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JIANDE INTERNATIONAL HOLDINGS LIMITED

建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Jiande International Holdings Limited (the “**Company**”) is pleased to present the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period of the previous year which are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
	NOTES	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue			
Sales of properties	3	418,885	60,644
Cost of sales		(279,253)	(40,910)
Gross profit		139,632	19,734
Other income	4	3,775	4,712
Other gains and losses		45	136
Fair value change of investment properties	8	1,755	4,951
Fair value change upon transfer from properties held for sale to investment properties		–	236
Impairment losses under expected credit loss model, net of reversal	10	–	982
Selling expenses		(3,096)	(2,162)
Administrative expenses		(7,705)	(7,657)
Finance costs		(34)	–
Profit before tax		134,372	20,932
Income tax expense	5	(34,068)	(5,731)
Profit and total comprehensive income for the period	6	100,304	15,201
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		98,972	14,933
Non-controlling interests		1,332	268
		100,304	15,201
		RMB	RMB
Earnings per share	7		
— Basic		1.70 cent	0.26 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

		30 June 2020	31 December 2019
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Plant and equipment		2,505	1,076
Investment properties	8	119,911	120,342
Right-of-use assets	8	968	1,181
Deferred tax assets		986	10,967
Time deposits		–	20,000
		<hr/> 124,370	<hr/> 153,566
CURRENT ASSETS			
Properties for/under development/properties for sale	9	579,746	739,715
Trade and other receivables	10	34,544	55,952
Contract costs		1,740	3,275
Prepaid land appreciation tax		27,209	26,164
Restricted bank deposits		940	46,089
Short-term financial products		155,000	105,000
Bank balances and cash		99,020	153,011
		<hr/> 898,199	<hr/> 1,129,206
Assets classified as held for sale		789	920
		<hr/> 898,988	<hr/> 1,130,126
CURRENT LIABILITIES			
Trade payables		3,673	7,023
Other payables and accruals		59,659	59,157
Deposits received on sales of investment properties		351	533
Contract liabilities	11	98,310	474,287
Amount due to a non-controlling interest of subsidiaries	16	47,680	25,080
Income tax and land appreciation tax payable		11,661	19,632
Lease liabilities		379	356
		<hr/> 221,713	<hr/> 586,068
NET CURRENT ASSETS		<hr/> 677,275	<hr/> 544,058
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 801,645	<hr/> 697,624

		30 June	31 December
		2020	2019
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		24,209	20,717
Lease liabilities		398	373
		<u>24,607</u>	<u>21,090</u>
NET ASSETS		<u>777,038</u>	<u>676,534</u>
CAPITAL AND RESERVES			
Share capital	12	25,451	25,451
Reserves		735,602	636,630
		<u>761,053</u>	<u>662,081</u>
Equity attributable to owners of the Company		15,985	14,453
Non-controlling interests		<u>777,038</u>	<u>676,534</u>
TOTAL EQUITY		<u>777,038</u>	<u>676,534</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The condensed consolidated financial statements are presented in RMB, which is same as functional currency of the Company.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. On the other hand, the government of the People’s Republic of China (the “**PRC**”) has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including social insurance relief from the PRC government as disclosed in the relevant note.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the property development and revenue represents the net amounts received and receivable for properties sold by the Group in the normal course of business to customers.

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties		
Residential units in the Binjiang International Project*	–	7,589
Residential units in The Cullinan Bay Project**	<u>418,885</u>	<u>53,055</u>
	<u>418,885</u>	<u>60,644</u>

* The project represents completed properties located in Quanzhou, Fujian Province.

** The project represents properties under development and completed properties located in Yangzhou City, Jiangsu Province.

Information reported to the management of the Group, being the chief executive officer, chief financial officer and executive directors of the Group as the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each property development project constitutes an operating segment and the Group currently operated two property development projects called the Binjiang International Project and The Cullinan Bay Project. All (2019: 87%) revenue for the period ended 30 June 2020 is derived from The Cullinan Bay Project. The management of the Group assesses the performance of the reportable segment based on the revenue for the period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income. The accounting policies of the operation segment are the same as the Group's accounting policies.

