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 2015

RESULTS HIGHLIGHTS

- Turnover for the six months ended 30 June 2015 was approximately RMB584.2 million, representing an increase of 4.0% as compared with that of the corresponding period last year.
- Gross profit increased by 5.5% to approximately RMB163.7 million.
- Gross profit margin reached 28.0%, representing an increase of 0.4 percentage points as compared with that of the corresponding period last year.
- Profit for the period increased by 4.0% to approximately RMB92.6 million.
- Basic earnings per share increased to approximately RMB10.9 cents (six months ended 30 June 2014: RMB10.5 cents).
- The Board has declared an interim dividend of 2.5 HK cents per share (six months ended 30 June 2014: Nil).

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 2015 together with the comparative figures for the corresponding period in 2014 and the selected notes as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2015** **RMB'000** **(unaudited)**	 2014 RMB'000 (unaudited)
Turnover	4	**584,237**	561,741
Cost of sales		**(420,577)**	(406,612)
Gross profit		**163,660**	155,129
Other income		**6,259**	8,265
Selling expenses		**(18,283)**	(18,157)
Administrative and other operating expenses		**(20,545)**	(21,747)
Finance costs	5	**(355)**	(289)
Fair value gain/(loss) on derivative financial instruments		**511**	(504)
Share of loss of a joint venture		**(2,993)**	(1,812)
Profit before income tax	6	**128,254**	120,885
Income tax expense	7	**(35,640)**	(31,864)
Profit for the period		**92,614**	89,021
Profit for the period attributable to owners of the Company		**92,614**	89,021
Earnings per share for profit attributable to owners of the Company for the period	9		
– Basic and diluted		**RMB0.109**	RMB0.105

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June **2015** **RMB'000** **(unaudited)**	 2014 RMB'000 (unaudited)
Profit for the period	**92,614**	89,021
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
– Exchange (loss)/gain on translation of financial statements of foreign operations	**(1,090)**	88
Other comprehensive income for the period	**(1,090)**	88
Total comprehensive income for the period attributable to owners of the Company	**91,524**	89,109

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2015 RMB'000 (unaudited)**	31 December 2014 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**570,612**	552,114
Prepaid land lease payments		**50,768**	51,415
Investment properties		**14,510**	14,510
Deposits paid for acquisition of property, plant and equipment		**7,869**	4,156
Interests in a joint venture		**36,713**	40,104
Finance lease receivable		**13,812**	14,210
Deferred tax assets		**1,375**	1,250
		695,659	677,759
Current assets			
Inventories		**114,220**	88,898
Trade and bills receivable	10	**360,800**	338,037
Prepayments and other receivables		**22,594**	25,006
Amount due from a joint venture		**38,492**	37,543
Finance lease receivable		**797**	797
Bank and cash balances		**98,864**	62,942
		635,767	553,223
Current liabilities			
Trade payables	11	**23,176**	16,002
Accruals and other payables		**85,070**	85,212
Bank borrowings		**61,021**	30,571
Current tax liabilities		**20,597**	18,945
		189,864	150,730
Net current assets		**445,903**	402,493
Total assets less current liabilities		**1,141,562**	1,080,252
Non-current liabilities			
Deferred income		**11,291**	12,211
Deferred tax liabilities		**4,965**	3,138
Derivative financial instruments		**9,975**	10,486
		26,231	25,835
NET ASSETS		**1,115,331**	1,054,417
EQUITY			
Equity attributable to the Company's owners			
Share capital		**7,786**	7,786
Reserves		**1,107,545**	1,046,631
TOTAL EQUITY		**1,115,331**	1,054,417

SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 condensed consolidated interim financial statements for the six months ended 30 June 2015 (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 2014 (the "2014 Annual Financial Statements").

The Unaudited Condensed Financial Information has been prepared in accordance with the same accounting policies adopted in the 2014 Annual Financial Statements, except for the adoption of the new and revised 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.

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 thousands except when otherwise stated.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied for the first time the following new and revised standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

Amendments to HKFRS	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRSs 2011-2013 Cycle

Other than as noted below, the adoption of these new and revised HKFRSs did not change the Group's accounting policies as followed in the preparation of the 2014 Annual Financial Statements.

Amendments to HKFRS - Annual Improvements to HKFRSs 2010-2012 Cycle and HKFRSs 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the Group uses the cost model for its property, plant and equipment.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of new and revised HKFRSs but not yet effective will have no material impact on the results and the financial position of the Group.

