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 YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Jiande International Holdings Limited (the "**Company**") is pleased to present the results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the previous year which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	**2020** *RMB'000*	2019 *RMB'000*
Revenue — sales of properties	*5*	**480,024**	184,082
Cost of sales		**(321,638)**	(125,418)
Gross profit		**158,386**	58,664
Other income		**7,732**	9,205
Other gains and losses		**(244)**	36
Impairment losses under expected credit loss model, net of reversal		**16**	(655)
Fair value change of investment properties		**(1,768)**	4,991
Fair value change upon transfer from properties held for sale to investment properties		**60**	295
Selling expenses		**(8,222)**	(6,226)
Administrative expenses		**(18,816)**	(16,138)
Finance costs		**(36)**	(8)
Profit before tax		**137,108**	50,164
Income tax expense	*6*	**(38,161)**	(16,425)
Profit and total comprehensive income for the year	*7*	**98,947**	33,739

	NOTES	2020 RMB'000	2019 RMB'000
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**98,884**	33,144
Non-controlling interests		**63**	595
		98,947	33,739
		RMB	*RMB*
Earnings per share	*8*		
— Basic		**1.69 cents**	0.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**3,154**	1,076
Investment properties	*9*	**116,693**	120,342
Right-of-use assets		**1,070**	1,181
Deferred tax assets		**406**	10,967
Time deposits		**–**	20,000
		121,323	153,566
CURRENT ASSETS			
Properties for/under development/properties for sale	*10*	**745,199**	739,715
Trade and other receivables	*11*	**39,140**	55,952
Contract costs	*12*	**414**	3,275
Prepaid land appreciation tax		**29,362**	26,164
Restricted bank deposits		**20,273**	46,089
Short-term financial products		**–**	105,000
Bank balances and cash		**160,409**	153,011
		994,797	1,129,206
Assets classified as held for sale		**507**	920
		995,304	1,130,126
CURRENT LIABILITIES			
Trade payables		**4,816**	7,023
Other payables and accruals		**108,512**	59,157
Deposits received on sales of investment properties		**227**	533
Contract liabilities	*13*	**108,152**	474,287
Amount due to a non-controlling interest of subsidiaries	*14*	**79,430**	25,080
Income tax and land appreciation tax payable		**13,739**	19,632
Lease liabilities		**510**	356
		315,386	586,068
NET CURRENT ASSETS		**679,918**	544,058
TOTAL ASSETS LESS CURRENT LIABILITIES		**801,241**	697,624

	2020 *RMB'000*	2019 *RMB'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**25,717**	20,717
Lease liabilities	**140**	373
	25,857	21,090
NET ASSETS	**775,384**	676,534
CAPITAL AND RESERVES		
Share capital	**25,451**	25,451
Reserves	**735,514**	636,630
Equity attributable to owners of the Company	**760,965**	662,081
Non-controlling interests	**14,419**	14,453
TOTAL EQUITY	**775,384**	676,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange. Its immediate and ultimate holding companies are Fame Build Holdings Limited and Talent Connect Investments Limited, companies incorporated in the British Virgin Islands with limited liabilities, which are wholly owned by Mr. Shie Tak Chung ("**Mr. Shie**") and Mr. Tsoi Kin Sze ("**Mr. Tsoi**"). Pursuant to a deed of confirmation dated 23 October 2014 executed by Mr. Shie and Mr. Tsoi whereby they confirmed the existence of their acting in concert arrangement, which resulted in Mr. Shie, Mr. Tsoi, Fame Build Holdings Limited and Talent Connect Investments Limited collectively becoming the controlling shareholders of the Company. The addresses of its registered office and principal place of business are Tricor Services (Cayman Islands) Limited, Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and Room 1910, Fortress Tower, 250 King's Road, Hong Kong, respectively. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in property development in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (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 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

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual period beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date;

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020 the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKFRSs ***Annual Improvements to HKFRSs 2018–2020***

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance ("**Companies Ordinance**").

