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)

LETTER OF INTENT
IN RELATION TO A PROPOSED ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 10 December 2010 (after trading hours), the Vendors and the Company entered into a non-legally binding LOI in relation to the Proposed Acquisition of the entire registered capital of the Target Company.

The Vendors have agreed to grant an exclusive right to the Company such that the Vendors shall refrain from engaging in any negotiation and reaching any agreement with any third party in respect of any transfer of the equity interests in the Target Company during the Exclusive Period.

If the Proposed Acquisition proceeds, the Parties will enter into the Formal Agreement in which relevant terms and conditions, including but not limited to those relating to the amount of the consideration and the manner of payment of the same, will be finalised. The LOI will lapse if no Formal Agreement is signed after the expiry of the Exclusive Period (or such extension of the same as agreed by the Parties).

The Proposed Acquisition, if materialises, may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not proceed, Shareholders and/or potential investors should therefore exercise extreme caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 10 December 2010 (after trading hours), the Vendors and the Company entered into the LOI in respect of the Proposed Acquisition.

THE LETTER OF INTENT

Date: 10 December 2010 (after trading hours)

Parties: (1) The Vendors; and
(2) The Company, or a subsidiary of the Company as may be nominated by the Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

The entire registered capital of the Target Company.

Conditions precedent

The Company shall have the right to commence due diligence review on the legal, financial, technical and business aspects of the Target Company from the date of the LOI (the "**Due Diligence Review**").

Completion of the Proposed Acquisition is conditional upon, among others, the following conditions precedent:

1. the Vendors, the Company and the Target Company having obtained all relevant approvals, confirmations, waivers or consents from the competent authorities having jurisdiction over them respectively or other relevant third parties and signed the Formal Agreement in respect of the Proposed Acquisition under the applicable laws and regulations;
2. the Company, its agents or professional advisers being reasonably satisfied with the results of the Due Diligence Review to be conducted on the Target Company; and
3. no material adverse change having occurred in connection with the business of the Target Company;

Consideration

The consideration of the Proposed Acquisition will be determined after further negotiations between the Company and the Vendors on the basis of the results of the Due Diligence Review.

Exclusivity

The Vendors have jointly and severally undertaken that neither of them nor any of their respective affiliates nor shareholders of any of them will pursue, solicit, negotiate or enter into discussion any opportunities with any other party for acquiring, issuing equities, pledging, granting option or otherwise transferring the control of interest in the Target Company during the Exclusive Period (or such extension of the same as agreed by the Parties).

Formal Agreement and Termination

If the Proposed Acquisition proceeds, the Parties will enter into the Formal Agreement in which relevant terms and conditions, including but not limited to those relating to the amount of the consideration and the manner of payment of the same, will be finalised. The Parties expect to enter into the Formal Agreement after the satisfactory results of the Due Diligence Review on the Target Company.

The LOI will lapse if no Formal Agreement is signed after the expiry of the Exclusive Period (or such extension of the same as agreed by the Parties).

During the Exclusive Period, if the Vendors have submitted a written request to the Company for the termination of the LOI, the LOI will be terminated immediately only upon the written consent given by the Company.

Non-legally Binding Nature of the LOI

Save for the provisions in relation to the exclusivity and confidentiality undertaking in the LOI, the LOI does not constitute any legally binding obligations in relation to the Proposed Acquisition on the part of the Vendors or the Company.

Information of the Target Company

The information contained in this section is provided by the Vendors under the LOI, and is subject to verification during the Due Diligence Review by or on behalf of the Company:

The Target Company was incorporated in the PRC on 1 November 2005 with limited liability, which is principally engaged in manufacturing, processing and sales of inorganic basic chemical raw materials including but not limited to the chlor-alkali products and operating a coal based cogeneration facility.

REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in research and development, manufacturing and sales of fine chemical products. The Proposed Acquisition offers a good opportunity for the Group to enhance the synergies of upward vertically integrated production and strengthen the production effectiveness through the cyclic economy production of the Group. Furthermore, the coal based cogeneration installation owned by the Target Company can provide a reliable and stable heat and power supply that is essential to the Group's production processes and support the downstream products development of the Group in foreseeable future. Thus, the Directors consider the Proposed Acquisition is in the interests of the Group and the

Shareholders as a whole.

GENERAL

The Proposed Acquisition, if materialises, may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not proceed, Shareholders and/or potential investors should therefore exercise extreme caution when dealing in the shares of the Company.

Definitions

In this announcement, the following expressions shall have the following respective meanings unless the context indicates otherwise.

"Board"	the board of Directors
"Company"	Tiande Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 609)
"Director(s)"	the director(s) of the Company
"Exclusive Period"	a period of 3 months (or such later date to be agreed by the Parties) from the date of signing of the LOI during which the Vendors shall refrain from engaging in any negotiation and reaching any agreement with any third party in respect of any transfer of the equity interests in the Target Company.
"Formal Agreement"	the formal agreement to be entered into between the Vendors and the Company or its nominee in respect of the Proposed Acquisition
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LOI"	the non-legally binding letter of intent dated 10 December 2010 entered into between the Vendors and the Company in relation to the Proposed Acquisition

"Parties"	the parties to the LOI
"PRC"	the People's Republic of China which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Proposed Acquisition"	the proposed acquisition of the entire registered capital of the Target Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	Ihe Stock Exchange of Hong Kong Limited
"Target Company"	Shandong Haiheng Chemical Limited, a company incorporated in PRC with limited liability
"Vendors"	Shandong Heneng Electricity Equipment Ltd. (山東和能電力設備有限公司) and Shandong Haiwang Chemical Ltd. (山東海王化工有限公司)

By order of the Board
Liu Hongliang
Chairman

Hong Kong, 10 December 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. Liu Chenguang and Mr. Gao Baoyu.