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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS HIGHLIGHTS

- Revenue decreased by 9.9% to approximately RMB1,873.8 million (2023: RMB2,080.3 million).
- Gross profit significantly decreased by 48.2% to approximately RMB227.5 million (2023: RMB438.8 million).
- Gross profit margin decreased to 12.1% (2023: 21.1%), representing a decrease of 9.0 percentage points.
- Profit for the year attributable to owners of the Company substantially decreased to approximately RMB66.9 million (2023: RMB211.1 million).
- EBITDA significantly decreased by 42.9% to approximately RMB249.1 million (2023: RMB436.4 million).
- Basic earnings per share was approximately RMB0.077 (2023: RMB0.243).
- The Directors recommend a final dividend of HK$0.03 (2023: HK$0.10) per share in respect of the year ended 31 December 2024.

The board (the "**Board**") of directors (the "**Directors**") of Tiande Chemical Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the corresponding period in 2023 with the selected notes as follows:

CONSOLIDATED INCOME STATEMENT

		FOR THE YEAR ENDED 31 DECEMBER	
		2024	2023
	Notes	**RMB'000**	RMB'000
Revenue	3	**1,873,801**	2,080,285
Cost of sales		**(1,646,325)**	(1,641,441)
Gross profit		**227,476**	438,844
Other income and gains		**54,723**	31,984
Revaluation losses on investment properties		**(1,500)**	(1,400)
Selling expenses		**(71,135)**	(58,455)
Administrative and other operating expenses		**(137,790)**	(112,693)
Finance costs		**(3,741)**	(176)
Profit before income tax	4	**68,033**	298,104
Income tax expense	5	**(20,776)**	(66,627)
Profit for the year		**47,257**	231,477
Profit/(loss) for the year attributable to:			
Owners of the Company		**66,880**	211,071
Non-controlling interests		**(19,623)**	20,406
		47,257	231,477
Earnings per share for profit attributable to owners of the Company for the year	7		
- Basic		**RMB0.077**	RMB0.243
- Diluted		**RMB0.077**	RMB0.242

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Profit for the year	**47,257**	231,477
Other comprehensive income		
Items that will not be reclassified to the income statement:		
Currency translation differences	**(30)**	7,950
Other comprehensive income for the year	**(30)**	7,950
Total comprehensive income for the year	**47,227**	239,427
Total comprehensive income for the year attributable to :		
Owners of the Company	**67,065**	219,109
Non-controlling interests	**(19,838)**	20,318
	47,227	239,427

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	AS AT 31 DECEMBER 2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,517,666**	1,540,322
Right-of-use assets		**82,039**	84,614
Investment properties		**18,000**	19,500
Intangible asset		**4,959**	6,763
Deposits paid for acquisition of property, plant and equipment		**31,405**	23,332
Deferred tax assets		**5,176**	5,291
		1,659,245	1,679,822
Current assets			
Inventories		**151,519**	143,921
Trade and bills receivable	8	**377,774**	431,425
Prepayments and other receivables		**43,063**	50,261
Pledged bank deposits		**1,278**	1,326
Time deposits		**493,340**	439,458
Bank and cash balances		**358,214**	175,605
		1,425,188	1,241,996
Current liabilities			
Trade payables	9	**37,901**	35,577
Accruals and other payables		**238,471**	263,786
Contract liabilities		**8,767**	9,819
Bank borrowings		**220,134**	-
Advances from a non-controlling shareholder		**5,961**	5,743
Current tax liabilities		**13,273**	2,890
		524,507	317,815
Net current assets		**900,681**	924,181
Total assets less current liabilities		**2,559,926**	2,604,003
Non-current liabilities			
Deferred tax liabilities		**45,002**	46,427
NET ASSETS		**2,514,924**	2,557,576
EQUITY			
Share capital		**8,060**	7,986
Reserves		**2,412,043**	2,434,931
Equity attributable to the Company's owners		**2,420,103**	2,442,917
Non-controlling interests		**94,821**	114,659
TOTAL EQUITY		**2,514,924**	2,557,576

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The functional currency of the Company is Hong Kong Dollars ("**HK$**"). The consolidated financial statements are 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.

2. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Amended standards adopted by the Group

In the current year, the Group has applied for the first time, the following amended standards and interpretations ("**amended HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period 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
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as disclosed below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

The HKICPA issued amendments to HKAS 1 in August 2020 Classification of Liabilities as Current or Non-current and subsequently, in December 2022 Non-current Liabilities with Covenants. Following the amendments, the HKICPA updated HK-Int 5 (Revised) to update the references to the amendments to HKAS 1. The conclusions in HK-Int 5 (Revised) are unchanged.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The adoption of the HKAS 1 Amendments had no effect on the measurement of any items in the financial statements of the Group and did not result in a change in the classification of the Group's liabilities.

Adoption of 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.

(b) New and amended HKFRSs that have been issued but are not yet effective

The following new and amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

The Directors are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has been concluded that the adoption of them is unlikely to have a material impact on these financial statements.

HKFRS 18 - Presentation and Disclosure in Financial Statements

HKFRS 18 was issued by the HKICPA in July 2024 which supersedes HKAS 1 and will result in major consequential amendments to HKFRSs including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

HKFRS 19 Subsidiaries without Public Accountability: Disclosure

HKFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other HKFRSs. The Company’s shares are listed and traded in the Stock Exchange. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision makers (i.e. executive Directors) (the “**CODM**”) for their decisions about resources allocation to the Group's business components and for their review of the performance of the components.

The business components of the Group with the research and development, manufacture and sale of fine chemical products of the Group are assessed and identified as a single operating segment by the CODM. The single operating segment is reported in a manner consistent with the internal financial information reporting provided to the CODM.

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.

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

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
The PRC (domicile)	**1,347,122**	1,474,254
India	**208,717**	279,071
United States of America	**66,631**	34,672
United Arab Emirates	**47,990**	15,320
Switzerland	**34,638**	61,461
Others	**168,703**	215,507
	1,873,801	2,080,285

The geographical location of customer is based on the location at which the goods are delivered. No geographical location of non-current assets is presented as the substantial non-current assets are physically based in the PRC.

Information about major customer

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

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Customer A	#	218,104

less than 10% of the Group's total revenue

4. PROFIT BEFORE INCOME TAX

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Directors' remuneration		
- Fees	**575**	665
- Salaries, discretionary bonus and other benefits	**3,304**	3,476
- Retirement benefit scheme contributions (note (i))	**123**	123
- Equity-settled share-based payment expenses	**-**	310
	4,002	4,574
Other employee costs	**168,963**	180,805
- Retirement benefit scheme contributions (note (i))	**16,593**	16,517
- Equity-settled share-based payment expenses	**-**	323
Total employee costs	**189,558**	202,219
Auditor's remuneration	**979**	907
Depreciation of right-of-use assets	**2,575**	2,504
Amortisation of an intangible asset	**1,804**	1,804
Cost of inventories recognised as an expense (note (ii)), including	**1,646,325**	1,641,441
- Write-down of inventories to net realisable value, net	**2,995**	5,614
Depreciation on property, plant and equipment	**172,919**	133,851
Provision for impairment losses on trade receivables, net	**1,530**	454
Reversal of impairment loss on other receivables	**(277)**	(9,638)
Write-off of property, plant and equipment	**110**	-
Write-off of trade receivables	**70**	-
Write-off of other receivable	**159**	-
Loss/(Gain) on disposals of property, plant and equipment, net	**47**	(50)
Lease payments in respect of short-term leases	**3,723**	4,323
Research costs (note (iii))	**77,706**	67,878

Notes:

(i) For the years ended 31 December 2024 and 2023, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2024 and 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 governments.