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that an initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of fair value of investment properties

The valuations of investment properties were determined based on the investment approach or direct comparison approach. The valuation of civil defense car parking spaces in Quanzhou, retail store property and kindergarten property was determined based on investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. It was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The valuation of non-civil defense car parking spaces in Quanzhou and Yangzhou was determined based on direct comparison approach by referencing to recent market transaction prices of similar properties in the similar locations with adjustments of other individual factors.

The carrying amount of investment properties at 31 December 2020 was RMB116,693,000 (2019: RMB120,342,000). Notwithstanding that the management employs independent professional qualified valuers to perform fair value assessments based on these assumptions, the fair values of these investment properties may be higher or lower depending on the future market conditions.

Estimated net realisable value on properties for/under development/properties for sale

In determining whether allowances should be made to the Group's properties for/under development/ properties for sale, the Group takes into consideration the current market conditions to estimate the net realisable value ("**NRV**") (i.e. the estimated selling price less estimated costs to completion and estimated costs necessary to make the sales by reference to the similar properties in similar locations). An allowance is made if the estimated NRV is less than the carrying amount. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, an impairment loss will be recognised on the properties for/under development/properties for sale in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2020, the carrying amount of the properties for/under development/properties for sale was approximately RMB745,199,000 (2019: RMB739,715,000).

5. 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.

(i) Disaggregation of revenue from contracts with customers

	2020	2019
	RMB'000	*RMB'000*
Sales of properties		
Residential units in the Binjiang International Project*	**800**	9,609
Residential units in The Cullinan Bay Project**	**479,224**	174,473
Total revenue	**480,024**	184,082

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

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

All of the Group's revenue is recognized at a point in time.

(ii) Performance obligations for contracts with customers

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point of time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group averagely receives 35% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

The Group considers the advance payment schemes contains significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract these costs would otherwise have been fully amortised to profit and loss within one year.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and the expected timing of recognising revenue are as follows:

	2020	2019
	RMB'000	*RMB'000*
Sales of properties		
Within one year	**31,931**	305,387
More than one year but not more than two years	**78,897**	200,625
More than two years	**14,355**	–
	125,183	506,012

Segment information

Information reported to the directors of the Group, being the chief operating decision maker ("**CODM**"), 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 five (2019: two) property development projects located in Fujian Province, Jiangsu Province, Hunan Province and Henan Province of the PRC. Approximately 99% (2019: 95%) of revenue for the year ended 31 December 2020 is derived from The Cullinan Bay Project in Jiangsu Province. The CODM assesses the performance of the operating segments based on the revenue. The accounting policies of the operating segments 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 CODM for review.

Segment assets and liabilities

The consolidated assets and consolidated liabilities of the Group are regularly reviewed by CODM as a whole; therefore, the measure of total segment assets and total segment liabilities by operating and reportable segments is not presented.

Entity-wide disclosures

Revenue from major products

Revenue during the years ended 31 December 2020 and 2019 represents sales of residential properties in property development projects as mentioned above in the PRC.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from the PRC based on the location of property development projects and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

No revenue from customers contributed over 10% of the total revenue of the Group for the years ended 31 December 2020 and 2019.

6. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")		
— Current tax	**22,830**	13,464
— Overprovision in respect of prior years	**(676)**	–
PRC Land Appreciation Tax ("**LAT**")	**151**	699
Withholding PRC EIT	**295**	600
	22,600	14,763
Deferred tax	**15,561**	1,662
	38,161	16,425

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2020	2019
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,334**	1,320
Depreciation of plant and equipment	**740**	88
Depreciation of right-of-use assets	**516**	97
Total depreciation	**1,256**	185
Gross rental income from investment properties	**(692)**	(859)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**72**	66
	(620)	(793)
Cost of properties held for sale recognised as an expense	**311,129**	123,236
Directors' emoluments	**2,114**	2,583
Other staff costs		
— salaries and allowances	**4,844**	3,742
— retirement benefits scheme contributions*(Note)*	**248**	641
Total employee benefits expense	**7,206**	6,966

Note: For the year ended 31 December 2020, due to the outbreak of Covid-19, the PRC government relieved all or part of the social insurance for certain PRC subsidiaries of the Group from February 2020 to December 2020.

