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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 2022

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 2022 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 2022

	<i>NOTES</i>	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue			
Sales of properties	3	208,887	23,223
Cost of sales		(149,800)	(15,541)
		<hr/>	<hr/>
Gross profit		59,087	7,682
Other income	4	1,398	2,030
Other gains and losses		180	(22)
Fair value change of investment properties	8	(1,448)	(553)
Selling expenses		(4,198)	(3,256)
Administrative expenses		(10,822)	(10,199)
Finance costs		(8)	(19)
		<hr/>	<hr/>
Profit (loss) before tax		44,189	(4,337)
Income tax expense	5	(13,707)	(1,225)
		<hr/>	<hr/>
Profit (loss) and total comprehensive income (expense) for the period	6	30,482	(5,562)
		<hr/> <hr/>	<hr/> <hr/>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		30,951	(4,223)
Non-controlling interests		(469)	(1,339)
		<hr/>	<hr/>
		30,482	(5,562)
		<hr/> <hr/>	<hr/> <hr/>
		<i>RMB</i>	<i>RMB</i>
Earnings (loss) per share	7		
— Basic		0.53 cent	(0.07 cent)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

		30 June 2022	31 December 2021
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Plant and equipment		1,783	2,401
Investment properties	8	97,330	105,071
Right-of-use assets		465	594
Deferred tax assets		4,381	3,609
		<u>103,959</u>	<u>111,675</u>
CURRENT ASSETS			
Properties for/under development/properties for sale	9	1,009,200	951,827
Trade and other receivables	10	19,624	75,549
Contract costs		1,472	1,311
Prepaid land appreciation tax		40,560	36,686
Restricted bank deposits		14,914	11,577
Bank balances and cash		138,394	251,513
		<u>1,224,164</u>	<u>1,328,463</u>
Assets classified as held for sale		4,907	2,759
		<u>1,229,071</u>	<u>1,331,222</u>
CURRENT LIABILITIES			
Trade and other payables	11	118,670	148,323
Deposits received on sales of investment properties		3,033	2,190
Contract liabilities		186,666	327,526
Amount due to a non-controlling interest of subsidiaries		97,430	93,730
Income tax and land appreciation tax payable		23,428	24,457
Lease liabilities		175	152
Secured bank borrowings		5,408	14,200
		<u>434,810</u>	<u>610,578</u>
NET CURRENT ASSETS		<u>794,261</u>	<u>720,644</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>898,220</u>	<u>832,319</u>

		30 June 2022	31 December 2021
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Amount due to a non-controlling interest of subsidiaries		23,484	–
Deferred tax liabilities		25,321	21,519
Lease liabilities		92	90
Secured bank borrowings		34,028	25,800
		<u>82,925</u>	<u>47,409</u>
NET ASSETS		<u>815,295</u>	<u>784,910</u>
CAPITAL AND RESERVES			
Share capital	<i>12</i>	25,451	25,451
Reserves		777,586	746,635
		<u>803,037</u>	<u>772,086</u>
Equity attributable to owners of the Company		803,037	772,086
Non-controlling interests		12,258	12,824
		<u>815,295</u>	<u>784,910</u>
TOTAL EQUITY		<u>815,295</u>	<u>784,910</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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 Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties		
Residential units in the Binjiang International Project*	4,604	900
Residential units in The Cullinan Bay Project**	204,283	22,323
	<u>208,887</u>	<u>23,223</u>

* 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 recognised at a point in time.

Information reported to the executive directors of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment focuses on revenue analysis, contracted pre-sales amount and unit price by project basis. No other discrete financial information is provided other than the Group's results and financial position as a whole.