(ii) Cost of inventories includes approximately RMB166,873,000 (2023: RMB128,138,000) relating to depreciation expenses and approximately RMB132,819,000 (2023: RMB145,201,000) relating to employee costs. These amounts are included in the respective total amounts disclosed separately above.

(iii) Research costs include approximately RMB1,911,000 (2023: RMB1,594,000) relating to depreciation expenses and approximately RMB28,406,000 (2023: RMB27,463,000) relating to employee costs. These amounts are included in the respective total amounts disclosed separately above and included in the administrative and other operating expenses.

5. INCOME TAX EXPENSE

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Current tax - PRC Enterprise Income Tax		
- Tax for the year	**15,879**	69,980
- Over-provision in prior years	**(1,172)**	(4,551)
PRC dividend withholding tax paid	**7,379**	-
	22,086	65,429
Deferred tax		
- (Credited) / Charged for the year	**(1,310)**	1,198
Income tax expense	**20,776**	66,627

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%) on their estimate assessable profit for the year ended 31 December 2024. No provision for Hong Kong Profits Tax has been made as no assessable profit derives from Hong Kong during the year (2023: Nil).

The Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax at the rate of 25% (2023: 25%) for the year ended 31 December 2024.

According to the PRC Enterprise Income Tax Law, a withholding tax of 5% or 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. The Group has adopted 5% or 10% (2023: 10%) withholding tax rate for PRC withholding tax purpose for the year ended 31 December 2024.

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries engaged in research and development activities are entitled to claim additional 100% (2023: 100%) of their research and developments expenses so incurred as tax deductible expenses when determining their assessable profits for the year.

6. DIVIDENDS

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Final dividend paid in respect of prior year HK$0.10 (2023: HK$0.20) per share	**80,652**	162,737
Interim dividend paid in respect of current year HK$0.02 (2023: HK$0.03) per share	**15,978**	23,909
	96,630	186,646

The Directors recommended a final dividend of HK$0.03 (2023: HK$0.10) per ordinary share in respect of the year ended 31 December 2024. The proposed dividend is not reflected as a dividend payable in these financial statements.

7. EARNINGS PER SHARE

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

	FOR THE YEAR ENDED 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	**66,880**	211,071

	NUMBER OF ORDINARY SHARES	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**873,352**	869,418
Effect of dilutive potential ordinary shares:		
- Share options	**840**	4,188
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**874,192**	873,606

8. TRADE AND BILLS RECEIVABLE

The Group allows credit periods normally ranging from one month to six months (2023: one month to six months) to its trade customers. Bills receivable are non-interest bearing bank acceptance bills and matured within six months (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 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:

	AS AT 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
0 to 90 days	**275,588**	346,580
91 to 180 days	**87,238**	83,770
181 to 365 days	**14,753**	1,007
Over 365 days	**195**	68
	377,774	431,425

9. TRADE PAYABLES

Trade payables normally have the credit periods ranging from 30 to 270 days (2023: 30 to 270 days). Ageing analysis of trade payables at the reporting date, based on the invoice date, is as follows:

	AS AT 31 DECEMBER	
	2024	2023
	RMB'000	RMB'000
0 to 90 days	**32,497**	31,148
91 to 180 days	**1,798**	759
181 to 365 days	**1,533**	1,454
Over 365 days	**2,073**	2,216
	37,901	35,577

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

DIVIDENDS

The Directors recommended a final dividend of HK$0.03 (2023: HK$0.10) per share in respect of the year ended 31 December 2024 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company as of 8 August 2025. The proposed final dividend is subject to approval by the Shareholders in the forthcoming annual general meeting of the Company (the "**2025 AGM**"). The proposed final dividend is expected to be paid to the Shareholders on or about Thursday, 28 August 2025. Together with the interim dividend of HK$0.02 (2023: HK$0.03) per Share paid to the Shareholders on 30 October 2024, the total aggregated dividends for the year under review is HK$0.05 (2023: HK$0.13) per share.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive. In order to qualify for the right to attend and vote at the 2025 AGM, all transfers accompanied by the relevant share certificates should 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 not later than 4:30 p.m. on Monday, 2 June 2025.

