

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024

RESULTS HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 was approximately RMB987.8 million, representing a decrease of 14.3% as compared with that of the corresponding period last year.
- Gross profit decreased substantially by 53.0% to approximately RMB144.1 million.
- Gross profit margin also decreased to 14.6%, representing a decrease of 12.0 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 RMB42.4 million (six months ended 30 June 2023: RMB166.1 million).
- Basic earnings per share was approximately RMB0.049 (six months ended 30 June 2023: RMB0.191).
- The Board has declared an interim dividend of HK\$0.02 per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$0.03).

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 2024 together with the comparative figures for the corresponding period in 2023 and the selected notes as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	987,765	1,152,914
Cost of sales		(843,681)	(846,528)
Gross profit		144,084	306,386
Other income and gains		18,166	20,384
Selling expenses		(36,327)	(29,189)
Administrative and other operating expenses		(83,289)	(51,788)
Finance costs	5	(638)	(130)
Profit before income tax	6	41,996	245,663
Income tax expense	7	(8,146)	(61,806)
Profit for the period		33,850	183,857
Profit / (loss) for the period attributable to :			
Owners of the Company		42,357	166,098
Non-controlling interests		(8,507)	17,759
		33,850	183,857
Earnings per share for profit attributable to owners of the Company for the period			
– Basic	9	RMB0.049	RMB0.191
– Diluted		RMB0.049	RMB0.190

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit for the period	33,850	183,857
Other comprehensive income		
Item that will not be reclassified to the income statement:		
– Currency translation differences	<u>737</u>	<u>7,072</u>
Other comprehensive income for the period	<u>737</u>	<u>7,072</u>
Total comprehensive income for the period	<u>34,587</u>	<u>190,929</u>
Total comprehensive income attributable to:		
Owners of the Company	43,242	173,351
Non-controlling interests	<u>(8,655)</u>	<u>17,578</u>
	<u>34,587</u>	<u>190,929</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,503,627	1,540,322
Right-of-use assets		83,327	84,614
Investment properties		19,500	19,500
Intangible asset		5,861	6,763
Deposits paid for acquisition of property, plant and equipment		33,374	23,332
Deferred tax assets		5,897	5,291
		1,651,586	1,679,822
Current assets			
Inventories		140,335	143,921
Trade and bills receivable	10	454,894	431,425
Prepayments and other receivables		42,130	50,261
Pledged bank deposit		278	1,326
Time deposits		556,699	439,458
Bank and cash balances		144,371	175,605
		1,338,707	1,241,996
Current liabilities			
Trade payables	11	37,134	35,577
Accruals and other payables		304,635	263,786
Contract liabilities		8,685	9,819
Advances from a non-controlling shareholder		5,892	5,743
Bank borrowings		66,000	-
Current tax liabilities		10,222	2,890
		432,568	317,815
Net current assets		906,139	924,181
Total assets less current liabilities		2,557,725	2,604,003
Non-current liabilities			
Deferred tax liabilities		46,214	46,427
		46,214	46,427
NET ASSETS		2,511,511	2,557,576
EQUITY			
Share capital		7,986	7,986
Reserves		2,397,521	2,434,931
Equity attributable to owners of the Company		2,405,507	2,442,917
Non-controlling interests		106,004	114,659
Total equity		2,511,511	2,557,576

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 AND PRESENTATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 (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 D2 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 2023 (the "**2023 Annual Financial Statements**").

The Unaudited Condensed Financial Information has been prepared in accordance with the same accounting policies adopted in the 2023 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 2024.

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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 7 and HKFRS 7 - Supplier Finance Arrangements

On 21 July 2023, the HKICPA issued Supplier Finance Arrangements, which amended HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The amendments provide a transition relief whereby the Group is not required to provide the disclosures, otherwise required by the amendments, for any interim period presented within the annual reporting period in which the entity first applies those amendments.

Apart from disclosed above, the application of the other amended HKFRSs that are relevant and effective from 1 January 2024 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 new or 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 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2025.