4. TURNOVER AND SEGMENT INFORMATION

The Group manages its businesses by product and service lines. For the six months ended 30 June 2015, the Group has identified the following four product and service lines as its operating segments:

(i) Cyanide and its derivative products: Research and development, manufacture and sale of cyanide and its derivative products;

(ii) Alcohol products: Research and development, manufacture and sale of alcohol products;

(iii) Chloroacetic acid and its derivative products: Research and development, manufacture and sale of chloroacetic acid and its derivative products; and

(iv) Other chemical products: Sale of other chemical products, e.g. steam and fine petrochemical products.

TURNOVER

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of cyanide and its derivative products	**510,623**	500,135
Sales of alcohol products	**49,977**	33,126
Sales of chloroacetic acid and its derivative products	**14,664**	16,775
Sales of other chemical products	**8,973**	11,705
	584,237	561,741

SEGMENT INFORMATION

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Certain comparative figures in the segment information for the six months ended 30 June 2014 have been reclassified. Previously, “Fine petrochemical products” and “Other by-products” were reported as two separate segments. For the six months ended 30 June 2015, they were reported under the new “Other chemical products” segment as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance, details of which have been set out in note 5 of the 2014 Annual Financial Statements. Comparative figures have been reclassified accordingly.

	Six months ended 30 June 2015				
	Cyanide and its derivative products RMB'000 (unaudited)	**Alcohol products RMB'000 (unaudited)**	**Chloroacetic acid and its derivative products RMB'000 (unaudited)**	**Other chemical products RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**
Revenue:					
External customers	**510,623**	**49,977**	**14,664**	**8,973**	**584,237**
Inter-segment revenue	**-**	**8,492**	**88,666**	**405**	**97,563**
Reportable segment revenue	**510,623**	**58,469**	**103,330**	**9,378**	**681,800**
Reportable segment profit	**137,534**	**4,253**	**17,540**	**3,455**	**162,782**
Reportable segment assets	**723,929**	**18,058**	**87,798**	**80,777**	**910,562**

	Six months ended 30 June 2014				
	Cyanide and its derivative products RMB'000 (unaudited)	Alcohol products RMB'000 (unaudited)	Chloroacetic acid and its derivative products RMB'000 (unaudited)	Other chemical products RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue:					
External customers	500,135	33,126	16,775	11,705	561,741
Inter-segment revenue	-	29,104	146,684	496	176,284
Reportable segment revenue	500,135	62,230	163,459	12,201	738,025
Reportable segment profit	124,473	9,092	75,148	6,123	214,836
Reportable segment assets	577,643	29,044	96,909	89,189	792,785

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	Six months ended 30 June	
	2015 **RMB'000** **(unaudited)**	2014 RMB'000 (unaudited)
Reportable segment profit	**162,782**	214,836
Rental income	**362**	432
Finance costs	**(355)**	(289)
Corporate unallocated income	**3,506**	4,425
Corporate unallocated expenses	**(21,242)**	(23,628)
Fair value gain/(loss) on derivative financial instruments	**511**	(504)
Share of loss of a joint venture	**(2,993)**	(1,812)
Elimination of inter-segment profit	**(14,317)**	(72,575)
Consolidated profit before income tax	**128,254**	120,885

5. FINANCE COSTS

	Six months ended 30 June	
	2015 **RMB'000** **(unaudited)**	2014 RMB'000 (unaudited)
Interest charges on:		
– Bank loans wholly repayable within five years	**355**	289

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Directors' remuneration		
– Fees	**151**	150
– Salaries, discretionary bonus and other benefits	**1,882**	1,799
– Retirement benefit scheme contributions	**50**	47
	2,083	1,996
Other staff costs	**37,471**	31,833
Retirement benefit scheme contributions	**2,491**	2,244
Total staff costs	**42,045**	36,073
Amortisation of prepaid land lease payments	**647**	647
Cost of inventories recognised as an expense (note i), including	**412,115**	397,874
– Reversal of write-down of inventories to net realisable value	**(41)**	(33)
Depreciation on property, plant and equipment	**33,604**	31,469
Exchange gains, net	**(2,470)**	(1,674)
Impairment loss on trade receivables	**1,500**	-
Minimum lease payments under operating leases in respect of leasehold land and buildings	**443**	269
Rental income less outgoings	**(358)**	(429)
Direct operating expenses arising from investment properties that generated rental income	**4**	3
Research costs (note ii)	**2,827**	8,398

Notes:

i. Cost of inventories recognised as an expense includes RMB32,343,000 (six months ended 30 June 2014: RMB30,239,000) relating to depreciation expenses and RMB32,188,000 (six months ended 30 June 2014: RMB26,507,000) relating to staff costs. These amounts are also included in the respective total amounts disclosed separately above.