For the purpose of ascertaining the Shareholders who qualify for the proposed final dividend in respect of the year ended 31 December 2024, the register of members of the Company will be closed from Wednesday, 6 August 2025 to Friday, 8 August 2025, both days inclusive. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates should 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 not later than 4:30 p.m. on Tuesday, 5 August 2025.

BUSINESS REVIEW

During the year under review, persistently high United States dollar interest rates, coupled with increasingly tense international geopolitical situation and a resurgence of trade protectionism, necessitated continuous price reductions for export products of the PRC to maintain market competitiveness. Additionally, the economic growth momentum of the PRC was notably underpowered and weak domestic demand led to unusually fierce price competition for general products. The Group's products, along with those across its upstream and downstream industrial chains, faced tremendous downward pressures on prices. As a result, the selling prices of most of the products of the Group recorded a significant decline as compared to those of last year.

In response to the challenging economic situation, the Group adjusted its sales and marketing strategies to vigorously explore application coverage in the downstream industries for its products, develop new markets and broaden customer base. These efforts successfully resulted in a year-on-year increase in the sales volume of most of the products of the Group, thereby alleviating the negative impact on the revenue caused by the significant decline in product selling prices. Consequently, the Group recorded a relatively moderate decrease in revenue as compared to that of last year.

In controlling production costs, the Group implemented multiple measures for cost reduction and efficiency enhancement, primarily including: (i) several raw material production lines constructed in prior years have been put into commercial operation during the year under review, bolstering the self-sufficiency in raw materials and further deepening the circular economy production system, thus reducing overall costs of production; (ii) continuous optimisation of procurement strategies and enhancement of supply chain management to effectively lower costs of procurement; (iii) constant upgrading and optimisation of the production processes and improvement of the energy management systems to realise further energy conservation and emission reduction; and (iv) further extended the adoption of automated production processes to directly enhance production efficiency. However, the extent of reduction in the costs of production did not fully offset the negative impact of the decline in selling prices. Consequently, both the gross profit and gross profit margin of the Group for the year under review recorded significant deteriorations as compared to those of last year.

Regarding the control of operating expenses, the Group imposed strict controls over all operating expenses, with the exception of increased investment in research and development for the development of new products and improvement of production processes and technologies in order to boost product competitiveness. Despite these efforts, the drastic decline in the selling prices of the products of the Group led to a significant decrease in profit attributable to owners of the Company as compared to that of last year eventually.

Outlook

At the beginning of 2025, the relationship between the United States of America and the PRC has become increasingly tense. The imposition of additional tariffs by the United States of America on export products of the PRC has further strained the domestic export sectors of the PRC, exacerbating downward pressure on product selling prices. Nonetheless, the PRC government has implemented various measures to counteract these challenges. These include loosening the monetary policy appropriately to stimulate price recovery, increasing fiscal spending to boost market confidence, expanding domestic demand across the board, providing strong support for development of sectors with new, high-quality productive forces. These initiatives aim to fuel market demand and revitalise overall confidence in the economy of the

PRC. While these efforts will undoubtedly bring new opportunities to the manufacturing sectors of the PRC, it will take time for the actual economic benefits to materialise.

In summary, the Group acknowledges the challenges posed by the increasingly tense international geopolitical environment. In response, the Group will adopt a more conservative operating approach, focus on reducing expenses, strengthening cash flow management, persistently optimising its product portfolio and improving operational efficiency. Simultaneously, the Group will implement more proactive marketing strategies to expand the market penetration of its products and strive to drive revenue growth, thus navigating the current downturn in the economy.

