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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS HIGHLIGHTS

- Revenue for the six months ended 30 June 2023 was approximately RMB1,152.9 million, representing a decrease of 37.8% as compared with that of the corresponding period last year.
- Gross profit decreased substantially by 62.3% to approximately RMB306.4 million.
- Gross profit margin also decreased to 26.6%, representing a decrease of 17.2 percentage points as compared with that of the corresponding period last year.
- Profit for the period attributable to owners of the Company was substantially decreased to approximately RMB166.1 million (six months ended 30 June 2022: RMB502.0 million).
- Basic earnings per share was approximately RMB0.191 (six months ended 30 June 2022: RMB0.589).
- The Board has declared an interim dividend of HK\$0.03 per share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$0.12).

The board (the “**Board**”) of directors (the “**Directors**”) of Tiande Chemical Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 and the selected notes as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	1,152,914	1,854,244
Cost of sales		(846,528)	(1,041,421)
Gross profit		306,386	812,823
Other income and gains		20,384	22,490
Selling expenses		(29,189)	(42,503)
Administrative and other operating expenses		(51,788)	(68,311)
Finance costs	5	(130)	(1,710)
Profit before income tax	6	245,663	722,789
Income tax expense	7	(61,806)	(171,187)
Profit for the period		183,857	551,602
Profit for the period attributable to :			
Owners of the Company		166,098	502,032
Non-controlling interests		17,759	49,570
		183,857	551,602
Earnings per share for profit attributable to owners of the Company for the period			
	9		
– Basic		RMB0.191	RMB0.589
– Diluted		RMB0.190	RMB0.584

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	183,857	551,602
Other comprehensive income		
Item that will not be reclassified to the income statement:		
– Exchange gain / (loss) on translation differences	<u>7,072</u>	<u>(12)</u>
Other comprehensive income for the period	<u>7,072</u>	<u>(12)</u>
Total comprehensive income for the period	<u>190,929</u>	<u>551,590</u>
Total comprehensive income attributable to:		
Owners of the Company	173,351	502,256
Non-controlling interests	17,578	49,334
	<u>190,929</u>	<u>551,590</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,210,224	1,141,012
Right-of-use assets		82,093	83,318
Investment properties		20,900	20,900
Intangible asset		7,665	8,567
Deposits paid for acquisition of property, plant and equipment		156,821	131,071
Deferred tax assets		7,748	7,795
		1,485,451	1,392,663
Current assets			
Inventories		154,059	183,897
Trade and bills receivable	10	596,674	792,226
Prepayments and other receivables		97,165	99,311
Pledged bank deposit		1,047	-
Time deposits		252,322	197,463
Bank and cash balances		441,699	294,667
		1,542,966	1,567,564
Current liabilities			
Trade payables	11	33,968	49,840
Accruals and other payables		334,861	210,296
Contract liabilities		11,649	25,520
Advances from a non-controlling shareholder		5,836	5,655
Advances from a substantial shareholder		15,854	45,724
Current tax liabilities		45,893	71,297
		448,061	408,332
Net current assets		1,094,905	1,159,232
Total assets less current liabilities		2,580,356	2,551,895
Non-current liabilities			
Deferred tax liabilities		47,533	47,733
		47,533	47,733
NET ASSETS		2,532,823	2,504,162
EQUITY			
Share capital		7,986	7,986
Reserves		2,412,918	2,401,835
Equity attributable to owners of the Company		2,420,904	2,409,821
Non-controlling interests		111,919	94,341
Total equity		2,532,823	2,504,162

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 (the "**Unaudited Condensed Financial Information**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Unaudited Condensed Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022 (the "**2022 Annual Financial Statements**").

The Unaudited Condensed Financial Information has been prepared in accordance with the same accounting policies adopted in the 2022 Annual Financial Statements, except for the adoption of the amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards and Interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2023.

The functional currency of the Company is Hong Kong Dollars ("**HK\$**"). The Unaudited Condensed Financial Information is presented in Renminbi ("**RMB**") because the main operations of the Group are located in the People's Republic of China (the "**PRC**"). All values are rounded to the nearest thousand except when otherwise stated.

