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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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF LAND USE RIGHTS AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF PROJECT COMPANY

The Board is pleased to announce that, on 11 January 2022, Xiamen Junyi, a wholly-owned subsidiary of the Company, succeeded in the bid of the land use rights of the Land offered for sale by Wugang Natural Resources Bureau at the Auction for RMB112.42 million. The Auction Confirmation is expected to be issued by Wugang Natural Resources Bureau by 17 January 2022. The Land Use Rights Grant Contract is expected to be entered into by 31 January 2022.

For the purpose of bidding the land use rights of the Land and establishing the Project Company jointly, Xiamen Junyi and Shishi Qixin entered into the Joint Bidding Agreement and the Cooperation Agreement on 8 January 2022.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the Project Company are less than 5%, the formation of the Project Company does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As Shishi Qixin is a substantial shareholder of Xixian Dejian and Wugang Dejian, it is a connected person of the Company at the subsidiary level. Each of the Acquisition and the formation of the Project Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as the Board has approved each of the Acquisition and the formation of the Project Company, and the independent non-executive Directors have confirmed that the terms of each of the Acquisition and the formation of the Project Company are fair and reasonable, and each of the Acquisition and the formation of the Project Company is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, each of the Acquisition and the formation of the Project Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that, on 11 January 2022, Xiamen Junyi, a wholly-owned subsidiary of the Company, succeeded in the bid of the land use rights of the Land offered for sale by Wugang Natural Resources Bureau at the Auction for RMB112.42 million. The Auction Confirmation is expected to be issued by Wugang Natural Resources Bureau by 17 January 2022. The Land Use Rights Grant Contract is expected to be entered into by 31 January 2022.

PRINCIPAL TERMS OF THE LAND USE RIGHTS

Expected date of the Auction Confirmation	:	On or before 17 January 2022
Parties to the Auction Confirmation	:	Wugang Natural Resources Bureau and Xiamen Junyi
Location of the Land	:	East side of Futian Road, north side of Chunyuan Road, Wugang City (武岡市富田路以東、春園路以北), Hunan Province, the PRC
Total site area	:	50,930.52 square meters (of which 49,413.13 square meters is net land area)
Planned plot ratio	:	Equal to or less than 3.0
Nature of the land use rights	:	Commercial service (equal to or less than 10%) and urban residential land with the term of use of 40 years and 70 years, respectively
Land Price	:	RMB112.42 million, which was arrived at after bidding at the Auction based on a starting bid of RMB112.42 million and a minimum bid increment of RMB0.5 million

Payment term : As at the date of this announcement, an amount of RMB112.42 million has been paid by Xiamen Junyi and Shishi Qixin as to 80% and 20%, respectively, as deposit, which will be used to set off against the Land Price.

JOINT BIDDING AGREEMENT

For the purpose of bidding the land use rights of the Land jointly, Xiamen Junyi and Shishi Qixin entered into the Joint Bidding Agreement on 8 January 2022. Pursuant to the Joint Bidding Agreement, Xiamen Junyi and Shishi Qixin agreed, among others:

1. Xiamen Junyi and Shishi Qixin shall jointly bid for the land use rights of the Land, and Xiamen Junyi shall be authorised to handle matters in relation thereto.
2. If the bid of the land use rights of the Land is succeeded, Xiamen Junyi and Shishi Qixin shall be responsible to pay the Land Price and the related land tax as to 80% and 20%, respectively.
3. Within one month after the successful bid of the land use rights of the Land, Xiamen Junyi and Shishi Qixin shall jointly establish a project company owned by Xiamen Junyi and Shishi Qixin as to 80% and 20%, respectively. The project company shall enter into the Land Use Rights Grant Contract with Wugang Natural Resources Bureau, and undertake the development of property project on the Land.
4. The land use rights of the Land shall be owned by Xiamen Junyi and Shishi Qixin as to 80% and 20%, respectively.