In the long run, the Group remains unwaveringly confident in its business prospects. As the overall economy of the PRC undergoes significant restructuring, transformation and upgrading, the emerging new energy and new materials sectors would present a wealth of opportunities for the fine chemical industry. The Board believes that, by leveraging the Group's strong position and extensive experience in the industry, the Group is well positioned to achieve higher levels of business development as well as generate long-term sustainable value returns for the Shareholders.

FINANCIAL REVIEW

Revenue

Due to the market downturn in the PRC, the overall selling prices of the products of the Group decreased substantially during the year under review. In light of the sales and marketing strategies of the Group having been adjusted to boost the sales volume, the Group recorded a moderate decline in the revenue to approximately RMB1,873.8 million for the year ended 31 December 2024, representing a decrease of approximately RMB206.5 million or 9.9% as compared to approximately RMB2,080.3 million in 2023.

Gross profit

The gross profit of the Group decreased substantially to approximately RMB227.5 million, representing a decrease of approximately RMB211.3 million or 48.2% as compared with approximately RMB438.8 million in 2023. This decrease was primarily attributable to the decline in selling price of the Group's products, which was significantly higher than the reduction in the production costs for the Group during the year under review. The gross profit margin also decreased markedly to 12.1%, a decrease of 9.0 percentage points compared to 21.1% in 2023.

Operating income and expenses

The other income was mainly comprised of: (i) bank interest income; (ii) net amount of exchange gain; (iii) various grants received from the PRC governmental authorities for being incentives or subsidy to encourage the Group's business development; (iv) compensation received from a contractor pursuant to the PRC court's order; (v) compensation income from contractors; and (vi) other income during the year under review.

Selling expenses increased by approximately RMB12.6 million from approximately RMB58.5 million in 2023 to approximately RMB71.1 million during the year under review. This increase was mainly due to (i) the increase in overseas sales volume coupled with the increase in the costs of transportation associated with overseas sales attributable to attacks on the vessels in the Red Sea area, which forced shipping companies to reroute vessels along the longer, alternative sea routes, thus escalating shipping expenses; and (ii) the increase in sales volume in the PRC led to higher domestic costs of transportation. The selling expenses to the Group's revenue ratio was 3.8% (2023: 2.8%).

During the year under review, the administrative and other operating expenses increased by approximately RMB25.1 million from approximately RMB112.7 million in 2023 to approximately RMB137.8 million in 2024. This increase was primarily attributable to (i) increased research and development expenses; (ii) the provision for bad debts written back from last year has not occurred during the year; and (iii) increased depreciation expenses. Administrative and other operating expenses accounted for 7.4% (2023: 5.4%) of the Group's revenue.

Finance costs

Finance costs represented interests on bank borrowings, asset-backed financing and supplier finance arrangement, of approximately RMB3.7 million during the year under review, increased by approximately RMB3.5 million (2023: interests on advances from a substantial Shareholder of RMB0.2 million) as compared with those of last year. The increase was mainly attributable to increased bank borrowings during the year for short-term liquidity management due to lower borrowing costs from the banks.

Profit for the year attributable to owners of the Company

Due to the aforementioned factors, the profit for the year attributable to owners of the Company significantly decreased to approximately RMB66.9 million as compared with approximately RMB211.1 million in 2023.

Trade and bills receivable

As at 31 December 2024, the trade receivables (net of loss allowance) increased to approximately RMB271.8 million, representing an increase of approximately RMB11.3 million or 4.3% as compared with approximately RMB260.5 million as at 31 December 2023. About 72.0% of trade receivables were incurred in the last quarter of 2024 with most of them were not yet due and 22.5% of trade receivables were incurred in the third quarter of 2024. Only 5.5% of trade receivables were aging over 180 days. As at the date of this announcement, over 57.0%% of trade receivables have been settled after 31 December 2024. After assessing the creditworthiness of these customers, the Directors considered that the current bad debt allowance is adequate for the trade receivables as at 31 December 2024.