The Unaudited Condensed Financial Information is unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments to standards and interpretations (“**amended HKFRSs**”) issued by the HKICPA, which are relevant or effective for the Group’s financial year beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amended HKFRSs that are relevant and effective from 1 January 2023 did not have any significant impact on the Group’s accounting policies and no material effect on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.

The following amendments to HKFRSs, potentially relevant to the Group’s interim condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹

¹ Effective for annual periods beginning on or after 1 January 2024.

The Directors have performed an assessment on the above amendments to standards and interpretations and have concluded on a preliminary basis that these amendments would not have a significant impact on the Group’s consolidated financial statements in subsequent years.

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision makers (i.e. executive Directors) of the Group have identified that the research and development, manufacture and sale of fine chemical products of the Group as a single operating segment. No other discrete financial information is provided other than the Group’s result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Revenue for sale of fine chemical products is recognised at point in time as when there is evidence that the control of goods has been transferred to the customer, the customer has adequate control over the goods and the Group has no unfulfilled obligations that affect customer accepting the goods.

The Group’s disaggregated revenue from external customers are divided into the following geographical areas:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC (domicile)	790,140	1,387,988
India	180,883	217,377
Switzerland	48,562	942
United States of America	19,474	39,325
Spain	16,775	32,983
Others	97,080	175,629
	<u>1,152,914</u>	<u>1,854,244</u>

The geographical location of customers is based on the location at which the goods are delivered.

Information about major customer

Revenue attributed from a customer that accounted for 10% or more of the Group's total revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	<u>129,543</u>	<u>285,071</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings, all of which contain a repayment on demand clause	-	1,150
Interest on advances from a substantial shareholder / ultimate holding company	130	560
	<u>130</u>	<u>1,710</u>

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Directors' remuneration		
– Fees	284	206
– Salaries, discretionary bonus and other benefits	1,873	1,232
– Retirement benefit scheme contributions (note (i))	63	59
– Equity-settled share-based payment expenses	230	574
	<u>2,450</u>	<u>2,071</u>
Other employee costs	90,854	78,054
Retirement benefit scheme contributions (note (i))	8,238	6,947
Equity-settled share-based payment expenses	239	613
Total employee costs	<u>101,781</u>	<u>87,685</u>
Amortisation of right-of-use assets	1,225	919
Amortisation of intangible assets	902	902
Cost of inventories recognised as an expense (note (ii))	846,528	1,041,421
Depreciation on property, plant and equipment	64,995	62,403
Gain on disposal of property, plant and equipment, net	(4)	(114)
Provision of impairment losses on trade receivables	3	-
Lease payments in respect of short-term leases	2,163	1,799
Rental income less outgoings	(355)	(213)
Research costs (note (iii))	26,115	40,645
	<u>26,115</u>	<u>40,645</u>

Notes:

- (i) For the six months period ended 30 June 2023, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (six months ended 30 June 2022: Nil). As at 30 June 2023, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the Mandatory Provident Fund Scheme and the central pension schemes operated by the local municipal government (31 December 2022: Nil).
- (ii) Cost of inventories recognised as an expense includes RMB63,871,000 (six months ended 30 June 2022: RMB60,691,000) relating to depreciation expenses and RMB73,278,000 (six months ended 30 June 2022: RMB60,600,000) relating to employee costs. These amounts are also included in the respective total amounts disclosed separately above.
- (iii) Research costs include RMB570,000 (six months ended 30 June 2022: RMB417,000) relating to depreciation expenses and RMB13,227,000 (six months ended 30 June 2022: RMB12,288,000) relating to employee costs. These amounts are also included in the respective total amounts disclosed separately above and in the administrative and other operating expenses.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax - PRC Enterprise Income Tax		
- Tax for the period	62,711	170,983
- Over-provision in prior year	(752)	(9,644)
	<u>61,959</u>	<u>161,339</u>
Deferred tax		
- (Credited) / Charged for the period	(153)	9,848
Income tax expense	<u>61,806</u>	<u>171,187</u>

No provision for Hong Kong profits tax has been made as no assessable profit derived from Hong Kong for the period (six months ended 30 June 2022: Nil).

