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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 - JOINT VENTURE AGREEMENT

The Board would like to announce that on 30 June 2011 after trading hours, the Company entered into the conditional Joint Venture Agreement with Henkel Hong Kong to form the Joint Venture Company which will establish the WFOE in Weifang City, Shandong Province, the PRC to principally engage in the business of manufacture, marketing and sale of a type of specialty chemical for industrial use upon obtaining all the relevant PRC governmental approvals and subject to the terms and conditions as contained in the Joint Venture Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Henkel Hong Kong and its ultimate beneficial owners are Independent Third Parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Pursuant to the Joint Venture Agreement, there are certain ancillary agreements to be executed by the WFOE upon its establishment including the lease of the production plant and the supply of raw materials from the Group, the supply of certain types of finished products by the WFOE to Henkel Hong Kong and /or its affiliates and the licence granted by Henkel Hong Kong and/or its affiliates to the WFOE for the use of certain know-how and technology. The Company shall comply with the requirements of the Listing Rules to make any necessary announcement upon execution of the ancillary agreements in due course.

The obligations of the Parties contained in the Joint Venture Agreement are conditional upon the satisfaction of the competition condition set out in the Joint Venture Agreement within nine (9) months from the date of the Joint Venture Agreement unless such condition has been waived by the Parties. As at the date of this announcement, the competition condition has not been satisfied or waived. The Company shall make a further announcement in accordance with the requirements of the Listing Rules when the competition condition has been satisfied or waived.

As the applicable percentage ratios (as referred to in Rule 14.07 of the Listing Rules) exceed 5% but less than 25%, the Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the competition condition under the Joint Venture Agreement may not be satisfied or waived and the relevant PRC governmental approvals for the establishment of the WFOE may not be obtained. Accordingly, Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company.

The Board would like to announce that on 30 June 2011 after trading hours, the Company entered into the conditional Joint Venture Agreement with Henkel Hong Kong to form the Joint Venture Company which will establish the WFOE in Weifang City, Shandong Province, the PRC to principally engage in the business of manufacture, marketing and sale of a type of specialty chemical for industrial use upon obtaining all the relevant PRC governmental approvals and subject to the terms and conditions as contained in the Joint Venture Agreement.

JOINT VENTURE AGREEMENT

1. Date

30 June 2011

2. Parties

(i) the Company; and

(ii) Henkel Hong Kong

3. Principal terms

(i) Competition condition

The obligations of the Parties contained in the Joint Venture Agreement are conditional upon the satisfaction of the competition condition set out in the Joint Venture Agreement within nine (9) months from the date of the Joint Venture Agreement unless such condition has been waived by the Parties. As at the date of this announcement, the competition condition has not been satisfied or waived.

The Company shall make a further announcement in accordance with the requirements of the Listing Rules when the competition condition has been satisfied or waived.

(ii) The Joint Venture Company and the WFOE

Pursuant to and upon the terms and conditions of the Joint Venture Agreement, the Company and Henkel Hong Kong have agreed to subscribe on the Effective Date for 55% and 45% respectively of the issued share capital of the Joint Venture Company, which will be incorporated in Hong Kong as a private company limited by shares with the objective of establishing and holding the interests and investments in the WFOE.

As soon as practicable after the execution of the Joint Venture Agreement and subject to the receipt of all the relevant PRC governmental approvals, the Parties agree that the Joint Venture Company shall take all necessary steps to establish the WFOE which shall principally engage in the business of manufacture, marketing and sale of a type of specialty chemical for industrial use.

The Company shall make a further announcement in accordance with the requirements of the Listing Rules when the relevant governmental approvals for the establishment of the WFOE have been obtained and the WFOE has been duly established.

(iii) Capital commitment

The Parties intend that the total investment amount and the registered capital of the WFOE will be third two million four hundred thousand EUR (EUR32,400,000) and ten million eight hundred thousand EUR (EUR10,800,000) respectively. Subject to the satisfaction of a number of conditions set out in the Joint Venture Agreement, each Party agrees to make the capital contribution towards the registered capital of the WFOE through the Joint Venture Company in accordance with the percentage of its shareholding in the Joint Venture Company and the capital contribution timetable exhibited to the Joint Venture Agreement by way of subscription of further shares of the Joint Venture Company and/or shareholder loans in the form of cash.

Subject to each Party having obtained any corporate authorisations which it may consider necessary in its sole discretion, each Party has also agreed to advance loans towards the difference between the total investment amount and the registered capital of the WFOE by way of shareholder loans in accordance with the percentage of its shareholding in the Joint Venture Company for the purpose of increasing the manufacturing capacity of the WFOE in due course.