As at 31 December 2024, the bills receivable amounted to approximately RMB106.0 million, representing a decrease of approximately RMB64.9 million or 38.0% as compared to the balance of approximately RMB170.9 million as at 31 December 2023. Since all bills receivable are bank acceptance bills, which are non-interest-bearing and typically mature within six months from the end of reporting period, the payments of which are guaranteed by the licensed banks in the PRC. This significantly reduces the default risk. Consequently, the Directors considered that allowance for doubtful debt is not required.

Bank borrowings

All bank borrowings were raised in the PRC at fixed interest rates and are denominated in RMB. As at 31 December 2024, the total bank borrowings balance increased to approximately RMB220.1 million (31 December 2023: Nil). The raising of bank borrowings was mainly used to finance the general working capital of the Group during the year under review.

Liquidity and financial resources

The Group's primary source of funding included the net cash inflow generated from operating activities of approximately RMB395.4 million (2023: RMB649.2 million); newly raised bank borrowings of approximately RMB196.4 million (2023: RMB11.0 million); proceeds on disposals of property, plant and equipment of approximately RMB0.5 million (2023: RMB0.2 million); bank interest received of approximately RMB33.4 million (2023: RMB18.2 million); and proceeds from issue of Shares due to exercise of share options of approximately RMB6.8 million (2023: Nil). With the financial resources obtained from the Group's operations, the Group had spent approximately RMB199.8 million (2023: RMB318.5 million) on the acquisition of property, plant and equipment; repayments of bank borrowings of approximately RMB96.2 million (2023: RMB11.0 million); interest paid of approximately RMB3.6 million (2023: RMB5.9 million); dividends paid of approximately RMB96.6 million (2023: RMB186.6 million); and no repayment of advances from a substantial Shareholder (2023: RMB40.0 million) during the year under review. As at 31 December 2024, the Group had bank and cash balances, time deposits and pledged bank deposits of approximately RMB852.8 million (2023: RMB616.4 million), of which 8.4% was held in Renminbi, 91.4% was held in United States dollars and the remaining balances were held in Hong Kong dollars and Euros.

As at 31 December 2024, the Group had net current assets of approximately RMB900.7 million (2023: RMB924.2 million), the current ratio of the Group was approximately 2.7 times (2023: 3.9 times) and the outstanding borrowings of the Group of approximately RMB225.9 million (2023: RMB5.6 million). The Group strives to achieve operating profit and solid financial position during the year under review. Hence, the Group attained a net cash balance (total cash and cash equivalent, time deposits and pledged bank deposits net of total borrowings) of approximately RMB626.9 million (2023: RMB610.8 million) as at 31 December 2024.

The Group is continuously developing new products and upgrading or replacing its outdated production facilities to secure its sustainable business development in the future and strives to uphold a solid financial position simultaneously. Benefiting from a steady positive cash inflow from operating activities, coupled with the available cash and undrawn credit facilities from banks, the Group has sufficient financial resources to meet its present commitments and working capital requirements. The Group will closely monitor its cash outflow and remain dedicated to maintain its financial health as well as improving the equity return to the Shareholders.

Pledge of assets

As at 31 December 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; and a further bank deposit of RMB 1.0 million (31 December 2023: Nil) was pledged to secure the execution of a foreign exchange forward contract. Furthermore, certain buildings and right-of-use assets of the Group of approximately RMB52.1 million (31 December 2023: Nil) and RMB56.3 million (31 December 2023: Nil) respectively 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) during the year.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

Commitments

As at 31 December 2024, the Group had commitment of approximately RMB140.3 million (2023: RMB94.9 million) that have been contracted but not yet been provided for, related to the acquisition of property, plant and equipment as well as construction in progress. Additionally, the Group has a capital commitment of approximately RMB169.5 million (2023: RMB213.8 million) authorised but not contracted for also related to the acquisition of property, plant and equipment as well as construction in progress.

