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)

CONTINUING CONNECTED TRANSACTIONS

Master Supply Agreement

On 6 November 2012, Weifang Dekel, a non-wholly owned subsidiary of the Company entered into the Master Supply Agreement with Henkel Ireland, pursuant to which Weifang Dekel agreed to supply and Henkel Ireland agreed to purchase Products and Special Grade Products annually.

IP License Agreement

On 6 November 2012, Weifang Dekel entered into the IP License Agreement with Henkel AG, pursuant to which Henkel AG agreed to grant to Weifang Dekel a license to (i) use the Licensed IP to set up and design the Production Site; (ii) use the Licensed IP to manufacture the IP Products only at the Production Site; and (iii) use the Licensed IP to the extent required for the marketing, sale and distribution of the IP Products anywhere in the world.

LISTING RULES IMPLICATIONS

Each of Henkel Ireland and Henkel AG is an associate of Henkel Hong Kong. As at the date of this announcement, Henkel Hong Kong is holding 45% equity interest of JV Company, a non-wholly owned subsidiary of the Company. Each of Henkel Ireland and Henkel AG is a connected person of the Company. Accordingly, the transactions under the Master Supply Agreement and the IP License Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the Master Supply Agreement (when aggregated with the transactions contemplated under the Supply Agreement) is on an annual basis less than 5%, the Master Supply Agreement is only subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under the Listing Rules.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the IP License Agreement is on an annual basis less than 1% and the transaction contemplated under the IP License Agreement is a connected transaction only because it involves a person who is a connected person of the Company by virtue of its relationship with the subsidiary of the Company, the IP License Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

On 6 November 2012, Weifang Dekel, a non-wholly owned subsidiary of the Company entered into the Master Supply Agreement with Henkel Ireland, pursuant to which Weifang Dekel agreed to supply and Henkel Ireland agreed to purchase Products and Special Grade Products annually.

The terms of the Master Supply Agreement was based on arm's length and normal commercial principle and the Directors believe that the terms of the Master Supply Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

THE MASTER SUPPLY AGREEMENT

Date	**:**	6 November 2012
Parties	**:**	(i) Weifang Dekel; and
		(ii) Henkel Ireland.

Weifang Dekel is a non-wholly owned subsidiary of the Company.

Henkel Ireland, being an associate of Henkel Hong Kong, is a connected person of the Company under the Listing Rules.

Henkel Group operates worldwide with leading brands and technologies in three business areas including (i) laundry and home care; (ii) cosmetics/toiletries; and (iii) adhesive technologies.

Subject

Pursuant to the Master Supply Agreement, Weifang Dekel agreed to supply and Henkel Ireland agreed to purchase the Products and Special Grade Products annually.

Term

Three years from the date of the Master Supply Agreement. Weifang Dekel grants to Henkel Ireland the right to renew the initial term and any further term of the Master Supply Agreement by a further period of three years by notice in writing to Weifang Dekel no later than one month prior to the expiration of the initial term and any further term of the Master Supply Agreement, subject to applicable laws and regulations, including but not limited to compliance by the Company with its obligations under the Listing Rules.

Exclusivity

During the term of the Master Supply Agreement, Weifang Dekel agreed to supply the Special Grade Products to Henkel Ireland on an exclusive worldwide basis.

Price

In consideration for the sale and delivery of the Products and the Special Grade Products, Henkel Ireland shall pay to Weifang Dekel the applicable purchase price determined in accordance with the respective price determination method as set out in the Master Supply Agreement.

Annual Caps

The annual caps for the transactions under the Master Supply Agreement are as follows:

Financial year/period ending	Annual Cap
31 December 2012	RMB0 (equivalent to HK$0)
31 December 2013	RMB10,000,000 (equivalent to approximately HK$12,450,000)
31 December 2014	RMB16,000,000 (equivalent to approximately HK$19,920,000)
5 November 2015	RMB20,000,000 (equivalent to approximately HK$24,900,000)

Weifang Dekel was duly established on 2 June 2012 and its production facilities are still under construction. Accordingly, there is no historical figure for the sales of Products and Special Grade Products as no transaction occurred between Weifang Dekel and Henkel Ireland or Henkel Group. The annual caps for the transactions under the Master Supply Agreement were calculated after taking into account of (i) the current business plans of Weifang Dekel under the Joint Venture Agreement; (ii) the sales volume under negotiation and anticipated to be entered into between the Weifang Dekel and Henkel Ireland; and (iii) the potential growth of production capacity of Weifang Dekel.

Reasons and benefits of entering into of the Master Supply 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.

The Master Supply Agreement was entered into in the usual and ordinary course of Weifang Dekel's business and terms of which were negotiated based on normal commercial terms and the prices were determined following arm's length negotiation.

The Company considers that the entering into of the Master Supply Agreement would provide a steady contribution to the turnover of the Group from the sales of the Products and the Special Grade Products under the Master Supply Agreement.

The Directors, including the independent non-executive Directors, are of the opinion that the terms of the Master Supply Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE IP LICENSE AGREEMENT

Date	**:**	6 November 2012	
Parties	**:**	(i)	Weifang Dekel; and
		(ii)	Henkel AG.

Henkel AG, being an associate of Henkel Hong Kong, is a connected person of the Company under the Listing Rules.