The Directors have performed an assessment on the above new or amendments to HKFRSs 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC (domicile)	708,475	790,140
India	124,289	180,883
Switzerland	25,344	48,562
United Arab Emirates	24,533	9,987
United States of America	16,375	19,474
Others	88,749	103,868
	987,765	1,152,914

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	N/A*	129,543

* less than 10%

5. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank borrowings, which is repayable within one year and contain a repayment on demand clause	638	-
Interest on advances from a substantial shareholder	-	130
	<u>638</u>	<u>130</u>

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Directors' remuneration		
– Fees	287	284
– Salaries, discretionary bonus and other benefits	1,676	1,873
– Retirement benefit scheme contributions (note (i))	61	63
– Equity-settled share-based payment expenses	-	230
	<u>2,024</u>	<u>2,450</u>
Other employee costs	87,187	90,854
Retirement benefit scheme contributions (note (i))	8,699	8,238
Equity-settled share-based payment expenses	-	239
Total employee costs	<u>97,910</u>	<u>101,781</u>
Depreciation of right-of-use assets	1,287	1,225
Amortisation of intangible assets	902	902
Cost of inventories recognised as an expense (note (ii)), including:	843,681	846,528
- Reversal of write-down of inventories to net realisable value	(2,697)	-
Depreciation on property, plant and equipment	83,700	64,995
Loss / (gain) on disposal of property, plant and equipment, net	43	(4)
Provision of impairment losses on trade receivables	110	3
Reversal of impairment loss on other receivables	(277)	-
Loss on write-off of other receivables	144	-
Loss on write-off of property, plant and equipment	8	-
Lease payments in respect of short-term leases	1,934	2,163
Research costs (note (iii))	<u>54,426</u>	<u>26,115</u>

Notes:

- (i) For the six months period ended 30 June 2024, 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 2023: Nil). As at 30 June 2024, 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 2023: Nil).
- (ii) Cost of inventories recognised as an expense includes RMB76,834,000 (six months ended 30 June 2023: RMB63,871,000) relating to depreciation expenses and RMB68,564,000 (six months ended 30 June 2023: RMB73,278,000) relating to employee costs. These amounts are also included in the respective total amounts disclosed separately above.

The reversal of write-down of inventories was mainly due to increase in net realisable value of certain finished goods for the six months ended 30 June 2024.

- (iii) Research costs include RMB952,000 (six months ended 30 June 2023: RMB570,000) relating to depreciation expenses and RMB14,501,000 (six months ended 30 June 2023: RMB13,227,000) 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax - PRC Enterprise Income Tax		
- Tax for the period	9,167	62,711
- Over-provision in prior years	(1,172)	(752)
- PRC dividend withholding tax paid	970	-
	8,965	61,959
Deferred tax		
- Credited for the period	(819)	(153)
Income tax expense	8,146	61,806

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the tax rate of 16.5% (six months ended 30 June 2023: 16.5%) on their estimate assessable profit for the six months period ended 30 June 2024. 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 2023: 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 2023: 25%).

The Group has adopted 10% withholding tax rate for PRC withholding tax purpose for the period (six months ended 30 June 2023: 10%).

8. DIVIDENDS

The proposed 2023 final dividend of HK\$0.10 (2022: HK\$0.20) per share, totaling RMB80,652,000 (2022: RMB162,737,000) was approved by the Company's shareholders at the annual general meeting held on 7 June 2024. It was recognised in "accruals and other payables" in the interim condensed consolidated statement of financial position and will be subsequently distributed on 29 August 2024.

The Board has declared an interim dividend of HK\$0.02 per share (six months ended 30 June 2023: HK\$0.03) for the six months ended 30 June 2024.

