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JIANDE INTERNATIONAL HOLDINGS LIMITED

建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 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 2021

		Six months ended 30 June	
		2021	2020
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue			
Sales of properties	3	23,223	418,885
Cost of sales		(15,541)	(279,253)
Gross profit		7,682	139,632
Other income	4	2,030	3,775
Other gains and losses		(22)	45
Fair value change of investment properties	8	(553)	1,755
Selling expenses		(3,256)	(3,096)
Administrative expenses		(10,199)	(7,705)
Finance costs		(19)	(34)
(Loss) profit before tax		(4,337)	134,372
Income tax expense	5	(1,225)	(34,068)
(Loss) profit and total comprehensive (expense) income for the period	6	(5,562)	100,304
(Loss) profit and total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(4,223)	98,972
Non-controlling interests		(1,339)	1,332
		(5,562)	100,304
		RMB	RMB
(Loss) earnings per share	7		
— Basic		(0.07 cent)	1.70 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

		30 June 2021	31 December 2020
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Plant and equipment		3,075	3,154
Investment properties	8	105,983	116,693
Right-of-use assets	8	803	1,070
Deferred tax assets		406	406
		<hr/> 110,267	<hr/> 121,323
CURRENT ASSETS			
Properties for/under development/properties for sale	9	855,923	745,199
Trade and other receivables	10	57,630	39,140
Contract costs		316	414
Prepaid land appreciation tax		32,876	29,362
Restricted bank deposits		60,280	20,273
Bank balances and cash		157,622	160,409
		<hr/> 1,164,647	<hr/> 994,797
Assets classified as held for sale		4,447	507
		<hr/> 1,169,094	<hr/> 995,304
CURRENT LIABILITIES			
Trade payables	11	13,105	4,816
Other payables and accruals		128,159	108,512
Deposits received on sales of investment properties		3,612	227
Contract liabilities		232,510	108,152
Amount due to a non-controlling interest of subsidiaries		90,730	79,430
Income tax and land appreciation tax payable		18,984	13,739
Lease liabilities		554	510
		<hr/> 487,654	<hr/> 315,386
NET CURRENT ASSETS		<hr/> 681,440	<hr/> 679,918
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 791,707	<hr/> 801,241

		30 June	31 December
		2021	2020
	<i>NOTE</i>	RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		21,784	25,717
Lease liabilities		101	140
		<u>21,885</u>	<u>25,857</u>
NET ASSETS		<u>769,822</u>	<u>775,384</u>
CAPITAL AND RESERVES			
Share capital	<i>12</i>	25,451	25,451
Reserves		731,291	735,514
		<u>756,742</u>	<u>760,965</u>
Equity attributable to owners of the Company		13,080	14,419
Non-controlling interests		<u>769,822</u>	<u>775,384</u>
TOTAL EQUITY		<u>769,822</u>	<u>775,384</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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.

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance 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	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties recognised at a point in time		
Residential units in the Binjiang International Project*	900	–
Residential units in The Cullinan Bay Project**	22,323	418,885
	<u>23,223</u>	<u>418,885</u>

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

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

Information reported to the executive 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 (2020: two) property development projects located in Fujian Province, Jiangsu Province, Hunan Province and Henan Province of the People’s Republic of China (“PRC”). Approximately 96% (2020: 100%) revenue for the period ended 30 June 2021 is derived from The Cullinan Bay Project. The CODM assesses the performance of the operating segment based on the revenue for each operating segment. The accounting policies of the operation 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 other discrete financial information is provided and no analysis of the Group’s assets and liabilities is regularly provided to the CODM for review.

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fixed rental income from investment properties	307	148
Interests from short-term financial products	678	530
Interests from bank deposits	1,045	3,097
	<u>2,030</u>	<u>3,775</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	4,719	20,576
PRC Land Appreciation Tax (“LAT”)	439	18
	<u>5,158</u>	<u>20,594</u>
Deferred tax	(3,933)	13,474
	<u>1,225</u>	<u>34,068</u>

6. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation of plant and equipment	324	140
Depreciation of right-of-use assets	358	259
	<u>682</u>	<u>399</u>
Total depreciation		
Expense relating to short-term leases	45	–
Staff costs, including directors’ remunerations	3,461	3,394
	<u>(307)</u>	<u>(148)</u>
Gross rental income from investment properties		
Less: direct operating expenses incurred for investment properties that generated rental income during the period	31	12
	<u>(276)</u>	<u>(136)</u>

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>(4,223)</u>	<u>98,972</u>
	'000	'000
Number of ordinary shares for the purpose of basic (loss) earnings per share	<u>5,837,990</u>	<u>5,837,990</u>

No diluted earnings per share for the six months ended 30 June 2021 and 2020 is presented because the Group did not have any potential ordinary shares outstanding during both periods.

8. INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

	Completed investment properties RMB'000
Fair value	
At 1 January 2020 (audited)	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	<u>(507)</u>
At 31 December 2020 (audited)	116,693
Net fair value change recognised in profit or loss	(553)
Disposals	(5,710)
Reclassified as held for sale	<u>(4,447)</u>
At 30 June 2021 (unaudited)	<u>105,983</u>

During the current interim period, the Group entered into a new lease agreement with lease term of 3 years. The Group makes a fixed payments on yearly basis. On lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB91,000 (six months ended 30 June 2020: RMB45,000).

9. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Properties for development	126,747	237,738
Properties under development	535,657	306,416
Completed properties	193,519	201,045
	<u>855,923</u>	<u>745,199</u>

The properties for development, properties under development and completed properties are located in Fujian Province, Jiangsu Province, Hunan Province and Henan Province in 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 2021, properties for development of RMB126,747,000 (unaudited) (31 December 2020: RMB237,738,000) and properties under development of RMB426,884,000 (unaudited) (31 December 2020: RMB306,416,000) are not expected to be realised within one year.

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables		
— Sales of properties	16	16
Less: allowance for credit losses	(16)	(16)
	<u>—</u>	<u>—</u>
Other receivables (<i>note a</i>)	5,581	7,060
Less: allowance of credit losses	(4,489)	(4,489)
	<u>1,092</u>	<u>2,571</u>
Prepaid taxes other than income tax and LAT	15,947	7,606
Advance to suppliers (<i>note b</i>)	37,035	27,826
Other deposits and prepayments	3,556	1,137
	<u>57,630</u>	<u>39,140</u>
Total trade and other receivables	<u>57,630</u>	<u>39,140</u>

Note a: The Group has paid the public maintenance fund to the Ministry of Housing and Urban-Rural Development of the PRC on behalf of the property buyers as maintenance fund for the public facilities within the residential properties. Such fund would be considered as other receivables due 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.

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

11. TRADE PAYABLES

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0–60 days	9,212	3,024
61–90 days	1,466	5
91–180 days	484	24
181–1 year	533	164
Over 1 year	1,410	1,599
	<u>13,105</u>	<u>4,816</u>

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

12. SHARE CAPITAL

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

	Number of shares '000	Share capital HK\$'000	Share capital RMB'000
Authorised:			
At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)			
— Ordinary shares of HK\$0.005 each	<u>100,000,000</u>	<u>500,000</u>	<u>435,951</u>
Issued and fully paid:			
At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)			
— Ordinary shares of HK\$0.005 each	<u>5,837,990</u>	<u>29,190</u>	<u>25,451</u>

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

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2021, the Group focused on the development of its two new residential property projects, namely Xixian Kangqiao Xueyuan (息縣康橋學苑) in Xinyang, Henan Province and Wugang Kangqiao Xueyuan (武岡康橋學苑) in Wugang, Hunan Province, in addition to ongoing construction of the remaining part of The Cullinan Bay project in Yangzhou, Jiangsu Province.

China's economy continued to rebound strongly in the first half of 2021, with a coordinated plan of local pandemic prevention and control and social and economic development from the Central Government. China's GDP for the six months ended 30 June 2021 was RMB53.2 trillion, up 12.7% on a year-on-year basis.

In 2021, the opening year of the "14th Five Year Plan", the Central Government reinforces the principal of "houses are for living in, not for speculation" to continuously improve the long-term development of real estate industry in China. According to the National Bureau of Statistics, the Chinese sales of commodity properties achieved RMB9.3 trillion for the six months ended 30 June 2021, representing a year-on-year growth of 38.9%.