4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fixed rental income from investment properties	153	307
Interests from short-term financial products	–	678
Interests from bank deposits	1,245	1,045
	<u>1,398</u>	<u>2,030</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	10,195	4,719
PRC Land Appreciation Tax (“LAT”)	482	439
	<u>10,677</u>	<u>5,158</u>
Deferred tax	3,030	(3,933)
	<u>13,707</u>	<u>1,225</u>

6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of plant and equipment	944	324
Depreciation of right-of-use assets	335	358
	<u>1,279</u>	<u>682</u>
Total depreciation		
Expense relating to short-term leases	33	45
Staff costs, including directors’ remunerations	4,835	3,461
Gross rental income from investment properties	(153)	(307)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	24	31
	<u>(129)</u>	<u>(276)</u>

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	30,951	(4,223)
	'000	'000
Number of ordinary shares for the purpose of basic earnings (loss) per share	5,837,990	5,837,990

No diluted earnings per share for the six months ended 30 June 2022 and 2021 is presented because the Group did not have any potential ordinary shares outstanding during both periods.

8. INVESTMENT PROPERTIES

	Completed investment properties
	RMB'000
Fair value	
At 1 January 2021 (audited)	116,693
Net fair value change recognised in profit or loss	(1,267)
Disposals	(7,596)
Reclassified as held for sale	(2,759)
At 31 December 2021 (audited)	105,071
Net fair value change recognised in profit or loss	(1,448)
Disposals	(3,449)
Reclassified as held for sale	(2,844)
At 30 June 2022 (unaudited)	97,330

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 2022	31 December 2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Properties for development	249,247	128,389
Properties under development	564,725	475,134
Completed properties	195,228	348,304
	<u>1,009,200</u>	<u>951,827</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 2022, properties for development with carrying amount of RMB131,760,000 (31 December 2021: 128,389,000) are pledged to secure the bank borrowings of the Group.

As at 30 June 2022, properties for development of RMB249,247,000 (unaudited) (31 December 2021: RMB128,389,000) and properties under development of RMB397,488,000 (unaudited) (31 December 2021: RMB424,529,000) are not expected to be realised within one year.

10. TRADE AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 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>)	5,757	8,005
Less: allowance of credit losses	(4,489)	(4,489)
	<u>1,268</u>	<u>3,516</u>
Other taxes recoverable	11,256	20,120
Advance to suppliers (<i>note b</i>)	2,165	46,748
Other deposits and prepayments	4,935	5,165
	<u>19,624</u>	<u>75,549</u>
Total trade and other receivables	<u>19,624</u>	<u>75,549</u>

Notes:

- (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.
- (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 AND OTHER PAYABLES

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade payables	10,203	7,025
Accrued construction costs (<i>note</i>)	83,730	113,843
	93,933	120,868
Accrual staff costs and contributions to the retirement benefits scheme	5,599	4,820
Other tax payables	2,674	2,655
Other payables and accrued expenses	4,003	5,818
Deposits received for construction	2,500	4,500
Other deposits	9,961	9,662
	118,670	148,323

Note: The accrued construction costs relate to construction of properties under development for sale.

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

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Unbilled	83,730	113,843
0–60 days	757	4,929
61–90 days	150	108
91–180 days	7,751	201
181–1 year	137	253
Over 1 year	1,408	1,534
	93,933	120,868

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 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (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 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (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 2022, the Group focused on the development of its four residential and commercial property projects in the PRC, namely Xixian Kangqiao Xueyuan (息縣康橋學苑) in Xinyang, Henan Province, and Wugang Kangqiao Xueyuan (武岡康橋學苑), Kangqiao International City (康橋國際城) and Kangqiao Meiju (康橋美居) in Wugang, Hunan Province.

In the first half of 2022, China's economy faced downward pressures from the domestic outbreaks of the COVID-19 pandemic in different areas and the complicated internal and external environment. With the increased effort made by the central government and local governments, the gross domestic product of China for the six months ended 30 June 2022 expanded 2.5% on a year-on-year basis according to the National Bureau of Statistics. Adhering to the principle of "houses are for living, not for speculation", the adjustment in real estate market has been under progress, and the sales of commodity properties in China amounted to RMB6.6 trillion in the first half of 2022, representing a year-on-year decrease of 28.9%.

