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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 YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022

	<i>NOTES</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Revenue — sales of properties	5	262,153	105,609
Cost of sales		(178,560)	(64,966)
Gross profit		83,593	40,643
Other income		3,361	4,425
Other loss		—	(45)
Allowance for expected credit loss on other receivables, net		(427)	—
Write down on properties for sale		(5,035)	—
Net fair value change of investment properties		(2,902)	(1,267)
Loss on misappropriation of funds		(4,488)	(9,934)
Selling expenses		(7,349)	(5,258)
Administrative expenses		(20,914)	(21,640)
Finance costs		(10)	(28)
Profit before tax		45,829	6,896
Income tax expense	6	(13,603)	(7,347)
Profit/(loss) for the year	7	32,226	(451)

	<i>NOTE</i>	2022 RMB'000	2021 <i>RMB'000</i> (Restated)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>219</u>	<u>—</u>
Other comprehensive income for the year		<u>219</u>	<u>—</u>
Total comprehensive income/(expense) for the year		<u><u>32,445</u></u>	<u><u>(451)</u></u>
Profit/(loss) for the year attributable to:			
Owners of the Company		<u>31,321</u>	1,303
Non-controlling interests		<u>905</u>	<u>(1,754)</u>
		<u><u>32,226</u></u>	<u><u>(451)</u></u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		<u>31,540</u>	1,303
Non-controlling interests		<u>905</u>	<u>(1,754)</u>
		<u><u>32,445</u></u>	<u><u>(451)</u></u>
		RMB	RMB (Restated)
Earnings per share	8		
— Basic and diluted		<u><u>0.54 cents</u></u>	<u><u>0.02 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		31 December 2022	31 December 2021	1 January 2021
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Plant and equipment		1,539	2,401	3,154
Investment properties	9	93,645	105,071	116,693
Right-of-use assets		404	594	1,070
Deferred tax assets		6,085	3,609	406
		101,673	111,675	121,323
CURRENT ASSETS				
Properties for/under development/ properties for sale	10	1,036,048	951,827	745,199
Trade and other receivables	11	24,469	75,549	39,140
Contract costs		1,885	1,311	414
Prepaid land appreciation tax		41,035	36,686	29,362
Restricted bank deposits		17,249	11,577	20,273
Bank balances and cash		133,203	230,892	149,765
		1,253,889	1,307,842	984,153
Assets classified as held for sale		3,011	2,759	507
		1,256,900	1,310,601	984,660
CURRENT LIABILITIES				
Trade and other payables	12	123,763	150,513	113,555
Contract liabilities	13	234,085	327,526	108,152
Amount due to a non-controlling interest of subsidiaries	14	120,914	93,730	79,430
Income tax and land appreciation tax payable		28,121	24,457	13,739
Lease liabilities		240	152	510
Secured bank borrowings		5,408	14,200	–
		512,531	610,578	315,386
NET CURRENT ASSETS		744,369	700,023	669,274
TOTAL ASSETS LESS CURRENT LIABILITIES		846,042	811,698	790,597

	31 December 2022 RMB'000	31 December 2021 RMB'000 (Restated)	1 January 2021 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	18,749	21,519	25,717
Lease liabilities	64	90	140
Secured bank borrowings	30,592	25,800	–
	49,405	47,409	25,857
NET ASSETS	796,637	764,289	764,740
CAPITAL AND RESERVES			
Share capital	25,451	25,451	25,451
Reserves	757,883	726,343	725,040
Equity attributable to owners of the Company	783,334	751,794	750,491
Non-controlling interests	13,303	12,495	14,249
TOTAL EQUITY	796,637	764,289	764,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Jiande International Holdings Limited (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 respectively, 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 and Mr. Tsoi collectively becoming the ultimate 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 401-402, 4/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong, respectively. The principal activity of the Company is investment holding and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in property development in the People’s Republic of China (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 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 Group’s annual periods beginning on or after 1 January 2022 for the preparation of the 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 year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

Except for the 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.

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 includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**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.

4. PRIOR YEAR ADJUSTMENTS

Certain line items in the prior year's consolidated financial statements of the Group require retrospective restatements in relation to the misappropriation of funds.