The amount of the registered capital of the WFOE and the amount of the loans are determined at arm’s length negotiations between the Parties after taking into consideration of the setting up cost and the manufacturing capacity of the WFOE. The Directors (including the independent non-executive Directors) consider that the amount of the registered capital of the WFOE and the amount of the loans are fair and reasonable. The Company intends to finance the capital contribution and the loans to the WFOE from the Group’s internal resources, bank borrowings and/or financings from other external source.

(iv) Board composition

Each of the JVC Board and the WFOE Board shall comprise 5 directors, three of whom will be nominated by the Company and two of whom will be nominated by Henkel Hong Kong. The chairman of the JVC Board and the WFOE Board shall be appointed by the Company and the vice-chairman of the JVC Board and the WFOE Board shall be appointed by Henkel Hong Kong.

(v) Options

Under the Joint Venture Agreement, (i) the Company is granted with a call option to require Henkel Hong Kong to sell or cause the sale of all of the shares of the Joint Venture Company held by Henkel Hong Kong and/or its affiliates to the Company at the Call Option Price; and (ii) Henkel Hong Kong is granted with a put option to require the Company to purchase or cause the purchase of all of the shares of the Joint Venture Company held by Henkel Hong Kong and/or its affiliates at the Put Option Price. Such options can only be exercised during the Option Period.

(vi) Change of control

Under the Joint Venture Agreement, if :

(a) in the case of the Company, (i) when Cheerhill ceases to hold more than 50% of the issued shares of the Company; (ii) without the prior written consent of Henkel Hong Kong, Mr. Liu Hongliang who is currently the chairman and an executive Director ceases to be the largest single legal and beneficial owner of the shares in Cheerhill or such other holding company which shall become the largest shareholder of the Company or Cheerhill ceases to be the largest single legal and beneficial owner of the shares in the Company; (iii) when any competitor of Henkel AG and/or its affiliates acquires or possesses the power to direct the shareholders' general meeting, to appoint or elect a director or otherwise to influence the management of the Company; or (iv) when any competitor of Henkel AG and/or its affiliates acquires or possesses any voting rights of Cheerhill or such other holding company which shall become the largest shareholder of the Company or such other rights with respect to Cheerhill such that it possesses the power to influence the management of the Company; or

(b) in the case of Henkel Hong Kong, (i) when Henkel AG ceases to hold (whether directly or indirectly) more than 50% of the issued shares of Henkel Hong Kong; or (ii) when any competitor of the Company acquires or possesses the power to direct the shareholders' general meeting, to appoint or elect a director or otherwise to influence the management of Henkel Hong Kong;

it will constitute an event of default entitling (a) the Company (if it is not the defaulting party) to buy all (but not some) of the shares of the Joint Venture Company held by Henkel Hong Kong and/or its affiliates at a price not exceeding the Put Option Price; or (b) Henkel Hong Kong (if it is not the defaulting party) to sell all (but not some) of the shares of the Joint Venture Company held by Henkel Hong Kong and/or its affiliates to the Company at a price not exceeding the Call

Option Price.

(vii) Ancillary agreements

Pursuant to the Joint Venture Agreement, there are certain ancillary agreements to be executed by the WFOE upon its establishment including the lease of the production plant and the supply of raw materials from the Group, the supply of certain types of finished products by the WFOE to Henkel Hong Kong and/or its affiliates and the licence granted by Henkel Hong Kong and/or its affiliates to the WFOE for the use of certain know-how and technology.

The Company shall comply with the requirements of the Listing Rules to make any necessary announcement upon execution of the ancillary agreements in due course.

INFORMATION ABOUT HENKEL HONG KONG

Henkel Hong Kong is an indirect subsidiary of Henkel AG and serves as a holding company for certain subsidiaries of Henkel Group in Hong Kong and the PRC. Henkel Group operates worldwide with leading brands and technologies in three business areas: laundry and home care, cosmetics/toiletries and adhesive technologies. Founded in 1876, Henkel Group holds globally leading market positions both in the consumer and industrial businesses with well-known brands such as Persil, Schwarzkopf and Loctite. Henkel Group employs about 48,000 employees and reported sales of 15,092 million euros and adjusted operating profit of 1,862 million euros in fiscal 2010. Henkel AG's preferred shares are listed on the German stock index DAX and it ranks among the Fortune Global 500.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Henkel Hong Kong and its ultimate beneficial owners are Independent Third Parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

REASONS FOR ENTERING INTO THE JOINT VENTURE AGREEMENT

The principal activity of the Company is investment holding. The principal activities of the Group are research and development, manufacture and sales of fine chemical products.

In line with the Group's business development strategy for continuous growth and development, the Group will capitalise its existing business strengths to seek new business development opportunities via acquisition, self-development or joint venture with strategic partner.

