Group

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than a Director or chief executive of the Company) who was interested, directly or indirectly, in 10% or more of the issued shares of any subsidiary of the Company or any options in respect of such capital.

Service contracts

Each of the executive Directors has entered into a service contract with the Company. Particulars of these service contracts are in all material respects identical and are set out below:

(i) each service contract is for a duration of 3 years commencing from May 2007 (in respect of the service contracts of Mr. Wang Zijiang and Mr. Guo Yucheng) and from May 2008 (in respect of the service contracts of Mr. Liu Hongliang and Mr. Guo Xitian) and shall continue thereafter until terminated by either party giving to the other not less than 3 months' advance written notice of termination but subject to the retirement and re-election under the Articles of Association of the Company;

(ii) the remuneration, excluding the discretionary management bonus, for each of Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng is HK$780,000, HK$576,000, HK$597,000 and HK$576,000 per annum respectively;

(iii) each of the executive Directors is entitled to an annual discretionary management bonus after the end of each financial year of an amount to be determined by the Board provided that the aggregate amount of such discretionary management bonus payable to all Directors for each financial year shall not in any event exceed 5% of the audited consolidated profits of the Group attributable to the Shareholders of the Company; and

(iv) each executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding any matters in which he or his associates (as defined in the Listing Rules) has material interest.

Save as disclosed and letters of appointment entered into between the Company and the three independent non-executive Directors, none of the Directors has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Competing business

None of the Directors or any of their respective associates (as defined in the Listing Rules) has any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

GENERAL

(a) The secretary and qualified accountant of the Company is Ms. Lau Wai Chun. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

(b) The registered office of the Company and its principal office in Hong Kong are situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2204A, 22nd Floor, Bank of America Tower, 12 Harcourt Road, Hong Kong respectively.

(c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited whose address is situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.