As all the property development projects have similar economic characteristics and are similar in the nature of property development and business processes, the type or class of customers and the methods used to distribute the properties, thus all property development projects were aggregated as one reportable segment. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fixed rental income from investment properties	148	165
Interests from short-term financial products	530	3,002
Interests from bank deposits	3,097	1,459
Others	<u>–</u>	<u>86</u>
	<u>3,775</u>	<u>4,712</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	20,576	5,991
PRC Land Appreciation Tax (“LAT”)	18	427
	<u>20,594</u>	<u>6,418</u>
Deferred tax	13,474	(687)
	<u>34,068</u>	<u>5,731</u>

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

Current tax provision represents provision for the PRC EIT and the PRC LAT. Under the Law of People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

In addition, under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

On 28 December 2006, the State Administration of Taxation of the PRC (the “SAT”) issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on 1 February 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值稅清算管理規程》), effective on 1 June 2009, which further clarifies the specific conditions and procedures for the settlement of LAT.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of plant and equipment	140	59
Depreciation of right-of-use assets	259	–
	<u>399</u>	<u>59</u>
Total depreciation		
Rental expense in respect of rented premises under operating lease	–	57
Staff costs, including directors' remunerations (<i>note</i>)	3,394	3,627
Gross rental income from investment properties	(148)	(165)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	12	15
	<u>12</u>	<u>15</u>
	<u>(136)</u>	<u>(150)</u>

Note: During the six months ended June 30, 2020, due to the outbreak of COVID-19, the PRC government relieved 50% of the social insurance for the Group from February to June 2020.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	98,972	14,933
	<u>98,972</u>	<u>14,933</u>
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share	5,837,990	5,837,990
	<u>5,837,990</u>	<u>5,837,990</u>

No diluted earnings per share for the six months ended 30 June 2020 and 2019 is presented because the Group did not have any potential ordinary shares outstanding during both periods.

8. INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

	Completed investment properties <i>RMB'000</i>
Fair value	
At 1 January 2019 (audited)	109,580
Net fair value change recognised in profit or loss	4,991
Transfer from properties held for sale	8,680
Disposals	(1,989)
Reclassified as held for sale (<i>note 12</i>)	(920)
	<hr/>
At 31 December 2019 (audited)	120,342
Net fair value change recognised in profit or loss	1,755
Disposals	(1,397)
Reclassified as held for sale (<i>note 12</i>)	(789)
	<hr/>
At 30 June 2020 (unaudited)	<u>119,911</u>

The Group leases out car parking spaces, a kindergarten property and a retail store property under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 months to 3 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

In determining the fair values of the investment properties, the Group engages third party qualified external valuers to perform the valuation. The fair value of the Group's investment properties as at 30 June 2020 and 31 December 2019 has been arrived on the basis of a valuation carried out on respective dates by Messrs. Cushman & Wakefield Limited ("C&W"), qualified professional valuers not connected to the Group. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair values of the investment properties to the board of directors.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties	Valuation technique	Significant unobservable input(s)	Sensitivity
Civil defense car parking spaces located in Quanzhou, Fujian Province, the PRC	Investment approach	<p>Term yield: 4% (31 December 2019: 4%)</p> <p>Reversionary yield: 4% (31 December 2019: 4%)</p> <p>Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the subject properties, ranging from RMB300 to RMB464 (31 December 2019: RMB312 to RMB488) per civil defense car parking space per month.</p>	<p>A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa.</p> <p>A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.</p>
Car parking spaces located in Quanzhou, Fujian Province, the PRC	Direct comparison approach	Recent market transaction prices per car parking space of comparable properties ranging from RMB128,000 to RMB158,000 (31 December 2019: RMB130,000 to RMB160,000) by taking into account the difference in location, and individual factors, i.e. accessibility.	A significant increase in the market transaction prices used would result in a significant increase in fair value, and vice versa.
A kindergarten property located in Quanzhou, Fujian Province, the PRC	Investment approach	<p>Term yield: 4% (31 December 2019: 4%)</p> <p>Reversionary yield: 4.5% (31 December 2019: 4.5%)</p> <p>Monthly market rent, taking into account the difference in location, and individual factors, i.e. size and accessibility, between the comparable and the subject properties, at an average of RMB19 (31 December 2019: RMB19) per square meter per month.</p>	<p>A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa.</p> <p>A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.</p>