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	42,357	166,098
	Number of ordinary shares	
	Six months ended 30 June	
	2024	2023
	'000 shares	'000 shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	869,418	869,418
Effect of dilutive potential ordinary shares:		
- Share options	4,188	5,090
Weighted average number of ordinary shares for the purpose of diluted earnings per share	873,606	874,508

10. TRADE AND BILLS RECEIVABLE

The Group allows a credit period normally ranging from one to six months (31 December 2023: one to six months) to its trade customers. Bills receivable are non-interest bearing bank acceptance bills and are matured within six months (31 December 2023: within six months) 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 90 days	389,057	346,580
91 to 180 days	62,222	83,770
181 to 365 days	3,552	1,007
Over 365 days	63	68
	454,894	431,425

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 2023: 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 90 days	32,824	31,148
91 to 180 days	1,448	759
181 to 365 days	755	1,454
Over 365 days	2,107	2,216
	37,134	35,577

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, global interest rates remained elevated while the international geopolitical situation increasingly intensified. Moreover, many European countries and the United States pursued domestic production of raw materials and diversified their supply chains, collectively impacting the export of goods manufactured in the PRC negatively. On the other hand, the gradual slowdown in new investment in the domestic manufacturing industry and infrastructure, coupled with the persistent downward trend in the real estate sector, further hindered economic development and reduced the income of residents of the PRC. These factors eroded consumer confidence within the PRC. Confronted with the aforementioned adverse business conditions, the domestic manufacturing industry suffered significant setbacks. Price competition among products was particularly intense, leading to a general decrease in profit margins throughout the entire industry chain. Consequently, the selling prices of the products of the Group also declined drastically across the board.

In view of the weak economic situation, the Group adjusted its sales and marketing strategies to vigorously explore products application coverage in the downstream industries and expand its customer base. This was done to boost as much as possible the sales volume of the products of the Group, therefore partially offsetting the negative impacts on the turnover caused by the drastic decline in selling prices of the Group's products. As a result, the decrease in the revenue of the Group was relatively moderate as compared to that of the corresponding period last year.

On the other hand, thanks to the Group's long-standing efforts to improve the supply chain of upstream raw materials, several raw materials production lines were constructed in previous years, which enhanced self-sufficiency in raw materials and reduced reliance on external procurement. This move can also further deepen the Group's circular economy production system and improve overall cost-effectiveness simultaneously. During the period under review, these production lines commenced commercial production and delivered the expected benefits. In addition, the Group further refined its procurement strategies to minimise overall cost of raw materials to the largest possible extent. Coupled with the Group's efforts to optimise production processes to meet the safety and environmental protection requirements, these improvements also enhanced the production efficiency of the Group. The aforementioned measures to curb the costs of production were effective during the period under review. However, the extent of reduction in the costs of production was not as significant as the drop in the selling prices of the Group's products. Consequently, both the gross profit and gross profit margin of the Group during the period under review were drastically lower than those of the corresponding period last year.

During the period under review, the Group increased research and development expenditure to improve its production technologies and processes, while simultaneously exploring new products with strong market potential in different downstream industries, with a view to incessantly improving its business for sustainable development in the future. Other than that, the Group maintained strict controls over other expenses. However, due to the economic downturn in the PRC suppressing selling prices of the products, eventually the profit attributable to owners of the Company declined notably as compared to that of the corresponding period last year.

Outlook

The PRC government has implemented a series of economic stimulus policies, but their effects may take time to materialise. Consequently, the economy of the PRC is expected to continue slowdown in the near term. Coupled with potential increased tariffs on the goods exported by the PRC from many European countries and the United States, it will undoubtedly deal a heavy blow to the manufacturing industries of the PRC. This could lead to the contradiction between supply and demand in the market, and the elimination of weak players by intensifying competition.

Given the challenging business climate, the Group will adhere to its cautious and prudent operating principles, continuously focus on enhancing business competitiveness by improving its internal operations and controllable factors, rigorously managing costs and maintaining a strong cash flow position. This will enable the Group to weather the current economic downturn cycle. Furthermore, the Group will keep investing in advanced energy-saving and emission-reducing technologies to optimise its production processes and achieve low-carbon production in order to ensure sustainable development of the business.