   The write-down of inventories of RMB41,000 (six months ended 30 June 2014: RMB33,000) was reversed as the market price of these inventories was increased during the period.

ii. Research costs include RMB240,000 (six months ended 30 June 2014: RMB169,000) relating to depreciation expenses and RMB2,379,000 (six months ended 30 June 2014: RMB2,929,000) relating to staff costs. These amounts are also included in the respective total amounts disclosed separately above.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax - PRC Enterprise Income Tax		
- Tax for the period	**33,939**	30,349
- PRC dividend withholding tax	**1,800**	-
	35,739	30,349
Deferred tax	**(99)**	1,515
	35,640	31,864

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in nor derives from Hong Kong (six months ended 30 June 2014: Nil).

The 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 2014: 25%).

Pursuant to the PRC Corporate Income Tax Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. The Group has adopted the 10% withholding tax rate for PRC withholding tax purposes during the period ended 30 June 2015.

A government grant obtained by Weifang Binhai Petro-Chem Co., Ltd. for subsidising the construction of production lines and ancillary facilities for manufacturing of high purity isobutylene, polyisobutylene and chloroacetic acid was recognised as a deferred income in 2006. As the construction has been completed as at 31 December 2007, the deferred income commenced to release to profit or loss over the useful lives of the relevant assets. Such income is taxable for the year in which it is released to profit or loss.

The government grants obtained by Weifang Parasia Chem Co., Ltd. for subsidising the construction of production lines were recognised as deferred income in both 2014 and 2015. As the construction has not yet been completed as at 30 June 2015, no deferred income commenced to release to profit or loss over the useful lives of the relevant assets. The whole income is taxable when Weifang Paraisa received the government grants in both 2014 and 2015.

8. DIVIDENDS

During the six months ended 30 June 2015, a final dividend of 4.5 HK cents (six months ended 30 June 2014: 4.5 HK cents) per ordinary share was distributed to the shareholders of the Company (the "**Shareholders**") in respect of the year ended 31 December 2014. The aggregate amount of the final dividend distributed and paid in the current period amounted to approximately RMB30,610,000 (six months ended 30 June 2014: RMB30,342,000).

The Board has declared the payment of an interim dividend of 2.5 HK cents per ordinary share for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil). The interim dividend declared after the reporting date has not been recognised as a liability in this Unaudited Condensed Financial Information at the reporting date.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**92,614**	89,021

	Number of ordinary shares	
	Six months ended 30 June	
	2015	2014
	'000 shares	'000 shares
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**846,878**	846,878

There were no dilutive potential ordinary shares for the six months ended 30 June 2015 and 2014.

10. TRADE AND BILLS RECEIVABLE

The Group allows a credit period normally ranging from one month to six months to its trade customers (31 December 2014: ranging from one month to six months). The bills receivable are non-interest bearing bank acceptance bills and expired in six months upon issuance. 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.

The ageing analysis of trade and bills receivable at the reporting date, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
0 to 90 days	**295,440**	254,082
91 to 180 days	**61,551**	75,616
181 to 365 days	**1,494**	7,093
Over 365 days	**2,315**	1,246
	360,800	338,037

Trade and bills receivable related to a large number of diversified customers for whom there was no recent history of default. Based on past credit policy, management believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

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 credit periods ranging from 30 to 365 days (31 December 2014: ranging from 30 to 365 days). The ageing analysis of trade payables at the reporting date, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
0 to 90 days	**21,762**	15,150
91 to 180 days	**525**	320
181 to 365 days	**731**	269
Over 365 days	**158**	263
	23,176	16,002

All amounts 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

The Group has performed well in securing sustainable profit during the period under review. The PRC economy is losing steam and the overall manufacturing activities are slowing down. The manufacturing sector suffers from the shrinking market demand. As a result, both the selling price and material costs are on a downward trend. By virtue of the continuous expansion of products portfolio and production capacities of promising products in the past few years, the turnover of the Group achieved a certain degree of growth. The turnover of the Group derived from the domestic market was increased by 5.9% but the turnover of the Group derived from the overseas market was decreased by 3.6% as compared with the corresponding period last year. The turnover arising from the PRC accounted for 81.7% (2014: 80.3%) of the total turnover of the Group. As the degree of decrease in material costs outpaced selling price and the Group adopted a lean procurement process and intensified automated production process ultimately improving the efficiencies and eliminating wastage thus reducing total cost. Hence, both the gross profit margin and gross profit of the Group recorded fair growth. Couple with the implementation of effective operating cost control measures, the profit for the period realised mild growth.