Investment properties	Valuation technique	Significant unobservable input(s)	Sensitivity
Car parking spaces located in Yangzhou, Jiangsu Province, the PRC	Investment approach	Term yield: 3% (31 December 2019: 3%)	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa.
		Reversionary yield: 3% (31 December 2019: 3%)	
		Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparables and the subject properties, ranging from RMB200 to RMB240 (31 December 2019: RMB200 to RMB260) per car parking space per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
A retail store property located in Yangzhou, Jiangsu Province, the PRC	Investment approach	Term yield: 4.3% (31 December 2019: 4.3%)	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa.
		Reversionary yield: 4.8% (31 December 2019: 4.8%)	
		Monthly market rent, taking into account the difference in location, and individual factors, i.e. size, accessibility and environment, between the comparables and the subject property, at an average of RMB71 (31 December 2019: RMB71) per square meter per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

During the current interim period, the Group entered into a new lease agreement with lease term of 3 years. The Group is recognised to make a fixed payments on yearly basis. On lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB45,000 (six months ended 30 June 2019: nil).

9. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

Properties for/under development and properties for sale in the condensed consolidated statement of financial position comprise:

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Properties for development	238,124	134,299
Properties under development	103,202	92,642
Completed properties	238,420	512,774
	579,746	739,715

All of the properties for development, properties under development and completed properties are located in Fujian Province, Jiangsu Province, Hunan Province and Henan Province of the PRC. All the properties for/under development/properties for sale are stated at lower of cost and net realisable value on an individual property basis.

As at 30 June 2020, properties for development of RMB238,124,000 (unaudited) (31 December 2019: RMB134,299,000 (audited)) and properties under development of RMB103,202,000 (unaudited) (31 December 2019: RMB92,642,000 (audited)) are not expected to be realised within one year.

10. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables		
— Sales of properties	—	16
Less: allowance for credit losses	—	(16)
	—	—
Other receivables (<i>note a</i>)	7,552	7,505
Less: allowance of credit losses	(4,505)	(4,505)
	3,047	3,000
Receivables from disposal of investment properties	279	289
Prepaid taxes other than income tax and land appreciation tax	3,369	19,185
Advance to suppliers (<i>note b</i>)	21,354	28,748
Other deposits and prepayments	6,495	4,730
	34,544	55,952
	34,544	55,952

Note a: The amount mainly represents the public maintenance fund that paid on behalf of the property buyers to the Ministry of Housing and Urban-Rural Development of the PRC as maintenance fund for the public facilities within the residential properties, such fund would be considered as other receivables from the property buyers to the Group.

Note b: The amount represents the advance payment to the contractors in order to secure construction services in projects. The advance is expected to be fully utilised in the construction projects within a year from the end of the reporting period.

Impairment assessment of financial assets subject to expected credit loss (“ECL”) model

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment losses reversal in respect of		
— trade receivables	—	30
— other receivables	—	952
	<u>—</u>	<u>982</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

No reversal on impairment allowance on trade receivables and other receivables made during current interim period.

11. CONTRACT LIABILITIES

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Contract liabilities		
Pre-sales proceeds received on sales of properties	<u>98,310</u>	<u>474,287</u>

The directors of the Company considered that the balance of contract liabilities as at 30 June 2020 and 31 December 2019 will be recognised as revenue to profit or loss as follows:

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Within one year	98,310	310,488
After one year	<u>—</u>	<u>163,799</u>
	<u>98,310</u>	<u>474,287</u>

12. SHARE CAPITAL

The details of the share capital of the Company are as follows:

	Number of shares '000	Share capital HK\$'000	Share capital RMB'000
Authorised:			
At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited) — Ordinary shares of HK\$0.005 each	<u>100,000,000</u>	<u>500,000</u>	<u>435,951</u>
Issued and fully paid:			
At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited) — Ordinary shares of HK\$0.005 each	<u>5,837,990</u>	<u>29,190</u>	<u>25,451</u>

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

13. OTHER COMMITMENTS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Construction commitments in respect of properties under development contracted for but not provided in the condensed consolidated financial statements	<u>63,041</u>	<u>79,416</u>

14. CONTINGENT LIABILITIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	<u>480,552</u>	<u>546,259</u>

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The outstanding financial guarantee providing with guarantee period up to the full settlement of mortgage loan as at 30 June 2020 amounted to RMB480,552,000 (unaudited) (31 December 2019: RMB546,259,000 (audited)). Pursuant to the terms of the guarantees, for a given mortgage loan, if there is any default of the mortgage payments by a property buyer, the Group is responsible to repay to the bank outstanding balance of the mortgage loans as well as the accrued interests and penalties owned by the defaulted property buyers. If the Group fails to do so, the mortgage banks will first deduct the bank balances existing in the banks owned by the property buyers.

