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)

PLACING OF NEW SHARES

UNDER GENERAL MANDATE

On 12 July 2010 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement whereby the Company has conditionally agreed to place, through the Placing Agent and on a best effort basis, a maximum of 20,000,000 Placing Shares at a price of HK$1.05 per Placing Share, to Placees who and whose ultimate beneficial owners will be third parities independent of and not connected with the Company or any directors, chief executive or substantial shareholders of any member of the Group or any associate of them or any connected persons of the Company.

A maximum of 20,000,000 Placing Shares will be placed under the Placing which represent (i) approximately 4.98% of the existing issued share capital of the Company of 401,248,000 Shares; and (ii) approximately 4.75% of the Company's issued share capital of 421,248,000 Shares as enlarged by the issue of 20,000,000 Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK$200,000. The maximum gross proceeds from the Placing will be approximately HK$21.00 million. The maximum net proceeds of approximately HK$20.43 million from the Placing is intended to be used as working capital of the Group.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

12 July 2010 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 20,000,000 Placing Shares on a best effort basis and will receive a placing fee of 2% of the aggregate Placing Price of the Placing Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parities independent of and not connected with the Company or any director, chief executive or substantial shareholders (as defined in the Listing Rules) of any member of the Group or any associate of them or any connected persons (as defined in the Listing Rules) of the Company.

Placees

The Placing Agent agreed to place the Placing Shares on a best effort basis, to Placees who and whose ultimate beneficial owners will be third parities independent of and not connected with the Company or any directors, chief executive or substantial shareholders (as defined under the Listing Rules) of any member of the Group or any associate of them or any connected persons (as defined under the Listing Rules) of the Company. None of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company immediately after the Placing.

Placing Shares

A maximum of 20,000,000 Placing Shares will be placed under the Placing which represent (i) approximately 4.98% of the existing issued share capital of the Company of 401,248,000 Shares; and (ii) approximately 4.75% of the Company's issued share capital of 421,248,000 Shares as enlarged by the issue of 20,000,000 Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK$200,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK$1.05 represents:

(i) a discount of approximately 13.93% to the closing price of HK$1.22 per Share as quoted on the Stock Exchange on the date of this announcement;

(ii) a discount of approximately 19.73% to the average closing price per Share of HK$1.308 in the last five consecutive trading days prior to and including the date of this announcement; and

(iii) a discount of approximately 12.13% to the average closing price per Share of HK$1.195 in the last ten consecutive trading days prior to and including the date of this announcement.

The Placing Price was determined with reference to the prevailing market price and trade volume of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate to issue new Shares

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 80,000,000 Shares. From the date of AGM to the date of this announcement, no new Share has been issued under the General Mandate.

Conditions of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock

Exchange granting listing of, and permission to deal in, all of the Placing Shares.

If the above condition is not satisfied on or before 16 August 2010 or such other date as the Company and the Placing Agent may mutually agree, all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Placing save for any antecedent breaches thereof.

Termination

The Placing Agent may terminate the Placing Agreement in its reasonable opinion by notice in writing to the Company if at any time at or before 10:00 a.m. on the Completion Date, there occurs:

(1) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

(3) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

(4) that the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or

(5) that any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing and/or the sale and purchase agreement and the ancillary agreements thereto; or

(6) that the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any material respect be untrue or inaccurate and the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

Upon giving of such notice, all obligations of the Placing Agent shall cease and determine and no party to the Placing Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches thereof.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing, in any event, will take place on the fourth Business Day after the fulfillment of the condition set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree upon in writing.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OTHER INFORMATION ON THE PLACING

Reasons for the Placing

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The maximum gross proceeds from the Placing will be approximately HK$21.00 million and the maximum net proceeds (after deducting the placing fee and other expenses incidental to the Placing payable by the Company) will be approximately HK$20.43 million which will be used as working capital of the Group. The net issue price per Placing Share is approximately HK$1.02. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK$200,000.

Fund raising activities in the past twelve months immediately preceding date of this announcement

The Company has not conducted any fund raising activities in the past twelve months immediately before the date of this announcement.

Effects on shareholding structure

The changes of the shareholding structure of the Company immediately before and after completion of the Placing (assuming that there are no other changes in the issued share capital of the Company and the Placing Shares are placed in full) are set out below:

	As at the date of this announcement		**Upon completion of the Placing**	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Cheerhill Group Limited *(Note)*	292,000,000	72.77	292,000,000	69.32
Public Shareholders				
The Placees	-	-	20,000,000	4.75
Other public Shareholders	109,248,000	27.23	109,248,000	25.93
Sub-total	*109,248,000*	*27.23*	*129,248,000*	*30.68*
Total	401,248,000	100.00	421,248,000	100.00

Note:

The entire issued share capital of Cheerhill Group Limited is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 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. Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng are directors of the Company.

GENERAL

The Company is an investment holding company. The principal business of the Group includes the research and development, production and sale of fine chemical products, which is broadly categorised into four major product groups, namely the cyanoacetic acid and its esters products, the alcohols products, the chloroacetic acid and its derivatives products and the fine petrochemical products.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"**AGM**"	the annual general meeting of the Company held on 14 May 2010
"**associates**"	has the meaning ascribed in the Listing Rules
"**Board**"	the board of Directors
"**Business Day**"	means a day (other than Saturdays, Sundays, public holidays in Hong Kong and days on which a tropical cyclone warning no. 8 or above or a "black rainstorm warning signing" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general business
"**Company**"	Tiande Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed and traded on the Stock Exchange (Stock code: 609)
"**Completion Date**"	the date of completion of the Placing in accordance with the terms and conditions of the Placing Agreement

“**Director(s)**”	director(s) of the Company
“**General Mandate**”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“**Group**”	the Company and its subsidiaries
“**Hong Kong**”	Hong Kong Special Administrative Region
“**Listing Rules**”	the Rules Governing the Listing of Securities on the Stock Exchange
“**Placee(s)**”	any professional, institutional or other investor(s) independent of the Group and its connected persons procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“**Placing**”	the placing of a maximum of 20,000,000 new Shares pursuant to the terms of the Placing Agreement
“**Placing Agent**”	Kingsway Financial Services Group Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“**Placing Agreement**”	the conditional placing agreement dated 12 July 2010 and entered between the Company and the Placing Agent in relation to the Placing
“**Placing Price**”	HK$1.05 per Placing Share
“**Placing Shares**”	20,000,000 new Shares to be placed under the Placing
“**PRC**”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“**Share(s)**”	ordinary share(s) of HK$0.01 in the share capital of the Company
“**Shareholder(s)**”	holder(s) of the Share(s)

“**Stock Exchange**”	The Stock Exchange of Hong Kong Limited
“**HK$**”	Hong Kong dollars, the lawful currency of Hong Kong
“**%**”	per cent.

By order of the Board
Liu Hongliang
Chairman

Hong Kong, 12 July 2010

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. Gao Baoyu and Mr. Liu Chenguang.