COOPERATION AGREEMENT

For the purpose of establishing the Project Company and regulating their rights and obligations, Xiamen Junyi and Shishi Qixin entered into the Cooperation Agreement on 8 January 2022. Pursuant to the Cooperation Agreement, Xiamen Junyi and Shishi Qixin agreed, among others:

1. The Project Company shall be established in the PRC to enter into the Land Use Rights Grant Contract of the Land and for the sole purpose of the development of property project on the Land. The Project Company may not, without its shareholders' unanimous consent (a) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the Auction documents; or (b) enter into any transactions which are not on an arm's length basis.
2. The registered capital of the Project Company is RMB20.0 million, which shall be contributed as to RMB16.0 million and RMB4.0 million by Xiamen Junyi and Shishi Qixin, respectively, representing 80% and 20% of its registered capital, respectively.

3. The deposit for bidding of the land use rights of the Land and the Land Price paid by Xiamen Junyi and Shishi Qixin shall be treated as shareholder loans owing by the Project Company.
4. The development costs of the property project on the Land and further financing needs of the Project Company are expected to be funded by borrowings from bank and financial institutions. If the Project Company is not able to obtain any or sufficient external financing, Xiamen Junyi and Shishi Qixin shall make contribution by way of shareholder loans to the Project Company in their shareholding proportions. If a shareholder is not able to make its contribution to the Project Company (the “Non-contributing Shareholder”), the other shareholder (the “Contributing Shareholder”) may make contribution in excess of its shareholding proportion on behalf of the Non-contributing Shareholder with interest to be accrued at the rate of 18% per annum. The accrued interest shall be deducted by the Project Company from any repayment of the shareholder’s loans and, if not suffice, from payment of dividends and pay directly to the Contributing Shareholder.
5. Following the development of the property project on the Land and the attainment of sale thereof, the balance of sale proceeds in each quarter, after deduction of development costs payable and retention of three-months’ development costs, shall be applied for the repayment of shareholder’s loans in proportion to the shareholder’s loans contributed by the shareholders.
6. The Project Company shall have one director (who will also be its legal person) and one supervisor, both of whom are appointed by Xiamen Junyi.
7. In the year when there is no shortfall in the operation costs of the property project, after (a) the repayment of shareholder’s loans and external financings that are fallen due; and (b) the retention of tax payment and reserves as required by law, the Project Company shall make distribution to its shareholders pro rata to their respective shareholding in the Project Company.
8. Each of Xiamen Junyi and Shishi Qixin shall not dispose of nor create any encumbrance over its equity interest in and/or shareholder’s loan owing by the Project Company without unanimous consent of Xiamen Junyi and Shishi Qixin.

In respect of the provision of any shareholder’s loan which would constitute financial assistance to or from a connected person, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

Upon establishment of the Project Company, it will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the results of the Group.

INFORMATION ON THE PARTIES

Wugang Natural Resources Bureau

Wugang Natural Resources Bureau is a bureau of Wugang City, Hunan Province, the PRC and a third party which is independent of and not connected with the Company and its connected persons.

Xiamen Junyi

Xiamen Junyi is a limited liability company incorporated in the PRC wholly owned by the Company and is principally engaged in investment holding.

Shishi Qixin

Shishi Qixin is a limited liability company incorporated in the PRC and is principally engaged in investment holding. Shishi Qixin is owned by Liu Ruizhi (劉瑞芝) and Zeng Jiankang (曾建康) as to 95% and 5%, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development and sale of properties in the PRC.

The Board considers that the Acquisition provides a good opportunity for the Group to increase its land reserve and is in line with the business development strategy and planning of the Group.