Subject

Pursuant to the IP License Agreement, Henkel AG agreed to grant to Weifang Dekel a license to (i) use the Licensed IP to set up and design the Production Site; (ii) use the Licensed IP to manufacture the IP Products only at the Production Site; and (iii) use the Licensed IP to the extent required for the marketing, sale and distribution of the IP Products anywhere in the world.

Term

Three years from the date of the IP License Agreement. Weifang Dekel grants to Henkel AG the right to renew the initial term and any further term of the IP License Agreement by a further period of three years by notice in writing to Weifang Dekel no later than one month prior to the expiration of the initial term and any further term of the IP License Agreement, subject to applicable laws and regulations, including but not limited to compliance by the Company with its obligations under the Listing Rules.

Reasons and benefits of entering into of the IP License Agreement

Henkel Hong Kong and the Company have agreed in the Joint Venture Agreement to procure that certain intellectual property owned by Henkel AG or its affiliates will be licensed to Weifang Dekel in accordance with a license agreement forming an ancillary agreement to the Joint Venture Agreement.

Henkel AG desires to license certain intellectual property and Weifang Dekel desires to obtain such license for making and selling the IP Products.

The Directors, including the independent non-executive Directors, are of the opinion that the terms of the IP License Agreement (i) were negotiated based on normal commercial terms; and (ii) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of Henkel Ireland and Henkel AG is an associate of Henkel Hong Kong. As at the date of this announcement, Henkel Hong Kong is holding 45% equity interest of JV Company, a non-wholly owned subsidiary of the Company. Each of Henkel Ireland and Henkel AG is a connected person of the Company. Accordingly, the transactions under the Master Supply Agreement and the IP License Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

No Director has a material interest in the transactions contemplated under the Master Supply Agreement and the IP License Agreement and as such, no Director is required to abstain from voting on the board resolution of the Company to approve the Master Supply Agreement and the IP License Agreement and the transactions contemplated thereunder.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the Master Supply Agreement (when aggregated with the transactions contemplated under the Supply Agreement) is on an annual basis less than 5%, the Master Supply Agreement is only subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under the Listing Rules.

For further information on the Supply Agreement, please refer to the announcement issued by the Company dated 9 March 2012.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the IP License Agreement is on an annual basis less than 1% and the transaction contemplated under the IP License Agreement is a connected transaction only because it involves a person who is a connected person of the Company by virtue of its relationship with the subsidiary of the Company, the IP License Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

"associate"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Company"	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 this term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Henkel Hong Kong”	Henkel Hong Kong Holding Limited, a company incorporated in Hong Kong with limited liability
“Henkel AG”	Henkel AG & Co. KGaA, a company incorporated in Germany with limited liability and an associate of Henkel Hong Kong
“Henkel Brazil”	Henkel Ltda., a company incorporated in Brazil and an associate of Henkel Hong Kong
“Henkel Group”	Henkel AG and its subsidiaries including Henkel Hong Kong
“Henkel Ireland”	Henkel Ireland Ltd., a company incorporated in Ireland and an associate of Henkel Hong Kong
“Henkel Puerto Rico”	Henkel Puerto Rico Inc., a company incorporated in Puerto Rico, the United States of America and an associate of Henkel Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP License Agreement”	the IP license agreement entered into between Weifang Dekel and Henkel AG in respect of the license of certain intellectual property owned by Henkel AG
“IP Products”	a type of specialty chemical for industrial use
“Joint Venture Agreement”	the joint venture agreement entered into between the Company and Henkel Hong Kong on 30 June 2011 (as supplemented by the amendment agreement dated 6 November 2012) pursuant to which, among other things, the parties to such joint venture agreement have agreed to establish JV Company and Weifang Dekel
“JV Company”	Dekel Investment Holdings Limited, a private company incorporated in Hong Kong with limited liability, which is owned as to 55% and 45% by the Company and Henkel Hong Kong respectively
“Licensed IP”	the intellectual property as identified in the IP License Agreement

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Supply Agreement"	the master supply agreement entered into between Weifang Dekel and Henkel Ireland in respect of the supply of the Products and the Special Grade Products
"Net Sales"	the invoiced gross sale price for the sale of the IP Products, after deduction of any trade, quantity and cash discounts, refunds, rebates, chargebacks, any duties or government charge, excluding tax, levied on the sale of the IP Products
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Production Site"	the production site located at the WFOE Site and where the IP Products are manufactured by Weifang Dekel
"Products"	products with different parameter and specifications as set out in the Master Supply Agreement
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Special Grade Products"	products specifically demanded by Henkel Ireland with different parameter and specifications as set out in the Master Supply Agreement
"Supply Agreement"	the framework supply agreement entered into between the Company and Weifang Parasia Chem Co Limited as vendors and Henkel AG, Henkel Ireland, Henkel Puerto Rico and Henkel Brazil as purchasers and dated 28 January 2011
"Weifang Dekel"	Weifang Dekel Innovative Materials Co., Ltd., an entity established in the PRC and a wholly-owned subsidiary of the JV Company
"WFOE Site"	the parcel of land situated at Yangzi Town, Binhai Economic Development Zone, Weifang, Shandong Province, PRC, comprising a total area of approximately 38,592.40 square metres
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

For the purpose of this announcement, amount denominated in RMB has been translated (for information only) into HK$ using the exchange rate of RMB1.00 = HK$1.245.

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

Hong Kong, 7 November 2012

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. Gao Baoyu, Mr. Leung Kam Wan and Mr. Liu Chenguang .