Any shortfall will be recovered through auction the underlying properties and recover the remaining balances from the Group if the outstanding loan amount exceeds the net foreclosure sale proceed. The Group does not conduct independent credit checks on their property buyers but rely on the credit checks conducted by the mortgage banks.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and as at the period ended of 30 June 2020 and year ended 31 December 2019. The directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties is expected to cover the outstanding mortgage principals together with the accrued interest and penalties. Accordingly, no provision has been made in the condensed consolidated financial statements for these guarantees.

15. RELATED PARTY DISCLOSURES

Compensation of key management of personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2020 and 2019 was as follows:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Short-term benefits	1,387	1,960
Post-employment benefits	35	81
	<u>1,422</u>	<u>2,041</u>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals of the Group and market trends.

16. AMOUNT DUE TO A NON-CONTROLLING INTEREST OF SUBSIDIARIES

		30 June	31 December
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
Shishi Qixin Trading Company Limited (“ Shishi Qixin ”) (石獅市琦鑫貿易有限公司)	Unsecured, non-interest bearing and repayable when 息縣德建置業有限公司 and 武崗德建置業有限公司 consists of accumulated net cash inflow	<u>47,680</u>	<u>25,080</u>

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values based on discounted cash flows analysis.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, an indirectly wholly-owned subsidiary of the Company succeeded in a bid of the land use rights of a parcel of land located at south side of Xindong Road and east side of Futian Road, Wugang City, Hunan Province, the PRC at the auction for RMB120,750,000 (the “**Land Acquisition**”) on 21 July 2020. The auction confirmation notice was issued to the Group on 28 July 2020. The land use right grant contract in relation to the Land Acquisition was also entered into on 8 August 2020.

Details of the Land Acquisition are set out in the Company's announcement dated 22 July 2020.

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2020, the Group focused on the development of its two new residential property projects located in Xinyang, Henan Province and Wugang, Hunan Province, in addition to ongoing construction of the remaining part of The Cullinan Bay project in Yangzhou, Jiangsu Province.

The outbreak of the COVID-19 worldwide since the beginning of 2020 has created unprecedented challenges to domestic and global economies. The Central government responded with timely measures which brought the pandemic quickly under control in the PRC. Despite causing temporary closure of sales centres and suspension of site construction, the Group performed strict control over its operation in response to the epidemic situation while steadily promoting the resumption of work and production to mitigate the impact of the pandemic on its business.

Whilst the impact of the global COVID-19 pandemic and the geopolitical tension between China and the United States are expected to remain for some time, it is expected that the Central government will continue to provide fiscal stimulus and accommodative monetary policy to support the local economic recovery. The Group is optimistic about the long-term prospect of the Chinese property market which is expected to be resilient with sustainable demand in the long run.

In the second half of 2020, the Group will continue to develop the residential property projects in Yangzhou, Xinyang and Wugang and sell the completed properties of the existing Binjiang International project in Quanzhou, Fujian Province and The Cullinan Bay project. To expand its land reserve, the Group acquired the land use rights of another parcel of land located in Wugang, Hunan Province in July 2020.

The Group is dedicated to developing quality properties accompanied with a living community to customers, particularly in those cities in the PRC where the rigid demand for housing remain strong due to the continuous urbanization process. The Group will also aim at being customer-centred and innovating product functions to realise customers' pursuit for better lives.

FINANCIAL REVIEW

Financial Performance

The Group's revenue for the six months ended 30 June 2020 was derived from the sale and delivery of properties of The Cullinan Bay project to customers, net of discount and sales related taxes. Revenue rose 590.7% from RMB60,644,000 for the six months ended 30 June 2019 to RMB418,885,000 for the six months ended 30 June 2020, primarily due to the increase in delivery of the residential properties which were mostly completed in December 2019 and delivered to customers before the Chinese New Year holidays in 2020.