The business environment of the manufacturing sector in the PRC remained difficult. The Group put efforts in product optimisation and production process improvement and kept a lean operating structure in order to improve the business edge during the period under review. Besides, the Group has launched a project to further reduce air pollution emissions by upgrading and advancing the existing production facilities. The project will be divided into several phases and completed by 2016 as planned. After the completion of this project, the overall environmental protection conditions of the Group will be improved so as to sustain the long term business growth as well as comply with ever-tightening environmental standards. On the other hand, it is noteworthy that the Group has successfully introduced new business by entering into a toll manufacturing supply agreement between Weifang Common Chem Co. Ltd. ("**Weifang Common**"), a wholly-owned subsidiary of the Company, and Afinitica Technologies SL, by which Weifang Common will produce certain types of adhesives products during the period under review. For details, please refer to the announcement of the Company dated 14 April 2015. Such new business will make a positive contribution to the revenue of the Group in the foreseeable future. The Board believes that entering into a new business sector will enable the Group to further realise its business potential.

Cyanide and its derivative products

Cyanide and its derivative products remain the key driver for the overall growth of the Group. During the period under review, the turnover of this category of products still recorded marginal growth, albeit the challenging market conditions. Such growth was mainly attributable to (i) the relatively stable selling price; and (ii) the new products launched in the last financial year received warm reception from the market during the period under review. In view of the promising market response, the Group has already begun to expand the production capacity of such products during the period under review in order to tap the ever growing market and potential demands and seize market share. This category of products delivered double digit profit growth benefited from the decrease of material costs during the period under review.

Breaking through the existing business, the Group has explored the production of adhesives products during the period under review. The construction of production line for the adhesives products has begun and the trial production run is scheduled in the second half of the year. Commercial production will be launched in the coming year as planned if the construction works and trial run are on track. The management of the Group is optimistic to the development prospect of this new business and will divert more resources in enhancing its development. In addition, the Group will put more efforts on expanding the product range to sustain continuous business development in accordance with the Group's business development strategy. Certain conceptual products are in the pipe line. Once the developments are completed, the Group will commence production and introduce the adhesives products to the market in the right time.

Alcohol products

The turnover from external customers of alcohol products achieved considerable growth as compared with the corresponding period last year. This was driven by the growth in sales quantity of an alcoholic product during the period under review. However, the overall selling price of this category of products has deteriorated which in turn harmed the gross profit margin, together with the reduced inter-segment revenue, leading the reportable segment profit of this category of products be dropped eventually.

Chloroacetic acid and its derivative products

Both the turnover and the profit of this category of products had decreased as a result of the decline in the selling price during the period under review. The primary function of this category of products is strengthening the competitive advantage of vertical integration production of the Group thereby enhancing the cost effectiveness of the production of cyanide and its derivative products. Simultaneously, external sales could broaden the customer base and diversify source of revenue of the Group. In anticipation of continuing severe market conditions for the manufacturing sector, the Group will, as always, improve the productivity of this category of products through automation and advancement of production process in order to keep up with the pace of the development of cyanide and its derivative products.

Joint venture company (the "JV")

JV has successfully launched commercial production in the second quarter of 2015. During the period under review, JV still recorded a net loss because its production capacity has not reached the expected level. The JV management has made great efforts to foster better relationship with the customers and broaden the marketing activity to tap potential market opportunities. It is anticipated that the operating activity will ramp up in the second half of 2015. The JV management keeps analysing customer needs and adjusting the product specification thus seeking greater market share. Further expansion of production capacity is expected during 2016 and 2017. The JV management believes that upon the expansion of production capacity, it will be able to achieve economies of scale in its production and deliver healthier results for the JV going forward.

Outlook

Looking forward, the manufacturing sector in the PRC continues to face a challenging market environment. Market demand shows sign of slowing and the market sentiment turns cautious. Despite business environment hardship, the Group has set the existing businesses on a path to continuous improvement and keeps seeking suitable investment opportunities to sustain business growth in the long run. The Group will stay put with its business development strategy to amplify its product portfolio continuously and consolidate its business competitive ability to expand the coverage of downstream sectors so as to diversify market volatility risk and secure sustainable profitability. Given the characteristics of the Group's existing business competitive advantages, vertically penetrating into downstream products development will be one of the best ways to expand and enhance the product portfolio of the Group. Thus, the Group will direct extra resources towards deepening downstream business development and actively cultivate new related products development in coming future.