8. EARNINGS PER SHARE

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

	2020	2019
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**98,884**	33,144
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,837,990**	5,837,990

The weighted average number of shares used for the purpose of calculating basic earnings per share for both years are determined by reference to the number of ordinary shares outstanding during the year.

No diluted earnings per share for the years ended 31 December 2020 and 2019 were presented as there were no potential ordinary shares in issue during both years.

9. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2019	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	(920)
At 31 December 2019	120,342
Net fair value change recognised in profit or loss	(1,768)
Transfer from properties held for sale	197
Disposals	(1,571)
Reclassified as held for sale	(507)
At 31 December 2020	116,693

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.

10. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

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

	2020	2019
	RMB'000	*RMB'000*
Properties held for sale		
Properties for development	**237,738**	134,299
Properties under development	**306,416**	92,642
Completed properties	**201,045**	512,774
	745,199	739,715

Analysis of leasehold lands:

	2020	2019
	RMB'000	*RMB'000*
Carrying amount	**237,738**	134,299

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total cash outflow	**237,738**	134,299
Additions	**237,738**	134,299
Transfer to properties under development	**(134,299)**	–

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge on the leasehold lands taking into account the estimated residual values as at 31 December 2020 and 2019.

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

At 31 December 2020, properties for development of RMB237,738,000 (2019: RMB134,299,000) and properties under development of RMB306,416,000 (2019: RMB92,642,000) are not expected to be realised within one year.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
— Sale of properties	**16**	16
Less: allowance for credit losses	**(16)**	(16)
	–	–
Other receivables *(Note a)*	**7,060**	7,505
Less: allowance of credit losses	**(4,489)**	(4,505)
	2,571	3,000
Receivables from disposal of investment properties	**–**	289
Prepaid taxes other than income tax and LAT	**7,606**	19,185
Advance to suppliers *(Note b)*	**27,826**	28,748
Other deposits and prepayments	**1,137**	4,730
	39,140	55,952
Total trade and other receivables	**39,140**	55,952

Note a: The amount represents the public maintenance fund received on behalf of the Ministry of Housing and Urban-Rural Development of the PRC from the property buyers 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 advances are expected to be fully utilised in the construction projects within a year from the end of the reporting period.

As at 1 January 2019, trade receivables from contracts with customers amounted to nil.

12. CONTRACT COSTS

	2020	2019
	RMB'000	*RMB'000*
Incremental costs to obtain contracts *(Note)*	**414**	3,275

Note: Contract costs capitalised as at 31 December 2020 and 2019 relate to the incremental commissions expenses to intermediaries/employees in connection with obtaining sales of properties contracts with customers which are still under construction or not yet delivered at the reporting date.

Contract costs are recognised as part of selling expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB3,147,000 (2019: RMB1,059,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised in both years.

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

13. CONTRACT LIABILITIES

	2020	2019
	RMB'000	*RMB'000*
Pre-sales proceeds received on sales of properties	**108,152**	474,287

As at 1 January 2019, contract liabilities amounted to RMB447,677,000.

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Sales of properties	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**429,936**	88,139

The Group averagely receives 35% (2019: 35%) of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customers.

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

	2020	2019
	RMB'000	*RMB'000*
Within one year	**31,931**	305,387
After one year	**76,221**	168,900
	108,152	474,287

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

		2020	2019
		RMB'000	*RMB'000*
Shishi Qixin Trading Company Limited (石獅市琦鑫貿易有限責任公司)	Unsecured, non-interest bearing and repayable when Xixian Dejian Property Company Limited. (息縣德建置業有限公司) and Wugang Dejian Property Company Limited (武崗德建置業有限公司), subsidiaries of the Company, consist of accumulated net cash inflow	**79,430**	25,080

INDUSTRY REVIEW

2020 is an extraordinary year for the whole world. The outbreak of the COVID-19 worldwide since the beginning of 2020 has created unprecedented challenges to domestic and global economies. As the Chinese government responded with timely measures which brought the local pandemic quickly under control, China's economy achieved a V-sharp recovery in the second quarter of 2020. China's GDP in 2020 reached its historical high at RMB101.6 trillion and expanded by 2.3% over the previous year, making it the only major economy in the world to produce positive economic results.