The Company's subsidiaries established in the PRC are subject to PRC Enterprise Income Tax at the rate of 25% for the period (six months ended 30 June 2022: 25%).

The Group has adopted 10% withholding tax rate for PRC withholding tax purpose for the period (six months ended 30 June 2022: 10%).

8. DIVIDEND

The proposed 2022 final dividend of HK\$0.20 (2021: HK\$0.20) per share, totaling RMB162,737,000 (2021: RMB147,900,000) was approved by the Company's shareholders at the annual general meeting held on 16 June 2023. It was recognised in "accruals and other payables" in the interim condensed consolidated statement of financial position and will be subsequently distributed on 31 August 2023 as disclosed in the Company's announcement dated 31 July 2023.

The Board has declared an interim dividend of HK\$0.03 per share (six months ended 30 June 2022: HK\$0.12) for the six months ended 30 June 2023.

9. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	166,098	502,032
	Number of ordinary shares	
	Six months ended 30 June	
	2023	2022
	'000 shares	'000 shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	869,418	852,847
Effect of dilutive potential ordinary shares:		
- Share options	5,090	7,209
Weighted average number of ordinary shares for the purpose of diluted earnings per share	874,508	860,056

10. TRADE AND BILLS RECEIVABLE

The Group allows a credit period normally ranging from 1 to 6 months (31 December 2022: 1 to 6 months) to its trade customers. Bills receivable are non-interest bearing bank acceptance bills and are aged within six months (31 December 2022: within a year) from the end of reporting period. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management of the Group.

Ageing analysis of trade and bills receivable (net of loss allowance) at the reporting date, based on the invoice date, is stated as follows:

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 to 90 days	426,440	697,822
91 to 180 days	166,538	92,955
181 to 365 days	3,169	911
Over 365 days	527	538
	596,674	792,226

The Directors considered that the fair values of trade and bills receivable are not materially different from their carrying amounts because these amounts have short maturity periods.

11. TRADE PAYABLES

The Group was granted by its suppliers with credit periods ranging from 30 to 270 days (31 December 2022: ranging from 30 to 270 days). Ageing analysis of trade payables at the reporting date, based on the invoice date, is stated as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 90 days	29,073	39,366
91 to 180 days	2,523	6,260
181 to 365 days	405	2,122
Over 365 days	1,967	2,092
	<u>33,968</u>	<u>49,840</u>

The carrying amounts of trade payables are short-term and hence the carrying values of trade payables are considered to be a reasonable approximation of fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the central banks of Europe and the United States of America continued to hike interest rate and adopt tightened monetary policies to combat inflation. Consumer credit spendings diminished and economic activities decelerated amidst interest rate hike cycle. Coupled with constantly escalating geopolitical tensions, the slowdown of overall economic activities of the PRC pronounced. The market conditions of the downstream customers of the Group were also affected negatively, which exerted adverse influences on the market demand of the products of the Group. In addition, the weak market demand from the downstream customers of the Group who have not yet digested the stockpiling during the novel coronavirus pandemic in the last financial year, causing the selling prices of the products of the Group in general decreased significantly. The turnover of the Group recorded a notable decline as compared with that of the corresponding period last year as a result. Even though the costs of the basic raw materials used by the Group have receded from the peak of last year, the extent of their decreases was less than that of the decreases in the selling prices of the products. Therefore, the gross profit and gross profit margin of the Group also recorded sharp declines as compared with those of the corresponding period last year.

Facing with the arduous business environment, the Group has adjusted its sales and marketing strategies expeditiously, as well as vigorously expanding overseas markets with promising prospects and extending the application fields of the Group's products in downstream markets with an aim of diversifying market concentration risk. As a result, the sales volume of certain products of the Group increased as compared with that of the corresponding period last year, whilst overseas customer base has been expanded to boost the turnover. Furthermore, the Group implemented stringent controls over various expenses in order to improve cost effectiveness. Although the aforesaid measures have been effective in stimulating business growth, the Group still recorded a significant decrease in the profit attributable to owners of the Company during the period under review as compared with that of the corresponding

period last year due to profound negative impact of the substantial decline in the selling prices of the products of the Group as a result of the overall economic downturn both in the PRC and abroad.