In summary, due to the negative impact of the economic downturn in the PRC, it would be difficult for the Group to achieve a breakthrough in its business performance in the short term. However, the Group remains confident in its long-term prospects as the fine chemical industry will play a crucial role in the transformation of the economy of the PRC, driven by domestic demand, government support and technological advancement. In view of the fact that the Group has accumulated extensive operating experience in the industry, strong industry position and proven track record, the Board is committed to driving long-term stability and growth of the Group for the benefit of the shareholders of the Company (the “Shareholders”).

FINANCIAL REVIEW

Revenue and gross profit

Due to the economic downturn in the PRC, the overall selling prices of the products of the Group decreased substantially during the period under review. Even though the sales and marketing strategies of the Group have been adjusted to counteract the challenging market environment, the revenue of the Group still declined to approximately RMB987.8 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,152.9 million), representing a decrease of approximately RMB165.1 million or 14.3% as compared with that of the corresponding period last year.

With persistent downward pressure on the PRC economy, the costs of the raw materials also declined. Furthermore, the Group enhanced overall productivity by implementing various improvement measures. However, the degree of costs reduction from raw materials and the costs effectiveness of enhanced productivities were insufficient to offset the adverse impact of the lower selling prices of the products of the Group. The gross profit of the Group decreased considerably to approximately RMB144.1 million (six months ended 30 June 2023: RMB306.4 million), representing a decrease of approximately RMB162.3 million or 53.0% as compared with that of the corresponding period last year. Likewise, the gross profit margin decreased significantly by 12.0 percentage points to 14.6% (six months ended 30 June 2023: 26.6%).

Operating expenses

Selling expenses increased by approximately RMB7.1 million from approximately RMB29.2 million of the corresponding period last year to approximately RMB36.3 million for the period under review. Such increase was mainly due to (i) the increase in the costs of transportation related to overseas sales caused by attacks on the vessels in the Red Sea area, which forced shipping companies to divert vessels to longer sea routes, thus driving up shipping costs, and the increase in overseas sales volume; and (ii) the increase in sales commission for overseas sales. The selling expenses to the Group's revenue ratio was 3.7% (six months ended 30 June 2023: 2.5%).

Administrative and other operating expenses amounted to approximately RMB83.3 million (six months ended 30 June 2023: RMB51.8 million), representing an increase of approximately RMB31.5 million or 60.8% as compared with those of the corresponding period last year. The increase in administrative and other operating expenses was mainly attributable to (i) increased research and development expenses; (ii) increased entertainment expenses to promote the business; and (iii) increased depreciation expenses. The administrative and other operating expenses to the Group's revenue ratio was 8.4% (six months ended 30 June 2023: 4.5%).

Finance costs represented interests on bank borrowings of approximately RMB0.6 million during the period under review, increased by approximately RMB0.5 million (six months ended 30 June 2023: interests on advances from a substantial Shareholder of RMB0.1 million) as compared with those of the corresponding period last year. The increase was mainly attributable to increased bank borrowings during the period for treasury purpose due to lower borrowing costs from the banks.

Profit for the period

In view of the aforesaid negative factors, the profit for the period under review attributable to owners of the Company amounted to approximately RMB42.4 million (six months ended 30 June 2023: RMB166.1 million).

Trade and bills receivable

As at 30 June 2024, trade receivables (net of loss allowance) increased to approximately RMB294.9 million, representing an increase of approximately RMB34.4 million or 13.2% as compared with approximately RMB260.5 million recorded as at 31 December 2023. About 80.8% of trade receivables were incurred in the second quarter of this year and most of them were not yet due, whilst 18.0% of trade receivables were incurred in the first quarter of this year and only 1.2% of trade receivables were aging over 180 days. Up to the date of this announcement, over 45.6% of trade receivables have been settled after 30 June 2024. 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 2024.