The property market in the PRC was basically stagnant in the first quarter of 2020. With the rapid response and effective control of the domestic COVID-19 pandemic, the previously suppressed rigid housing demand was quickly released since the second quarter. According to the National Bureau of Statistics, the PRC sales of commodity properties continued to grow and achieved RMB17.4 trillion in 2020, representing an increase of 8.7% over the preceding year, and the gross floor area of commodity properties sold amounted to 1.76 billion square meters, representing a year-on-year increase of 2.6%.

BUSINESS REVIEW AND PROSPECT

During the year ended 31 December 2020, the Group focused on the development of its three new residential and commercial property projects located in Xinyang, Henan Province and Wugang, Hunan Province, namely Xixian Kangqiao Xueyuan, Wugang Kangqiao Xueyuan and Kangqiao International City, in addition to ongoing construction of the remaining part of The Cullinan Bay project in Yangzhou, Jiangsu Province.

Looking forward to 2021, the recovery of global economy is uncertain as the COVID-19 situations have not been effectively controlled in overseas. International trade and foreign investment activities will still be constrained due to the continuous pandemic and trade protectionism. It is expected that the Central government will continue to provide fiscal stimulus and accommodative monetary policy and promote urbanization in order to stabilise the domestic economic growth.

"Houses are for living in, not for speculation" has become the principal for the real estate sector in China, along with the implementation of "one city, one strategy" by regional governments to continuously optimise their local adjusting and controlling policies, promoting the balance between supply and demand and facilitating the long-term healthy development of property market. The Group is optimistic about the long-term prospect of the Chinese real estate industry which is expected to be maintained for steadily development with sustainable demand in the long run.

In 2021, the Group will continue to develop the residential and commercial property projects in Yangzhou, Xinyang and Wugang, sell the completed properties of the existing Binjiang International project in Quanzhou, Fujian Province and The Cullinan Bay project, and pre-sell the properties of its projects under development.

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 remains 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.

As at 31 December 2020, the status of the Group's property development projects are as follows:

						Properties held for sale						
Location	**Project Name**	**Address**	**Type**	**Site area** *('000 sq.m)*	**Total gross floor area** *('000 sq.m)*	**Properties for development** *('000 sq.m)*	**Properties under development** *('000 sq.m)*	**Properties completed but not delivered** *('000 sq.m)*	**Properties held for investment** *(Note d)* *('000 sq.m)*	**Properties completed and delivered** *('000 sq.m)*	**Actual/ expected time of whole project completion**	**Percentage interest attributable to the Group**
Quanzhou, Fujian Province	Binjiang International (濱江國際)	Southeast of Xibin Park (溪濱公園東南側), Luoyang Town, Huian County, Quanzhou	Residential *(Note b)*	83	346	0	0	13	17	316	2014	98.4%
Yangzhou, Jiangsu Province	The Cullinan Bay (天璽灣)	East of Linjiang Road and north of Dingxing Road (臨江路東側、鼎興路北側), Yangzhou	Residential *(Note c)*	82	236	0	36	56	3	141	2022	100%
Xinyang, Henan Province	Xixian Kangqiao Xueyuan *(Note a)* (息縣康橋學苑)	West of Shuyinggongda Road and north of Xirangda Road (叔穎公大道西側、息壤大道北側), Xi County, Xinyang	Residential *(Note c)*	55	147	0	147	0	0	0	2023	80%
Wugang, Hunan Province	Wugang Kangqiao Xueyuan *(Note a)* (武岡康橋學苑)	South of Zhucheng Highway (竹城公路南側), Wugang	Residential *(Note c)*	34	124	124	0	0	0	0	2023	80%
Wugang, Hunan Province	Kangqiao International City *(Note a)* (康橋國際城)	South of Xindong Road and east of Futian Road (新東路南側、富田路東側), Wugang	Residential and Commercial *(Note c)*	46	108	108	0	0	0	0	2024	80%
Total				300	961	232	183	69	20	457		

Notes:

(a) English name of this project is not official and for identification purpose only.