Even though there was a setback in financial results, the Group still proactively enhanced its capability of sustainable development by continuously strengthening the improvement of production processes to enhance the competitiveness of its products. The Group simultaneously adhered to implement and maintain high standards of safety and environmental protection in its production system to safeguard and facilitate the sustainable business development in the future. In addition, up to the date of this announcement, several newly developed products have entered into the trial production phase. The Group anticipates that these new products will be capable of promoting further business growth.

Outlook

In view of the current macro-environment, the manufacturing industries in the PRC are now operating at the trough level. It is anticipated that the market will continue to be ridden with unprecedented challenges for a considerable period of time. The overall market demand is expected to decline which would no doubt adversely affect the business performance of the Group. At present, the Group will continue to adopt cautious and prudent and stable operating and financial management policies; endeavour to maintain its business resilience to cope with ever-changing business environment; improve its internal operation persistently; make good use of its operation model of circular economy production system and persistent costs rationalisation measures in order to enhance its overall competitiveness. In addition, as several new products will be launched into the market, which will contribute new sources of revenue of the Group in the future. In conjunction with the ceaseless improvements of the business operation built up in the past, the Group has already established a solid business foundation and elevated its capability in withstanding market risks. Therefore, the Board has every confidence in the long-term business prospect of the Group, and is unswervingly committed to contributing the long-term stable growth of the Group for the shareholders of the Company (the “**Shareholder(s)**”).

FINANCIAL REVIEW

Revenue and gross profit

The combined effect of (i) the change of macro-economic environment as described under the section headed “Business Review” of this announcement and (ii) the downstream customers who have not yet utilised their overstocking during the novel coronavirus pandemic in the last fiscal year, resulted in the deterioration of market conditions and the selling price declined significantly across all core products of the Group during the period under review. The revenue of the Group dropped to approximately RMB1,152.9 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB1,854.2 million), representing a decrease of approximately RMB701.3 million or 37.8% as compared with that of the corresponding period last year.

With the persistent downward pressure on the PRC economy, the costs of the raw materials were also declined. However, the degree of declining in costs of the raw materials was not enough to offset the adverse impact brought about by the drop of the selling prices of the products of the Group. The gross profit of the Group decreased to approximately RMB306.4 million (six months ended 30 June 2022: RMB812.8 million), representing a decrease of approximately RMB506.4 million or 62.3% as compared with that of the corresponding

period last year. Likewise, the gross profit margin decreased significantly by 17.2 percentage points to 26.6% (six months ended 30 June 2022: 43.8%).

Operating expenses

Selling expenses decreased by approximately RMB13.3 million from approximately RMB42.5 million of the corresponding period last year to approximately RMB29.2 million for the period under review. Such decrease was mainly due to (i) the decrease in costs of transportation related to overseas sales as the falling demand in export activities of the PRC depressed the transportation costs for export; and (ii) the absence of payable for patents licence fee to an independent third party due to the expiry of licence period. The selling expenses to the Group's revenue ratio was 2.5% (six months ended 30 June 2022: 2.3%).

Administrative and other operating expenses amounted to approximately RMB51.8 million (six months ended 30 June 2022: RMB68.3 million), representing a decrease of approximately RMB16.5 million or 24.2% as compared with those of the corresponding period last year. The decrease in administrative and other operating expenses was mainly attributable to (i) the decrease of research and development expenses; (ii) the decrease in entertainment; and (iii) the decrease in other local tax expenses. The administrative and other operating expenses to the Group's revenue ratio was 4.5% (six months ended 30 June 2022: 3.7%).

Finance costs represented interests on advances from a substantial Shareholder, which decreased by approximately RMB1.6 million to approximately RMB0.1 million (six months ended 30 June 2022: RMB1.7 million) as compared with those of the corresponding period last year. The decrease was mainly attributable to the decrease in the weighted average amount of advances from a substantial Shareholder during the period under review.

Profit for the period

In light of the above, the profit for the period under review attributable to owners of the Company amounted to approximately RMB166.1 million (six months ended 30 June 2022: RMB502.0 million).