In spite of the dimmer economic outlook, the Group will take appropriate actions to overcome turbulence in the business environment ahead and maintain its sustainable competitive business advantages. In light of the solid management expertise as well as the uncompromising attitude in pursuit of excellence, the Board believes that the Group is capable to achieve continuous growth in the future.

DIVIDEND

The Board has declared an interim dividend of 2.5 HK cents per ordinary share for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil). The interim dividend will be payable on 9 October 2015 to the Shareholders whose name appear on the register of members of the Company (the "**Register of Members**") on 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members will be closed from 25 September 2015 to 30 September 2015, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2015, 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 not later than 4:30 p.m. on 24 September 2015.

FINANCIAL REVIEW

Turnover and gross profit of the Group for the six months ended 30 June 2015 amounted to approximately RMB584.2 million and RMB163.7 million respectively, representing an increase of approximately RMB22.5 million and RMB8.6 million or 4.0% and 5.5% as compared with approximately RMB561.7 million and RMB155.1 million recorded in the corresponding period last year. The gross profit margin slightly increased by 0.4 percentage points to 28.0% (six months ended 30 June 2014: 27.6%). The satisfactory growth in the current period is mainly attributable to (i) the new products introduced in the previous year which boosted the growth of turnover; and (ii) the degree of decrease in material costs outpaced selling price during the period under review.

The selling expenses marginally increased by approximately RMB0.1 million from approximately RMB18.2 million in the corresponding period last year to approximately RMB18.3 million. The selling expenses remained flat as the Group implemented effective cost management measures. The selling expenses as a percentage of the Group's turnover was 3.1% (six months ended 30 June 2014: 3.2%).

The administrative and other operating expenses amounted to approximately RMB20.5 million, which was decreased by approximately RMB1.2 million from approximately RMB21.7 million in the corresponding period last year. Such decrease was principally due to the decrease in research and development expenses during the period under review. The administrative and other operating expenses accounted for 3.5% of the Group's turnover, which was lower than 3.9% from the corresponding period last year.

The finance costs represented interest on bank borrowings which were increased by approximately RMB0.1 million to approximately RMB0.4 million (six months ended 30 June 2014: RMB0.3 million). The slight increase was solely due to increase in weighted average bank borrowing amounts during the period under review.

On 30 June 2011, the Company entered into a joint venture agreement (the "**JV Agreement**") with Henkel Hong Kong Limited ("**Henkel**") to set up a joint venture company. Under the JV Agreement, (i) the Company was granted with a call option to require Henkel to sell or cause the sale of all of the equities of the JV Company held by Henkel and/or its affiliates to the Company at the call option price; and (ii) Henkel was granted with a put option to require the Company to purchase or cause the purchase of all of the equities of the JV Company held by Henkel and/or its affiliates at the put option price. Such options can only be exercised during the option period which set on a specified future dates (please refer to the announcement of the Company dated 3 July 2011 for details.) Thus, the JV Agreement deemed to contain derivatives financial instruments which are required to be carried at fair value under relevant Hong Kong financial reporting standards. For the six months ended 30 June 2015, the fair value gain on the derivative financial instruments was, being determined by an independent valuer by the adoption of a binomial lattice model, approximately RMB 0.5 million.

In view of the growth of turnover and gross profit and the improved operational efficiency, the net profit amounted to approximately RMB92.6 million, representing an increase of approximately RMB3.6 million or 4.0% as compared with approximately RMB89.0 million recorded in the corresponding period last year.

Liquidity and financial resources

For the six months ended 30 June 2015, the Group's primary source of funding included the net cash inflow generated from operating activities of approximately RMB91.0 million (six months ended 30 June 2014: RMB95.5 million); newly raised bank borrowings of approximately RMB30.5 million (six months ended 30 June 2014: RMB30.6 million); no proceeds on disposal of property, plant and equipment (six months ended 30 June 2014: RMB2.6 million) and interest received of approximately RMB0.9 million (six months ended 30 June 2014: RMB0.1 million). With the financial resources obtained from the Group's operations, the Group had spent approximately RMB54.9 million (six months ended 30 June 2014: RMB40.6 million) in the acquisition of the property, plant and equipment, no bank borrowing repayments (six months ended 30 June 2014: RMB33.3 million); no loan made to a joint venture (six months ended 30 June 2014: RMB0.4 million); interest paid of approximately RMB0.3 million (six months ended 30 June 2014: RMB0.3 million) and dividend paid of approximately RMB30.6 million (six months ended 30 June 2014: RMB30.3 million).