The Directors, in consideration of the promising market of the a type of specialty chemical for industrial use product in the PRC as well as overseas, are of the view that the Joint Venture Agreement will provide a good opportunity for the Group to enrich its product range with a view to diversify its business portfolio. By leveraging on certain know-how and technology supported by Henkel Group through Henkel Hong Kong and/or the affiliates of Henkel Group, it is expected the business plan of the Joint Venture Company and WFOE can be implemented smoothly and quickly. The Directors consider that the joint venture investment will allow the Group to participate in the new business and bring positive synergy effects to the present business of the Group as well as benefit to the Group's business strategic move to sustain its long-term business growth.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement (which were negotiated between the Company and Henkel Hong Kong on an arm's length basis) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as referred to in Rule 14.07 of the Listing Rules) exceed 5% but less than 25%, the Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the competition condition under the Joint Venture Agreement may not be satisfied or waived and the relevant PRC governmental approvals for the establishment of the WFOE may not be obtained. Accordingly, Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company.

DEFINITIONS

"**associate**"	has the meaning ascribed to it under the Listing Rules;
"**Board**"	means the board of Directors of the Company;
"**Business Days**"	means any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong and the PRC are open for the transaction of normal business;
"**Call Option Price**"	means (5.5 x Average EBITDA + Cash and Cash Equivalents – Debt + Effective Net Working Capital – Average Net Working Capital) x the percentage of shareholding in the Joint Venture Company held by the relevant Party at the relevant time;
"**Cheerhill**"	means Cheerhill Group Limited, the Controlling Shareholder (as defined in the Listing Rules) of the Company as at the date of this announcement;
"**Company**"	means Tiande Chemical Holdings Limited, an exempted company with limited liability incorporated under the Companies Law of the Cayman Islands whose shares are listed and traded on the main board of the Stock Exchange (Stock code: 00609);
"**connected person**"	has the meaning ascribed to it under the Listing Rules;

“**Directors**”	means the directors of the Company;
“**EBITDA**”	means the total amount of the earnings of the Joint Venture Company and the WFOE before interest, taxes, depreciation and amortisation as shown in the audited financial statements of the Joint Venture Company;
“**Effective Date**”	means the first Business Day (not being later than 31 March 2012) falling ten (10) Business Days after the satisfaction or waiver of the competition condition as set out in the Joint Venture Agreement or such other date as the Parties may agree in writing;
“**EUR**”	means the lawful currency of the Euro Zone within the European Union;
“**Group**”	means the Company and its subsidiaries;
“**Henkel AG**”	means Henkel AG & Co. KGaA, the German based parent company of the Henkel Group;
“**Henkel Group**”	means Henkel AG and its subsidiaries including Henkel Hong Kong;
“**Henkel Hong Kong**”	means Henkel Hong Kong Holding Limited, a limited liability company incorporated under the laws of Hong Kong with registration number : 0020126;
“**Hong Kong**”	means the Hong Kong Special Administrative Region;
“**Independent Third Parties**”	means third parties who are independent of the Company and the connected person of the Company;
“**Joint Venture Agreement**”	means the conditional Joint Venture Agreement dated 30 June 2011 and entered into between the Company and Henkel Hong Kong;
“**Joint Venture Company**”	means a private company limited by shares to be incorporated under the laws of Hong Kong which shall be owned as to 55% and 45% by the Company and Henkel Hong Kong respectively;
“**JVC Board**”	means the board of directors of the Joint Venture Company;
“**Listing Rules**”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“**Option Period**”	means the period of one (1) calendar month after the

expiration of one (1) calendar month period commencing from the end of every three (3) years period during the term of the Joint Venture Agreement commencing from the sixth anniversary of the Effective Date;

"**Parties**"	means the Company and Henkel Hong Kong and "**Party**" means either of them;
"**PRC**"	means the People's Republic of China but, for the purposed of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"**Put Option Price**"	means (4.4 x Average EBITDA + Cash and Cash Equivalents – Debt + Effective Net Working Capital – Average Net Working Capital) x the percentage of shareholding in the Joint Venture Company held by the relevant Party at the relevant time;
"**Shareholders**"	means the shareholders of the Company;
"**Stock Exchange**"	means The Stock Exchange of Hong Kong Limited;
"**subsidiary**"	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the laws of Hong Kong);
"**WFOE**"	means the wholly foreign-owned enterprise to be established under the laws of the PRC by the Joint Venture Company in Weifang City, Shandong Province, the PRC;
"**WFOE Board**"	means the board of directors of the WFOE; and
"**%**"	means percentage.

By order of the Board
Liu Hongliang
Chairman

Hong Kong, 3 July 2011

As at the date of this announcement, the executive directors of the Company are Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng; whilst the independent non-executive directors of the Company are Mr. Leung Kam Wan, Mr. Liu Chenguang and Mr. Gao Baoyu.