As disclosed in the Company's announcements dated 7 October 2022 and 19 December 2022, the Company has discovered that a former treasurer (the "**Former Treasurer**") of Hui An China General Real Estate Development Company Limited (惠安中總房地產開發有限公司) ("**Hui An China General**") was suspected to have misappropriated in aggregate approximately RMB24,980,000 of Hui An China General between 2019 and 2022 (the "**Misappropriation**"). Hui An China General is a company incorporated in the People's Republic of China (the "**PRC**") with limited liability, principally engaged in property development in the PRC and owned as to 98.4% by the Company.

The Company has engaged RSM Corporate Advisory (Hong Kong) Limited ("**RSM**") on 13 December 2022 as independent forensic accountant to, among other things, conduct an independent forensic accounting review (the "**Independent Review**") in respect of the Misappropriation and make improvement recommendations to the Company based on its findings. As disclosed in the Company's announcement dated 28 March 2023, RSM issued its report of the Independent Review.

RSM has reviewed and compared the accounting records of Hui An China General in relation to its 14 bank accounts between 1 January 2019 and 30 September 2022 (the "**Review Period**") and obtained the corresponding bank statements directly from the banks, and a material discrepancy of approximately RMB2,000,000, RMB10,700,000 and RMB20,700,000 was identified and quantified in one bank account as at 31 December 2019, 2020 and 2021, respectively and a material discrepancy of approximately RMB25,000,000 was identified and quantified in two bank accounts as at 30 August 2022.

RSM has also reviewed the completeness and accuracy of transactions in four bank accounts and approximately 1,100 unrecorded transactions and fictitious transactions during the Review Period were identified and quantified. Such unrecorded transactions and fictitious transactions involved net outflow of unauthorised transfers of approximately RMB22,000,000 from four bank accounts of Hui An China General and cash of approximately RMB3,000,000 was collected from customers of Hui An China General but was not deposited into the bank accounts of Hui An China General.

Based on the findings of the Independent Review, the Former Treasurer has misappropriated funds of the Group of an aggregate amount of approximately RMB24,980,000 during the Review Period. A net amount of approximately RMB22,000,000 was transferred to the bank accounts which were suspected to be controlled by the Former Treasurer.

Based on the findings and conclusions of the Independent Review conducted by RSM, the Company has ascertained a total net loss as a result of the Misappropriation to be approximately RMB24,980,000 and has determined the prior period adjustments that should be made to the consolidated financial statements to correct the prior period errors in previously issued consolidated financial statements of the Group (the "**Errors**") found as a result of the discovery of the Misappropriation and the Independent Review conducted by RSM. The following tables set out the retrospective adjustments that have been made to each of the line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Cash Flow Statement for the year ended 31 December 2021 and Consolidated Statement of Financial Position as at 31 December 2021 and 1 January 2021 affected by the Errors.

(i) **Effects on the consolidated statement of financial position**

	As at 31 December 2021		
	As previously reported	Effect of prior year adjustments	As restated
	RMB'000	RMB'000	RMB'000
Bank balances and cash (<i>Note (a)</i>)	251,513	(20,621)	230,892
Current assets (<i>Note (a)</i>)	1,331,222	(20,621)	1,310,601
Net current assets (<i>Note (a)</i>)	720,644	(20,621)	700,023
Total assets less current liabilities (<i>Note (a)</i>)	832,319	(20,621)	811,698
Net assets (<i>Note (a)</i>)	784,910	(20,621)	764,289
Equity attributable to owners of the Company			
(<i>Note (b)</i>)	772,086	(20,292)	751,794
Non-controlling interests (<i>Note (c)</i>)	12,824	(329)	12,495
Total equity	<u>784,910</u>	<u>(20,621)</u>	<u>764,289</u>

	As at 1 January 2021		
	As previously reported	Effect of prior year adjustments	As restated
	RMB'000	RMB'000	RMB'000
Bank balances and cash (<i>Note (a)</i>)	160,409	(10,644)	149,765
Current assets (<i>Note (a)</i>)	995,304	(10,644)	984,660
Net current assets (<i>Note (a)</i>)	679,918	(10,644)	669,274
Total assets less current liabilities (<i>Note (a)</i>)	801,241	(10,644)	790,597
Net assets (<i>Note (a)</i>)	775,384	(10,644)	764,740
Equity attributable to owners of the Company			
(<i>Note (b)</i>)	760,965	(10,474)	750,491
Non-controlling interests (<i>Note (c)</i>)	14,419	(170)	14,249
Total equity	<u>775,384</u>	<u>(10,644)</u>	<u>764,740</u>

Note:

- (a) These prior year adjustments are made to correct the over-statement of bank balances and cash due to misappropriation of funds of approximately RMB9,977,000, RMB8,689,000 and RMB1,955,000 in 2021, 2020 and 2019 respectively.
- (b) These prior year adjustments are made to correct the over-statement of equity attributable to owners of the Company arising from the over-statement of bank balances and cash due to misappropriation of funds. The adjustment of approximately RMB9,818,000, RMB8,550,000 and RMB1,924,000 in 2021, 2020 and 2019 respectively.
- (c) These prior year adjustments are made to correct the over-statement of non-controlling interests arising from the over-statement of bank balances and cash due to misappropriation of funds. The adjustment of approximately RMB159,000, RMB139,000 and RMB31,000 in 2021, 2020 and 2019 respectively.

(ii) Effects on the consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December 2021		
	As previously reported	Effect of prior year adjustments	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income	4,471	(46)	4,425
Administrative expenses	(21,643)	3	(21,640)
Loss on misappropriation of funds	–	(9,934)	(9,934)
Profit before taxation	16,873	(9,977)	6,896
Profit/(loss) and total comprehensive income/(expense) for the year	9,526	(9,977)	(451)
Attributable to equity shareholders of the Company	11,121	(9,818)	1,303
Non-controlling interests	(1,595)	(159)	(1,754)
Earnings/(loss) per share (<i>RMB cents</i>)			
— Basic and diluted	0.19	(0.17)	0.02

Note: The effects of the Errors on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2020 and 2019 were over-statement of profit before taxation of the Group by RMB8,689,000 and RMB1,955,000 respectively.

(iii) Effects on the consolidated statement of cash flows

	For the year ended 31 December 2021		
	As previously reported	Effect of prior year adjustments	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	24,971	(9,931)	15,040
Net cash generated from/(used in) investing activities	13,209	(46)	13,163
Cash and cash equivalents at beginning of year	160,409	(10,644)	149,765
Cash and cash equivalents at end of year	251,513	(20,621)	230,892

As a result of the prior year adjustments, certain comparative information have been restated as further detailed below and elsewhere in the consolidated financial statements.

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.

Disaggregation of revenue from contracts with customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sales of properties		
Residential units in the Binjiang International Project*	8,195	17,582
Residential units in The Cullinan Bay Project**	<u>253,958</u>	<u>88,027</u>
Total revenue	<u><u>262,153</u></u>	<u><u>105,609</u></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.

Segment information

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), 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. Accordingly, only entity-wide disclosures are presented.

Entity-wide disclosures

Revenue from major products

Revenue during the years ended 31 December 2022 and 2021 represents sales of properties of property development projects 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 2022 and 2021.

6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)		
— Current tax	16,768	12,542
— Under-provision in respect of prior years	969	248
PRC Land Appreciation Tax (“LAT”)	1,112	1,663
Withholding PRC EIT	—	295
	<u>18,849</u>	<u>14,748</u>
Deferred tax	<u>(5,246)</u>	<u>(7,401)</u>
	<u><u>13,603</u></u>	<u><u>7,347</u></u>

7. PROFIT/(LOSS) FOR THE YEAR

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit/(loss) for the year has been arrived at after charging (crediting):		
Directors’ emoluments	2,295	1,981
Other staff costs		
— Salaries and allowances	6,601	6,625
— Retirement benefits scheme contributions	588	636
	<u>9,484</u>	<u>9,242</u>
Gross rental income from investment properties	(829)	(813)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>59</u>	<u>84</u>
	<u>(770)</u>	<u>(729)</u>
Auditors’ remuneration		
— Audit services	860	1,284
— Non-audit services	624	400
	<u>1,484</u>	<u>1,684</u>
Cost of properties held for sale recognised as an expense	178,560	64,387
Depreciation of plant and equipment	1,246	1,268
Depreciation of right-of-use assets	501	617
Allowance for expected credit loss on other receivables, net	427	—
Write off on other receivables	1,142	—
Write down on properties for sale	<u>5,035</u>	<u>—</u>

8. EARNINGS PER SHARE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>31,321</u>	<u>1,303</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>5,837,990</u>	<u>5,837,990</u>

No diluted earnings per share for the years ended 31 December 2022 and 2021 were presented as there were no potential ordinary shares in issue during both years.