As at 30 June 2015, the Group had bank and cash balances of approximately RMB98.9 million (31 December 2014: RMB62.9 million). The total amount of outstanding borrowings was approximately RMB61.0 million (31 December 2014: RMB30.6 million). The Group maintained a sound financial position, the net bank and cash balance of approximately RMB37.8 million (31 December 2014: RMB32.4 million) (total cash and cash equivalent net of total borrowings) as at 30 June 2015. The net current assets also further increased to approximately RMB445.9 million (31 December 2014: RMB402.5 million) as a result of the continuous positive operating results during the period under review.

The Group will continue to expand its business scale through enhancing productivity, expanding the products portfolio and seeking suitable investment opportunities that will add momentum to the long term growth of the Group. By virtue of the Group's healthy financial position with promising cash inflow generated from the operating activities and available banking facilities obtained from banks, the Group is capable to meet its foreseeable commitments and working capital requirements. Nevertheless, the Group will continue to manage its working capital closely and cautiously, and dedicate to keep a sound liquidity position to optimise the equity return to its shareholders.

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

Pledge of assets

As at 30 June 2015, neither bank deposits nor prepaid land lease payments of the Group were pledged to secure the Group's bank borrowings or borrowings facilities (31 December 2014: Nil).

Contingent liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

Exposure to fluctuations in exchange rate

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

The Group's foremost exposure to foreign exchange risk was caused by the fluctuation of RMB during the period under review. Most of the Group's income and expenses are denominated in RMB except for the Group's export sales which were, in majority, denominated in United States dollars. 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 cost-efficient hedging methods to cope with future foreign currency transactions when appropriate.

HUMAN RESOURCES

As at 30 June 2015, the Group has 1,096 full time employees (31 December 2014: 1,009 full time employees). The increase in the number of employees was in line with the expansion in business activities during the period under review.

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

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

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 2015, neither the Company nor any of its subsidiaries had redeemed, purchased or sold 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 2015, 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 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 Directors. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding securities transactions by Directors throughout the six months ended 30 June 2015.

The senior management, who, because of their office in the Company, 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 currently comprises an executive Director, namely Mr. Liu Hongliang (Chairman of the Nomination Committee) and the two independent non-executive Directors, namely Mr. Leung Kam Wan and Mr. Liu Chenguang. During the period under review, the Nomination Committee has (i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) reviewed the diversity policy of the Company; (iii) assessed the independence of independent non-executive Directors; (iv) reviewed the Director succession plan; and (v) identified and assessed the candidate for election as a Director and made recommendation to the Board on the appointment.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Liu Chenguang (Chairman of the Remuneration Committee), Mr. Guo Baoyu, Mr. Leung Kam Wan and an executive Director Mr. Liu Hongliang. During the period under review, the Remuneration Committee has (i) reviewed the terms of services contract with executive Director and independent non-executive Director; (ii) reviewed and approved the remuneration package of all Directors and senior management of the Company by reference to the scope of duties and responsibilities of the Directors, corporate goals and objectives of the Group, after taking into account also the comparable market conditions; and (iii) reviewed and assessed the remuneration package for the new Director and made recommendation to the Board for approval. No Director shall participate in any discussion and decision about his own remuneration.

AUDIT COMMITTEE

The Audit Committee of the Company comprises the three independent non-executive Directors, namely Mr. Leung Kam Wan (Chairman of the Audit Committee), Mr. Guo Baoyu and Mr. Liu Chenguang. During the period under review. the Audit Committee has (i) reviewed the accounting principles and practices adopted by the Company; (ii) reviewed the external auditor’s independence and objectivity of the Company and made recommendation to the Board for reappointment of the independent auditor of the Company; (iii) approved the continuing connected transactions of the Company; (iv) discussed with the independent auditor of the Company on the nature and scope of the audit and reporting obligations; and (v) reviewed the independent auditor’s management letter and made recommendations to the Board for improvement. Audit Committee has discussed internal control and financial reporting matters with the management and the independent auditor of the Company relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company during the period under review.

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

Hong Kong, 24 August 2015

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