The Directors (including the independent non-executive Directors) consider that the Acquisition is in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE PROJECT COMPANY

The Company and Shishi Qixin have collaborated in property development projects in the PRC since July 2019. Details of such property development projects are set out in (a) the announcement and circular of the Company dated 30 July 2019 and 25 September 2019, respectively, in relation to the acquisition of land use rights in Henan Province, the PRC; and (b) the announcements of the Company dated 28 February 2020 and 22 July 2020, respectively, in relation to the acquisition of land use rights in Hunan Province, the PRC. Leveraging on and in furtherance of the collaborations with Shishi Qixin, the Company decided to bid the land use rights of the Land and form the Project Company for the development of the property project thereon jointly with Shishi Qixin.

Since the costs and funding needs arising from the property project on the Land, including the Land Price and the development and construction costs, could be shared between Xiamen Junyi and Shishi Qixin in proportion to their respective shareholding in the Project Company, the capital commitment required on the part of the Group and financial exposure of the Group would be lowered. The joint development of the property project on the Land by the formation of the Project Company would allow the Group to conserve financial resources for other existing or future property development projects.

The Directors (including the independent non-executive Directors) consider that the formation of the Project Company is in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Joint Bidding Agreement, the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the Project Company are less than 5%, the formation of the Project Company does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As Shishi Qixin is a substantial shareholder of Xixian Dejian and Wugang Dejian, it is a connected person of the Company at the subsidiary level. Each of the Acquisition and the formation of the Project Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as the Board has approved each of the Acquisition and the formation of the Project Company, and the independent non-executive Directors have confirmed that the terms of each of the Acquisition and the formation of the Project Company are fair and reasonable, and each of the Acquisition and the formation of the Project Company is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, each of the Acquisition and the formation of the Project Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors have a material interest in the Acquisition and the formation of the Project Company, no Director was required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

In this announcement, the following expressions have the meanings set forth below unless the context requires otherwise:

“Acquisition”	the acquisition of land use rights of the Land through bidding process at the Auction
“Auction”	the bidding process at which the Land was offered for sale
“Auction Confirmation”	the auction confirmation notice to be entered into between Wugang Natural Resources Bureau and Xiamen Junyi confirming the successful bidding at the Auction
“Board”	the board of Directors
“Company”	Jiande International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 865)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	a property project development cooperation agreement dated 8 January 2022 entered into between Xiamen Junyi and Shishi Qixin in relation to the establishment of the Project Company
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Group”	the Company together with its subsidiaries
“Joint Bidding Agreement”	an agreement dated 8 January 2022 entered into between Xiamen Junyi and Shishi Qixin regarding, among other things, the joint bidding of the land use rights of the Land
“Land”	a piece of land located at east side of Futian Road, north side of Chunyuan Road, Wugang City (武岡市富田路以東、春園路以北), Hunan Province, the PRC
“Land Price”	RMB112.42 million, being land price payable for the Acquisition
“Land Use Rights Grant Contract”	the land use rights grant contract in relation to the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Project Company”	a project company to be established in the PRC by Xiamen Junyi and Shishi Qixin pursuant to the Cooperation Agreement for the development of property project on the Land
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shishi Qixin”	Shishi Qixin Trading Company Limited* (石獅市琦鑫貿易有限責任公司), a limited liability company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wugang Dejian”	Wugang Dejian Real Estate Company Limited* (武岡德建置業有限公司), a project company established in the PRC on 4 March 2020 and owned by Xiamen Junyi and Shishi Qixin as to 80% and 20%, respectively
“Wugang Natural Resources Bureau”	Bureau of Natural Resources of Wugang City* (武岡市自然資源局)
“Xiamen Junyi”	Xiamen Junyi Real Estate Company Limited* (廈門駿熠置業有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Xixian Dejian”	Xixian Dejian Real Estate Company Limited* (息縣德建置業有限公司), a project company established in the PRC on 14 June 2019 and owned by Xiamen Junyi and Shishi Qixin as to 80% and 20%, respectively
“%”	per cent

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

Hong Kong, 13 January 2022

As at the date of this announcement, the executive Directors are Mr. Shie Tak Chung, Mr. Tsoi Kin Sze, 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.

* For identification purpose only