

JIANDE INTERNATIONAL HOLDINGS LIMITED 建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 865



Interim Report 2020
中期業績報告

CORPORATE INFORMATION

BOARD OF DIRECTORS Executive Directors

Mr. Shie Tak Chung (*Chairman and
Chief Executive Officer*)

Mr. Wu Zhisong

Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam

Mr. Zhang Senquan

Mr. Yang Quan

COMPANY SECRETARY

Mr. Wong Kin Tak (*ACCA, HKICPA*)

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Loeb & Loeb LLP
21/F, CCB Tower
3 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands)
Limited

Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, Fortress Tower
250 King's Road
Hong Kong

REGISTERED OFFICE

Tricor Services (Cayman Islands)
Limited
Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

STOCK CODE

Listed on The Stock Exchange of
Hong Kong Limited
under the stock code 00865

CORPORATE WEBSITE

www.jiande-intl.com

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

	NOTES	Six months ended 30 June	
		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	9	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	11	–	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	8		
— Basic		1.70 cent	0.26 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Plant and equipment		2,505	1,076
Investment properties	9	119,911	120,342
Right-of-use assets	9	968	1,181
Deferred tax assets		986	10,967
Time deposits		–	20,000
		124,370	153,566
CURRENT ASSETS			
Properties for/under development/ properties for sale	10	579,746	739,715
Trade and other receivables	11	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
Assets classified as held for sale	12	898,199 789	1,129,206 920
		898,988	1,130,126
CURRENT LIABILITIES			
Trade payables	13	3,673	7,023
Other payables and accruals		59,659	59,157
Deposits received on sales of investment properties	12	351	533
Contract liabilities	14	98,310	474,287
Amount due to a non-controlling interest of subsidiaries	19	47,680	25,080
Income tax and land appreciation tax payable		11,661	19,632
Lease liabilities		379	356
		221,713	586,068
NET CURRENT ASSETS		677,275	544,058

	<i>NOTE</i>	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		801,645	697,624
NON-CURRENT LIABILITIES			
Deferred tax liabilities		24,209	20,717
Lease liabilities		398	373
		24,607	21,090
NET ASSETS		777,038	676,534
CAPITAL AND RESERVES			
Share capital	15	25,451	25,451
Reserves		735,602	636,630
Equity attributable to owners of the Company		761,053	662,081
Non-controlling interests		15,985	14,453
TOTAL EQUITY		777,038	676,534

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company										
	Issue equity										
	Share capital RMB'000	Other reserve RMB'000 (Note c)	Share premium RMB'000	Shareholders' contribution RMB'000 (Note a)	Other non-contributable reserve RMB'000 (Note b)	Other reserve RMB'000 (Note d)	Reorganisation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 (audited)	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(366,628)	628,937	10,051	638,988
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	14,933	14,933	268	15,201
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(95)	(95)
At 30 June 2019 (unaudited)	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(351,695)	643,870	10,224	654,094
At 31 December 2019 (audited)	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(333,484)	662,081	14,453	676,534
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	98,972	98,972	1,332	100,304
Capital contribution from a non-controlling interest	-	-	-	-	-	-	-	-	-	200	200
At 30 June 2020 (unaudited)	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(234,512)	761,053	15,985	777,038

Notes:

- (a) Immediately before the resumption of trading the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 October 2016, the amounts advanced from Mr. Shie Tak Chung and Mr. Tsoi Kin Sze to the Group in prior years amounting to RMB59,139,000 were waived and such waived amounts were recognised as shareholders' contribution.
- (b) Other non-distributable reserves principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the People's Republic of China (the "PRC"), under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant subsidiary.
- (c) The amount included in other reserve represents the deemed listing expenses incurred upon the reverse asset acquisition of the Company by China General (HK) Company Limited ("China General") completed on 25 October 2016 which was measured at the fair value of the equity consideration deemed to be issued to the former shareholders of the Company amounted to Hong Kong Dollar ("HK\$" or "HKD") 621,746,000 (equivalent to RMB542,101,000), less the amount of 4,086,592,788 consideration share issued at HK\$0.005 per share amounted to HK\$20,433,000 (equivalent to RMB17,816,000).
- (d) Fujian Province Houde Enterprise Management Company Limited ("Houde Enterprise") acquired from 福建建弘投資有限公司 ("Jianhong Investment") the entire paid-up capital of Hengde (Shishi) Investment Company Limited ("Hengde (Shishi)") at a consideration of RMB10,000,000 in cash and the transaction was completed on 9 October 2014. Upon completion of acquisition, Hengde (Shishi) became a wholly-owned subsidiary of Houde Enterprise. The consideration is accounted for as a deemed distribution to Mr. Tsoi Kin Sze and Mr. Shie Tak Chung, who held 55% and 45% of the issued share capital of China General and each of them also held 50% beneficial interest in Jianhong Investment, and the dilution in Group's ownership interest in Yangzhou Dehui Real Estate Development Company Limited and its subsidiary amounting to RMB5,801,000 is charged to equity attributable to owners of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(96,121)	32,844
INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,575)	(20)
Withdrawal in restricted bank deposits	45,149	6,849
Placement of time deposits	–	(30,000)
Withdrawal in time deposits	20,000	–
Placement of short-term financial products	(150,000)	(244,000)
Withdrawal in short-term financial products	100,000	197,000
Proceeds from sales of investment properties	1,794	1,410
Deposits received on sales of investment properties	351	513
Interests received from short-term financial products	530	420
Interests received from bank deposits	3,097	4,041
NET CASH FROM (USED IN) INVESTING ACTIVITIES	19,346	(63,787)
FINANCING ACTIVITIES		
Advance from a non-controlling interest of a subsidiary	22,600	–
Capital contribution from a non-controlling interest of a subsidiary	200	–
Repayment of lease liability	(16)	–
Repayment to a related party	–	(2,283)
Dividends paid to non-controlling interests	–	(95)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	22,784	(2,378)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(53,991)	(33,321)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	153,011	135,122
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	99,020	101,801