As at 30 June 2024, bills receivable amounted to approximately RMB160.0 million, representing a decrease of approximately RMB10.9 million or 6.4% as compared with the balance of approximately RMB170.9 million recorded as at 31 December 2023. Since all bills receivable are bank acceptance bills, which are non-interest bearing and most of them 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.

Short-term bank borrowings

Short-term bank borrowings were raised in the PRC at fixed and floating interest rates and are denominated in RMB. As at 30 June 2024, the short-term bank borrowings balance increased to approximately RMB66.0 million (31 December 2023: Nil).

Liquidity and financial resources

For the six months ended 30 June 2024, the Group's primary sources of funding included the net cash inflow generated from operating activities of approximately RMB151.8 million (six months ended 30 June 2023: RMB429.5 million), bank interest income received of approximately RMB10.8 million (six months ended 30 June 2023: RMB6.4 million), net proceeds from disposal of property, plant and equipment of approximately RMB0.1 million (six months ended 30 June 2023: RMB0.05 million), and newly raised bank borrowings of approximately RMB26.0 million (six months ended 30 June 2023: Nil). With the financial resources generated from the Group's operations, the Group spent approximately RMB104.0 million (six months ended 30 June 2023: RMB211.1 million) in the acquisition of the property, plant and equipment, interest paid of approximately RMB0.6 million (six months ended 30 June 2023: Nil), and no repayment of the principal amount of advances from a substantial Shareholder (six months ended 30 June 2023: RMB30.0 million).

As at 30 June 2024, the Group had bank and cash balances, time deposits and pledged bank deposits of approximately RMB701.3 million (31 December 2023: RMB616.4 million). The total amount of outstanding borrowings was approximately RMB71.7 million (31 December 2023: Nil). The Group during the period under review kept a solid financial position and maintained a net cash balance (total cash and cash equivalent net of total borrowings) of approximately RMB629.6 million (31 December 2023: RMB616.4 million) as at 30 June 2024. The net current assets amounted to approximately RMB906.1 million (31 December 2023: RMB924.2 million).

By virtue of the Group's financial position with cash inflow generated from the operating activities and available credit facilities from the banks, the Group is capable of fulfilling 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 2024, a bank deposit of approximately RMB0.3 million (31 December 2023: RMB0.3 million) was pledged to secure the water supply to the factories of the Company's subsidiaries. Right-of-use assets of the Group of approximately RMB26.8 million (31 December 2023: Nil) were pledged to secure the Group's bank borrowings. No bank deposit was pledged to secure the settlement of contracting fees for a production line under construction (31 December 2023: RMB1.0 million).

Contingent liabilities

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: 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\$0.02 per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$0.03). The interim dividend will be payable on 30 October 2024 to the Shareholders whose names appear on the register of members of the Company (the **"Register of Members"**) on 18 October 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members will be closed from 16 October 2024 to 18 October 2024, 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 2024, 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 15 October 2024.

HUMAN RESOURCES

As at 30 June 2024, the Group had 1,398 full-time employees (31 December 2023: 1,536 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 2024, 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 2024, in compliance with the Corporate Governance Code as set out in Part 2 of Appendix C1 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 C3 to the Listing Rules for securities transactions by 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 2024.

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, no meeting has been held by the Nomination Committee.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) is chaired by Mr. Liu Chenguang, an independent non-executive Director, with Mr. Leung Kam Wan, an independent non-executive Director, Ms. Shan Honghong, an independent non-executive Director, and Mr. Liu Yang, an executive Director, as the three other members. During the period under review, no meeting has been held by the Remuneration Committee.

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. Liu Chenguang and Ms. Shan Honghong. 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 and there was no disagreement on the accounting treatment adopted by the Company during the period under review.

EVENTS AFTER THE PERIOD UNDER REVIEW

Save as disclosed in this announcement, as of the date of this announcement, the Group had no other significant events subsequent to 30 June 2024.

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

Hong Kong, 26 August 2024

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. Leung Kam Wan, Mr. Liu Chenguang and Ms. Shan Honghong.