In the second half of 2022, the real estate industry remains to be full of challenges and the "wait-and-see" attitude among potential property buyers will adversely affect the market demand. Nevertheless, the central government is expected to intensify its effort to drive the steady qualitative growth and rational quantitative growth of the economy, including the stabilisation of housing prices. Local governments will implement region-specific and flexible regulatory policies to promote long-term stable and healthy development of real estate market.

The Group will continue to uphold its prudent management approach to maintain a balance between growth, efficiency and risk. The Group has committed 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.

FINANCIAL REVIEW

Financial Performance

The Group's revenue for the six months ended 30 June 2022 was mainly derived from the sale and delivery of properties of the final phase of The Cullinan Bay project to customers, net of discount and sales related taxes. Revenue rose 799.5% from RMB23,223,000 for the six months ended 30 June 2021 to RMB208,887,000 for the six months ended 30 June 2022, primarily due to the increase in delivery of the residential properties of the final phase of The Cullinan Bay project which were mostly completed in December 2021 and delivered to customers in early 2022, as compared to the situation that no new properties were completed for delivery during the six months ended 30 June 2021.

Gross profit of the Group increased by 669.2% from RMB7,682,000 for the six months ended 30 June 2021 to RMB59,087,000 for the six months ended 30 June 2022, along with the revenue growth. Gross profit margin decreased from 33.1% for the six months ended 30 June 2021 to 28.3% for the six months ended 30 June 2022, mainly attributable to the rising unit cost of the properties sold.

Other income, consisting of fixed rental income from investment properties and interest income from bank deposits, was reduced by 31.1% from RMB2,030,000 for the six months ended 30 June 2021 to RMB1,398,000 for the six months ended 30 June 2022, primarily due to the decrease in overall cash held by the Group after spending approximately RMB112,420,000 to acquire the land use rights in January 2022, leading to the reduction in interest income from bank deposits.

Selling expenses of the Group increased by 28.9% from RMB3,256,000 for the six months ended 30 June 2021 to RMB4,198,000 for the six months ended 30 June 2022, primarily attributable to the additional sales agent commission incurred for the delivery of properties of The Cullinan Bay project.

Administrative expenses increased by 6.1% from RMB10,199,000 for the six months ended 30 June 2021 to RMB10,822,000 for the six months ended 30 June 2022, mainly due to the general cost inflation.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, increased by 1018.9% from RMB1,225,000 for the six months ended 30 June 2021 to RMB13,707,000 for the six months ended 30 June 2022, mainly attributable to the increase in the Group's taxable profit.

Profit attributable to owners of the Company amounted to RMB30,951,000 for the six months ended 30 June 2022, as compared to a net loss of RMB5,562,000 for the six months ended 30 June 2021, primarily due to the growth of revenue and gross profit from the Group's property development business, net of the increase in income tax expense.

Liquidity and Financial Resources

As at 30 June 2022, the Group had total assets of RMB1,333,030,000 (including restricted bank deposits and bank balances and cash of RMB153,308,000), which were financed by total equity of RMB815,295,000 and total liabilities of RMB517,735,000. The Group's working capital requirements were mainly fulfilled by its internal resources during six months ended 30 June 2022.

Current ratio of the Group was 2.81 times as at 30 June 2022 (31 December 2021: 2.18 times). The Group had secured bank borrowings of RMB39,436,000 as at 30 June 2022 (31 December 2021: RMB40,000,000). 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 19.7% as at 30 June 2022 (31 December 2021: 17.0%).

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 2022 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 2022, the Group pledged properties for development of approximately RMB131,760,000 to secure its bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had approximately 47 full-time employees, excluding the Directors, in the PRC. During the six months ended 30 June 2022, the total staff costs, including Directors' remuneration, was RMB4,835,000 (2021: RMB3,461,000). 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 2022.

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 2022.

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 2022.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2022.

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 2022, 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 2022 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 2022 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 2022.

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

Hong Kong, 31 August 2022

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