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 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Sales of properties		
Residential units in the Binjiang International Project*	–	7,589
Residential units in The Cullinan Bay Project**	418,885	53,055
	418,885	60,644

* 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 RMB'000 (unaudited)	2019 RMB'000 (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	–	86
	3,775	4,712

5. Income Tax Expense

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

5. Income Tax Expense *(continued)*

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 RMB'000 (unaudited)	2019 RMB'000 (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	–
Total depreciation	399	59
Rental expense in respect of rented premises under operating lease	–	57
Staff costs, including directors' remunerations (note)	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
	(136)	(150)

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. Dividends

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

8. 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 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	98,972	14,933
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share	5,837,990	5,837,990

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.

9. Investment Properties and Right-of-Use Assets

	Completed investment properties RMB'000
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 (note 12)	(920)
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 (note 12)	(789)
At 30 June 2020 (unaudited)	119,911

9. Investment Properties and Right-of-Use Assets *(continued)*

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).

9. Investment Properties and Right-of-Use Assets *(continued)*

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>

9. Investment Properties and Right-of-Use Assets *(continued)*

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).

10. 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 RMB'000 (unaudited)	31 December 2019 RMB'000 (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.

11. Trade and other Receivables

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade receivables		
— Sales of properties	—	16
Less: allowance for credit losses	—	(16)
	—	—
Other receivables (note a)	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 (note b)	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.

11. Trade and other Receivables (continued)

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

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

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.

12. Assets Classified as held for Sale and Deposits Received on Sales of Investment Properties

The major classes of assets classified as held for sale as at 30 June 2020 and 31 December 2019 are as follow:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Assets classified as held for sale:		
Investment properties	789	920

12. Assets Classified as held for Sale and Deposits Received on Sales of Investment Properties *(continued)*

During the six months ended 30 June 2020 and the year ended 31 December 2019, the Group entered into sale agreements with independent third parties to sell certain car parking spaces. As at 30 June 2020 and 31 December 2019, the Group received sale deposits regarding sales of investment properties to RMB351,000 (unaudited) and RMB533,000 (audited), respectively. The investment properties which were expected to be sold within twelve months were classified as held for sale and were presented separately in the condensed consolidated statement of financial position. During the six months ended 30 June 2020, the investment properties classified as held for sale as at 31 December 2019 have been derecognised.

The fair values of the investment properties classified as held for sale at 30 June 2020 and 31 December 2019 had been arrived on the direct comparison method carried out by C&W on respective dates as disclosed in note 9.

13. Trade Payables

The following is an aged analysis of trade payables presented based on the invoice date.

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0–60 days	133	2,261
61–90 days	1,269	15
91–180 days	267	626
181 days–1 year	290	1,359
Over 1 year	1,714	2,762
	3,673	7,023

The credit period on construction payable is normally within 90 days from the invoice date.

14. Contract Liabilities

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

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 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within one year	98,310	310,488
After one year	–	163,799
	98,310	474,287

15. 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	100,000,000	500,000	435,951
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	5,837,990	29,190	25,451

15. Share Capital *(continued)*

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

16. 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	63,041	79,416

17. 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	480,552	546,259

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.

17. Contingent Liabilities *(continued)*

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.

18. 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 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Short-term benefits	1,387	1,960
Post-employment benefits	35	81
	1,422	2,041

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.

19. Amount Due to a Non-Controlling Interest of Subsidiaries

		30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (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	47,680	25,080

20. 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.

21. 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

To the Board of Directors of Jiande International Holdings Limited
建德國際控股有限公司

Introduction

We have reviewed the condensed consolidated financial statements of Jiande International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 2 to 25, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 August 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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2020, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this interim report.

CHARGE ON ASSETS

As at 30 June 2020, the Group had no charge on its assets.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, so far as is known to the Directors, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Shie Tak Chung	Interest of a controlled corporation	1,517,896,394 (Note)	26.00%

Note: Fame Build Holdings Limited ("Fame Build"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 30 June 2020, Fame Build was solely and beneficially owned by Mr. Shie Tak Chung.

Save as disclosed above, as at 30 June 2020, none of the Directors and the chief executive of the Company and their associates had interests or short positions in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Fame Build	Beneficial owner	1,517,896,394	26.00%
Talent Connect Investments Limited (Note)	Beneficial owner	1,780,596,394	30.50%
Tsoi Kin Size (Note)	Interest of a controlled corporation	1,780,596,394	30.50%

Save as disclosed above, as at 30 June 2020, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Note: Talent Connect Investments Limited ("Talent Connect"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 30 June 2020, Talent Connect was solely and beneficially owned by Mr. Tsoi Kin Size.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

There have been no changes in the information of Directors and chief executive of the Company since the publication of the 2019 annual report up to the date of this interim report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, save and except that:

Mr. Zhang Senquan resigned as independent non-executive director of Bonny International Holding Limited, the shares of which are listed on the Stock Exchange (stock code: 1906), in June 2020. Mr. Zhang's current appointments in listed companies include serving as an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), the shares of which have been listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688488SH) since July 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.

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

Hong Kong, 31 August 2020

JIANDE INTERNATIONAL HOLDINGS LIMITED
建德國際控股有限公司

www.jiande-intl.com