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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
RESUMPTION OF LAND USE RIGHTS

The Board of the Company announces that on 6 November 2008, Weifang Common 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.

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. A circular containing, amongst other things, further information in respect of the Resumption will be dispatched to the Shareholders as soon as practicable.

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 in relation 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 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 approximate area of 39,627 metres currently occupied by Weifang Common falling within the Resumption Notice and required to be resumed by Weifang Sub-Bureau. As at the date of this announcement, 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 realizing 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.

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 exceeds 5% but below 25%, the Resumption constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, amongst other things, further information in respect of the Resumption will be dispatched to the Shareholders as soon as practicable.

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.

DEFINITIONS

"**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 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
"**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 announcement, 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 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 Sub-Bureau**"	means the Shandong Weifang Economic Development Zone Sub-Bureau of the Weifang Municipal State Land Resources Bureau
"**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
"**%**"	means percentage

By Order of the Board
Liu Hongliang
Chairman

Hong Kong, 18 November 2008

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