FUNDING AND TREASURY POLICIES

The Group adopts a prudent approach to its funding and treasury policies, aiming to maintain an optimal financial position and minimise the Group's financial risks. The Group regularly reviews its funding requirements to ensure adequate financial resources to support its business operations and future investments as and when needed.

Cash flow forecast is properly prepared and reviewed regularly by the senior management of the Group (the "**Senior Management**"), which enabling the Senior Management to maintain an adequate level of cash and cash equivalents, as well as sufficient available banking facilities to finance the daily operations and capital expenditure requirements in the foreseeable future, in accordance with the funding and treasury policies of the Group.

During the year under review, the Group did not use any financial instruments for foreign exchange hedging purposes because its businesses primarily operate in Renminbi and most of its monetary assets and liabilities are denominated in Renminbi. As a result, the Group has minimal exposure to currency risk and foreign exchange rate fluctuations.

The Group's interest rate risk arises primarily from bank borrowings. In order to minimise the borrowing cost and interest rate risk, any raising of loans to meet the expected funding demand must be assessed carefully and approved by the executive Directors. The Group will consider new financing needs while maintaining an appropriate level of gearing.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

The Group's foremost exposure to the foreign exchange fluctuations was caused by the impact of Renminbi exchange rate movements during the year under review. While most of the Group's income and expenses are denominated in Renminbi 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 year under review. Looking ahead, the Group will consider adoption of cost-efficient hedging methods in future foreign currency transactions as and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 1,358 (2023: 1,536) full-time employees.

For the year under review, the total staff costs including the Directors' remuneration decreased to approximately RMB189.6 million (2023: RMB202.2 million).

The Group has established human resources policies and a compensation 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 attract and retain employees. The remuneration package of the Group is aligned with employee duties and prevailing market rates. Additionally, the Group offers staff benefits such as medical coverage and provident funds.

The employees of the Group would receive discretionary bonuses and monetary rewards based on their annual performance appraisals. Besides, the Group also offered various incentives to motivate personal growth and career development, including ongoing training opportunities to enhance technical, products and industry quality standards knowledge. All new employees of the Group are required to attend an induction course and various training courses are available to all employees of the Group.

The Group has also adopted 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 year under review.

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

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has adopted and complied with the relevant code provisions of 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 the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code governing securities transactions of the Directors. Each of the Directors has confirmed his/her compliance with the Model Code for the financial year ended 31 December 2024. The Company has also adopted written guidelines on no less exacting terms than those set out in the Model Code for the relevant employees. The senior management, who, because of their office in the Company, is likely to be in possession of inside information, has been requested to comply with the provisions of the Model Code and the Company's code of conduct regarding securities transactions by the Directors. No incidence of non-compliance of the employees' written guidelines by the relevant employees was noted by the Company during the year under review.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors, namely, Mr. Leung Kam Wan, Mr. Liu Chenguang and Ms. Shan Honghong. Mr. Leung Kam Wan is the chairman of the Audit Committee and he possesses recognised professional qualifications in accounting required by the Listing Rules.

The Audit Committee has reviewed the full year financial statements and reports of the Group for the year ended 31 December 2024 and the annual results as disclosed in this announcement. The Audit Committee was satisfied that the accounting policies and methods of computation adopted by the Group are in accordance with the current best practices in Hong Kong. The Audit Committee found no unusual items that were omitted from the financial statements and was satisfied with the disclosures of data and explanations shown in the financial statements. The Audit Committee also reviewed the internal control measures adopted by the Group during the year under review.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at "www.hkexnews.hk" and on the website of the Company at "www.tdchem.com". The annual report of the Company for the year ended 31 December 2024 will be despatched to the Shareholders and published on the above websites in April 2025 according to the requirements under the Listing Rules.

By order of the Board
Tiande Chemical Holdings Limited
Liu Yang
Chairman

Hong Kong, 24 March 2025

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.