(b) Car parking spaces, retail stores and kindergarten are included as ancillary residential facilities of this project.

(c) Car parking spaces and retail stores are included as ancillary residential facilities of this project.

(d) Properties are situated on land held on long lease according to the term stated in the relevant state-owned land use rights certificates.

FINANCIAL REVIEW

Financial Performance

The Group's revenue for the year ended 31 December 2020 was mainly derived from the sale and delivery of properties of The Cullinan Bay project to customers, net of discount and sales related taxes. Revenue rose 160.8% from RMB184,082,000 for the year ended 31 December 2019 to RMB480,024,000 for the year ended 31 December 2020, primarily due to the increase in delivery of the residential properties which were mostly completed in December 2019 and delivered to customers in the first half of 2020.

Gross profit of the Group increased by 170.0% from RMB58,664,000 for the year ended 31 December 2019 to RMB158,386,000 for the year ended 31 December 2020, along with the revenue growth. Gross profit margin was improved from 31.9% for the year ended 31 December 2019 to 33.0% for the year ended 31 December 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, was reduced by 16.0% from RMB9,205,000 for the year ended 31 December 2019 to RMB7,732,000 for the year ended 31 December 2020, primarily due to the decrease in overall cash held by the Group after spending approximately RMB214,750,000 in the aggregate to acquire the land use rights in Wugang during 2020.

Selling expenses of the Group increased by 32.1% from RMB6,226,000 for the year ended 31 December 2019 to RMB8,222,000 for the year ended 31 December 2020, mainly due to the increase in sales agent commission expense recognised upon the delivery of related properties.

Administrative expenses increased by 16.6% from RMB16,138,000 for the year ended 31 December 2019 to RMB18,816,000 for the year ended 31 December 2020, as additional administrative and management staff were hired for the Group's new property development projects in Xinyang and Wugang.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, increased by 132.3% from RMB16,425,000 for the year ended 31 December 2019 to RMB38,161,000 for the year ended 31 December 2020, mainly attributable to the increase in the Group's taxable profit.

Profit attributable to owners of the Company increased by 198.3% from RMB33,144,000 for the year ended 31 December 2019 to RMB98,884,000 for the year ended 31 December 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 31 December 2020, the Group had total assets of RMB1,116,627,000 (including time deposits, restricted bank deposits and bank balances and cash of RMB180,682,000), which were financed by total equity of RMB775,384,000 and total liabilities of RMB341,243,000. The Group's working capital requirements were mainly fulfilled by its internal resources during the year ended 31 December 2020.

Current ratio of the Group was 3.16 times as at 31 December 2020 (31 December 2019: 1.93 times). The Group had no bank borrowings as at 31 December 2020 (31 December 2019: Nil). Gearing ratio, defined as total debts comprising bank borrowings and amount due to a non-controlling interest of subsidiaries divided by total equity, was 10.2% as at 31 December 2020 (31 December 2019: 3.7%).

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 loss for the year ended 31 December 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 31 December 2020, the Group had approximately 57 full-time employees, excluding the Directors, in the PRC. During the year ended 31 December 2020, the total staff costs, including Directors' remuneration, was RMB7,206,000 (2019: RMB6,966,000). 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 year ended 31 December 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 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 with all Directors, all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2020 (2019: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Thursday, 3 June 2021 in Hong Kong. The notice of AGM will be published and despatched to the Company's shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021 (both days inclusive) to facilitate the processing of proxy voting. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 28 May 2021.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises all independent non-executive Directors. The Audit Committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2020, including the accounting principles and practices adopted.

The figures in respect of this announcement of the Group's preliminary results for the year ended 31 December 2020 have been agreed by the Company's auditors, Deloitte Touche Tohmatsu, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this preliminary results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2021.

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

Hong Kong, 31 March 2021

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.