Looking forward to the second half of 2021, backed by the macroeconomic policies precisely implemented by the Central Government, the recent introduction of the "two centralisation" of land supply in certain cities on a trial basis and the property lending concentration system, together with the region-specific regulatory measures will promote the long-term mechanism of stabilising land prices, house prices and expectations in the real estate industry of China.

In the second half of 2021, the Group will continue to develop its 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 China 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.

FINANCIAL REVIEW

Financial Performance

The Group's revenue for the six months ended 30 June 2021 was principally derived from the sale and delivery of properties of The Cullinan Bay project to customers, net of discount and sales related taxes. Revenue dropped by 94.5% from RMB418,885,000 for the six months ended 30 June 2020 to RMB23,223,000 for the six months ended 30 June 2021, mainly due to the substantial reduction of properties available for sale and delivered to customers by the Group. Most of the Group's real estate projects were still under construction and no new properties were completed for delivery during the six months ended 30 June 2021.

Gross profit of the Group declined by 94.5% from RMB139,632,000 for the six months ended 30 June 2020 to RMB7,682,000 for the six months ended 30 June 2021, in line with the decrease in revenue. Gross profit margin for the six months ended 30 June 2021 maintained relatively stable at 33.1% (2020: 33.3%).

Other income, consisting of fixed rental income from investment properties and interest income on bank deposits and short-term financial products, decreased by 46.2% from RMB3,775,000 for the six months ended 30 June 2020 to RMB2,030,000 for the six months ended 30 June 2021, mainly due to the decrease in interest income earned from bank deposits, as the Group reduced the frequency of placing time deposits while additional cash flows were required to finance the development of its new property projects.

Selling expenses of the Group, including mainly employees' salaries of its sales department and sales agent commission, rose 5.2% from RMB3,096,000 for the six months ended 30 June 2020 to RMB3,256,000 for the six months ended 30 June 2021, mainly attributable to the increase in salaries resulted from the hiring of more salespeople as well as the increase in advertising and promotion expenses for the pre-sale of its properties under development, outweighing the decrease in sales agent commission.

Administrative expenses soared 32.4% from RMB7,705,000 for the six months ended 30 June 2020 to RMB10,199,000 for the six months ended 30 June 2021, since additional administrative expenses were incurred for the development of the Group's new property projects.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, decreased by 96.4% from RMB34,068,000 for the six months ended 30 June 2020 to RMB1,225,000 for the six months ended 30 June 2021, mainly attributable to the decrease in the Group's taxable profit, along with the drop in revenue.

The Group suffered a net loss attributable to owners of the Company of RMB4,223,000 for the six months ended 30 June 2021, as compared to a net profit attributable to owners of the Company of RMB98,972,000 for the six months ended 30 June 2020. Such turnaround from profit to loss was primarily due to the decrease in revenue and gross profit of the Group for the reasons described above.

Liquidity and Financial Resources

As at 30 June 2021, the Group had total assets of RMB1,279,361,000 (including restricted bank deposits and bank balances and cash of RMB217,902,000), which were financed by total equity of RMB769,822,000 and total liabilities of RMB509,539,000. The Group's working capital requirements were mainly fulfilled by its internal resources during six months ended 30 June 2021.

Current ratio of the Group was 2.40 times as at 30 June 2021 (31 December 2020: 3.16 times). The Group had no bank borrowings as at 30 June 2021 (31 December 2020: Nil). Gearing ratio, defined as total debts comprising bank borrowings and amount due to a non-controlling interest of subsidiaries, if any, divided by total equity, was 11.8% as at 30 June 2021 (31 December 2020: 10.2%).

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 six months ended 30 June 2021 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 announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

CHARGE ON ASSETS

As at 30 June 2021, the Group had no charge on its assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had approximately 61 full-time employees, excluding the Directors, in the PRC. During the six months ended 30 June 2021, the total staff costs, including Directors' remuneration, was RMB3,461,000 (2020: RMB3,394,000). 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 2021, 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 2021.

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 2021.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2021.

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 2021, including the accounting principles and practices adopted.

REVIEW BY AUDITORS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.jiande-intl.com and the website of the Stock Exchange at www.hkexnews.hk. The 2021 interim report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 September 2021.

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

Hong Kong, 31 August 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.