Gross profit of the Group increased by 607.6% from RMB19,734,000 for the six months ended 30 June 2019 to RMB139,632,000 for the six months ended 30 June 2020, along with the revenue growth. Gross profit margin was improved from 32.5% for the six months ended 30 June 2019 to 33.3% for the six months ended 30 June 2020, mainly attributable to the upward adjustment of average selling price of the properties sold.

Other income, consisting of fixed rental income from investment properties and interest income on bank deposits and short-term financial products, was reduced by 19.9% from RMB4,712,000 for the six months ended 30 June 2019 to RMB3,775,000 for the six months ended 30 June 2020, primarily due to the decrease in overall cash held by the Group after spending approximately RMB222,171,000 in the aggregate to acquire the land use rights in July 2019 and February 2020.

Selling expenses of the Group increased by 43.2% from RMB2,162,000 for the six months ended 30 June 2019 to RMB3,096,000 for the six months ended 30 June 2020, primarily attributable to the increase in sales agent commission expense recognised upon the delivery of related properties.

Administrative expenses amounting to RMB7,705,000 for the six months ended 30 June 2020 was relatively stable, as compared to RMB7,657,000 incurred during the six months ended 30 June 2019.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, increased by 494.5% from RMB5,731,000 for the six months ended 30 June 2019 to RMB34,068,000 for the six months ended 30 June 2020, mainly attributable to the increase in the Group's taxable profit.

Profit attributable to owners of the Company increased by 562.8% from RMB14,933,000 for the six months ended 30 June 2019 to RMB98,972,000 for the six months ended 30 June 2020, primarily due to the growth of revenue and gross profit from the Group's property development business, net of the increase in income tax expense.

Liquidity and Financial Resources

As at 30 June 2020, the Group had total assets of RMB1,023,358,000 which were financed by total equity of RMB777,038,000 and total liabilities of RMB246,320,000.

The Group's working capital requirements were mainly financed by internal resources. As at 30 June 2020, the Group had time deposits, restricted bank deposits, short-term financial products, bank balances and cash of RMB254,960,000 (31 December 2019: RMB324,100,000) and no bank borrowings (31 December 2019: Nil).

Current ratio of the Group was 4.05 times as at 30 June 2020 (31 December 2019: 1.93 times).

Foreign Exchange Exposure

Major subsidiaries of the Company operate in the PRC and all the business transactions of the Group are denominated in RMB. Net foreign exchange gain for the six months ended 30 June 2020 primarily resulted from the translation of the bank balance and cash denominated in currencies other than RMB into RMB. Currently, the Group does not use derivative financial instruments and has not entered into any derivative contracts. However, the management will monitor the currency fluctuation exposure and will consider hedging significant foreign exchange risk should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had approximately 48 full-time employees, excluding the Directors, in the PRC. During the six months ended 30 June 2020, the total staff costs, including Directors' remuneration, was RMB3,394,000 (2019: RMB3,627,000). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration and benefit package to its employees. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident fund, pension, medical, maternity, work injury insurance and unemployment benefit plans.

CORPORATE GOVERNANCE

To the best knowledge of the Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) during the six months ended 30 June 2020, except the deviation disclosed in the following paragraph:

With respect to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. After the resignation of the former chief executive officer of the Company (“**CEO**”), Mr. Shie Tak Chung held the offices of both chairman of the Board (the “**Chairman**”) and CEO since 22 November 2019.

The Board believes that with support of the management, vesting the roles of both the Chairman and CEO in Mr. Shie could facilitate the execution of the Group's business strategies and boost effectiveness of its operation, and under the supervision of the Board (comprised of three executive Directors and three independent non-executive Directors), the present structure would not impair the balance of power and authority between the Board and the management and could protect the interests of the Company and its shareholders as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation.

The Board is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders of the Company and to enhance accountability and transparency.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in securities of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2020.

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed with the management the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2020, including the accounting principles and practices adopted.

REVIEW BY AUDITORS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, 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 Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.jiande-intl.com and the website of the Stock Exchange at www.hkexnews.hk. The 2020 interim report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 September 2020.

By order of the Board
Jiande International Holdings Limited
Shie Tak Chung
Chairman

Hong Kong, 31 August 2020

As at the date of this announcement, the executive Directors are Mr. Shie Tak Chung, Mr. Wu Zhisong and Mr. Lee Lit Mo Johnny and the independent non-executive Directors are Mr. Ma Sai Yam, Mr. Zhang Senquan and Mr. Yang Quan.