Trade and bills receivable

As at 30 June 2023, trade receivables (net of loss allowance) decreased to approximately RMB306.4 million, representing a decrease of approximately RMB116.3 million or 27.5% as compared with approximately RMB422.7 million recorded as at 31 December 2022. About 84.1% of trade receivables were incurred in the second quarter of this year and most of them were not yet due, whilst 14.7% of trade receivables were incurred in the first quarter of this year and only 1.2% of trade receivables were over 180 days. Up to the date of this announcement, over 44.2% of trade receivables have been subsequently settled. After assessing the creditworthiness of these customers, the Directors considered that no additional bad debt allowance was required on the trade receivables as at 30 June 2023.

As at 30 June 2023, bills receivable amounted to approximately RMB290.3 million, decreased by approximately RMB79.2 million or 21.4% as compared with the balance of approximately RMB369.5 million recorded as at 31 December 2022. Since all bills receivable are bank acceptance bills, which are non-interest bearing and have a maximum maturity period of six months, the payments of which were guaranteed by the reputable licensed banks in the PRC. Accordingly, the Directors considered that no allowance for doubtful debts was required because of the associated low default risk.

Prepayments and other receivables

As at 30 June 2023, the receivable of compensation of approximately RMB39.9 million (31 December 2022: RMB39.9 million) arising from the resumption of the land (the “**Land Resumption**”) which was originally occupied by the production site of Weifang Parasia Chem Co., Ltd. (“**Weifang Parasia**”) was recognised as other receivables under current assets in the condensed consolidated statement of financial position. On 25 July 2023, Weifang Parasia received certain properties with fair value approximately of RMB49.3 million ascertained by an independent valuer to fully settle the remaining balance of compensation receivable for the Land Resumption. The receivable of compensation of approximately RMB39.9 million was then derecognised thereafter.

The principal amounts of advances from a substantial Shareholder

The principal amounts of advances from a substantial Shareholder is at a fixed annual interest rate of 2.0% and is denominated in Renminbi. The principal amount of advances from a substantial Shareholder decreased to RMB10.0 million (31 December 2022: RMB40.0 million) as at 30 June 2023. The repayment of principal amounts of advances from a substantial Shareholder was mainly due to a solid operating cash flow generated by business performance during the period under review.

Liquidity and financial resources

For the six months ended 30 June 2023, the Group’s primary sources of funding included the net cash inflow generated from operating activities of approximately RMB429.5 million (six months ended 30 June 2022: RMB314.9 million), bank interest received of approximately RMB6.4 million (six months ended 30 June 2022: RMB0.8 million), net proceeds from disposal of property, plant and equipment of approximately RMB0.05 million (six months ended 30 June 2022: RMB0.1 million), no proceeds from issue of Shares under the share option scheme granted in 2006 (six months ended 30 June 2022: RMB5.6 million), and no newly raised bank borrowing (six months ended 30 June 2022: RMB10.0 million). With the financial resources generated from the Group’s operations, the Group spent approximately RMB211.1 million (six months ended 30 June 2022: RMB115.9 million) in the acquisition of the property, plant and equipment, repayment of the principal amount of advances from a substantial Shareholder of RMB30.0 million (six months ended 30 June 2022: RMB50.0 million), no interest paid (six months ended 30 June 2022: RMB1.2 million), and no repayment of bank borrowings (six months ended 30 June 2022: RMB30.0 million).

As at 30 June 2023, the Group had bank and cash balances, time deposits and pledged bank deposits of approximately RMB695.1 million (31 December 2022: RMB492.1 million). The total amount of outstanding borrowings was approximately RMB15.7 million (31 December 2022: RMB45.5 million). The Group during the period under review kept a solid financial position and attained a net cash balance (total cash and cash equivalent net of total borrowings) of approximately RMB679.4 million (31 December 2022: RMB446.6 million) as at 30 June 2023. The net current assets amounted to approximately RMB1,257.6 million (31 December 2022: RMB1,159.2 million).

By virtue of the Group’s financial position with cash inflow generated from the operating activities and available credit facilities from the banks and the substantial Shareholder, the Group is capable of meeting its capital commitments and working capital requirements in the foreseeable future. Nevertheless, the Group will continue to closely and cautiously manage its working capital and dedicate itself to keeping a sound liquidity position to support future business expansion.

During the period under review, the Group did not use any financial instruments for hedging purposes.

Pledge of assets

As at 30 June 2023, a bank deposit of approximately RMB1.1 million was pledged to secure the settlement of contracting fees for a production line under construction (31 December 2022: Nil).

Contingent liabilities

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

Exposure to fluctuations in exchange rates

The Group's operations are mainly in the PRC and its assets, liabilities, revenues and transactions are mainly denominated in RMB, United States dollars and Hong Kong dollars.

The Group's foremost exposure to the foreign exchange fluctuations was caused by the impact of RMB exchange rate movements during the period under review. Most of the Group's income and expenses are denominated in RMB except for export sales which were, in majority, denominated in United States dollars. However, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the period under review. Besides, the Group will consider adoption of cost efficient hedging methods in future foreign currency transactions as and when appropriate.

DIVIDEND

The Board has declared an interim dividend of HK\$0.03 per share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$0.12). The interim dividend will be payable on 19 October 2023 to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on 9 October 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members will be closed from 5 October 2023 to 9 October 2023, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2023, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716 on the 17th Floor of Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 4 October 2023.

HUMAN RESOURCES

As at 30 June 2023, the Group had 1,591 full-time employees (31 December 2022: 1,558 full time employees).

The Group has established its human resources policies and scheme with a view to deploying the incentives and rewards of the remuneration system which includes a wide range of training and personal development programs to the employees. The remuneration package offered to the employees was in line with their duties and the prevailing market terms. Staff benefits, including medical coverage and provident funds, have also been provided to the employees of the Group.

The employees would receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals of the Group. The Group also offered rewards or other incentives to its employees in order to motivate their personal growth and career development, such as ongoing opportunities for training to enhance their technical and products knowledge as well as their knowledge of industry quality standards. All new employees of the Group are required to attend an induction course and there are also various types of training courses available to all employees of the Group.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. No share option of the Company has been granted during the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE PRACTICES

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2023, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct with standards no less exact than those prescribed under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code and the Company's code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2023.

The senior management, who, because of their offices in the Group, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code and the Company's code of conduct regarding securities transactions by Directors.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) is chaired by Mr. Liu Yang, an executive Director, with Mr. Leung Kam Wan and Mr. Liu Chenguang, who are the independent non-executive Directors, as the two other members. During the period under review, one meeting has been held by the Nomination Committee to recommend the new appointment of the Director for the Board’s approval.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) is chaired by Mr. Liu Chenguang, an independent non-executive Director, with Mr. Gao Baoyu, an independent non-executive Director, Mr. Leung Kam Wan, an independent non-executive Director, and Mr. Liu Yang, an executive Director, as the three other members. During the period under review, one meeting has been held by the Remuneration Committee to review, assess and recommend to the Board in respect of the remuneration packages and service contract terms of the newly appointed Director.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. Leung Kam Wan (chairman of the Audit Committee), Mr. Gao Baoyu and Mr. Liu Chenguang. During the period under review, the Audit Committee had (i) reviewed the compliance of accounting principles and practices, the Listing Rules, internal controls and statutory requirements, and financial reporting matters adopted by the Company; (ii) reviewed the independence and objectivity of the independent auditor of the Company; (iii) reviewed with the independent auditor of the Company on the nature and scope of the audit and reporting obligations; and (iv) reviewed the independent auditor’s management letter and made recommendations to the Board for improvement (if any). The Audit Committee has reviewed the Unaudited Condensed Financial Information. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company during the period under review.

On behalf of the Board
Tiande Chemical Holdings Limited
Liu Yang
Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the executive Directors are Mr. Liu Yang, Mr. Wang Zijiang and Mr. Chen Xiaohua; whilst the independent non-executive Directors are Mr. Gao Baoyu, Mr. Leung Kam Wan, Mr. Liu Chenguang and Ms. Shan Honghong.