9. INVESTMENT PROPERTIES

	<i>RMB'000</i>
FAIR VALUE	
At 1 January 2021	116,693
Net fair value change recognised in profit or loss	(1,267)
Disposals	(7,596)
Reclassified as held for sale	<u>(2,759)</u>
At 31 December 2021	105,071
Net fair value change recognised in profit or loss	(2,902)
Additions	2,490
Disposals	(8,003)
Reclassified as held for sale	<u>(3,011)</u>
At 31 December 2022	<u>93,645</u>

The Group leases out car parking spaces, a kindergarten property and retail store properties under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 months to 20 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Properties for development	249,663	128,389
Properties under development	627,077	475,134
Properties for sale	159,308	348,304
	<u>1,036,048</u>	<u>951,827</u>

The carrying amount of leasehold lands is measured at cost less 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 for the year ended 31 December 2022 and 2021.

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 net realisable value (“NRV”) on an individual property basis.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	–	16
Less: allowance for credit losses	–	(16)
	<u>–</u>	<u>–</u>
Other receivables (<i>note (a)</i>)	4,457	8,005
Less: allowance for credit losses	(804)	(4,489)
	<u>3,653</u>	<u>3,516</u>
Other tax recoverable	8,624	20,120
Advance to suppliers (<i>note (b)</i>)	3,850	46,748
Other deposits and prepayments	8,342	5,165
	<u>24,469</u>	<u>75,549</u>
Total trade and other receivables	<u>24,469</u>	<u>75,549</u>

Notes:

- (a) The amount mainly represents the public maintenance fund payment on behalf of the property buyers to the Ministry of Housing and Urban-Rural Development of the PRC. Such funds are to be collected from the property buyers.
- (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.

12. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	10,413	7,025
Accrued construction costs (<i>note (a)</i>)	89,389	113,843
Accrual staff costs and contributions to the retirement benefits scheme	4,424	4,820
Other tax payables	2,683	2,655
Other payables and accrued expenses	9,325	5,818
Deposits received for construction	2,500	4,500
Deposits received on exclusive sales agreements with property agents (<i>note (b)</i>)	3,520	9,662
Deposits received on sales of investment properties	1,509	2,190
	<u>123,763</u>	<u>150,513</u>

Notes:

- (a) The accrued construction costs relate to construction of properties under development for sale which will be transferred to trade payables on achieving payment milestones as stipulated in the agreements with the subcontractors.
- (b) The amount represents the performance deposits received from two independent property agents for their exclusive sales agency agreements signed with the Group for underwriting certain residential flats, garages and car parks with a minimum selling price in The Cullinan Bay Project. Such amount will be conditionally returned to the property agent depending on the number of residential flats, garages and car parks sold within a fixed period of time as specified in the agreements.

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0–60 days	–	4,929
61–90 days	412	108
91–180 days	193	201
181 days–1 year	8,207	253
Over 1 year	1,601	1,534
	<u>10,413</u>	<u>7,025</u>

The credit period on trade payables is normally within 90 days from the invoice date.

13. CONTRACT LIABILITIES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Pre-sales proceeds received on sales of properties	<u>234,085</u>	<u>327,526</u>

As at 1 January 2021, contract liabilities amounted to RMB108,152,000.

The Group averagely receives 35% (2021: 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.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Shishi Qixin Trading Company Limited (“ Shishi Qixin ”) (石獅市琦鑫貿易有限責任公司)	<u>120,914</u>	<u>93,730</u>

The amount due is non-trade, unsecured, non-interest bearing and repayable when 息縣德建置業有限公司 Xixian Dejian Property Company Limited (“**Xixian Dejian**”) and 武崗德建置業有限公司 Wugang Dejian Property Company Limited (“**Wugang Dejian**”), non-wholly owned subsidiaries of the Company, have accumulated net cash inflow.

15. SUBSEQUENT EVENTS

As disclosed in the Company’s announcements dated 28 March 2023, the Company reported that RSM has finalised amount of the Misappropriation of approximately RMB24.98 million and the Company has decided to take up the recommendations advised by RSM.

16. COMPARATIVE FIGURES

In addition to the prior year adjustments as further detailed in note 4 of this announcement, certain other comparative figures have been reclassified to conform with the current year’s presentation and disclosures.

INDUSTRY REVIEW

In 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 2022 expanded 3.0% on a year-on-year basis, achieving approximately RMB121.0 trillion according to the National Bureau of Statistics. Adhering to the principle of "houses are for living, not for speculation" for the promotion of a positive, healthy and sustainable environment, the adjustment in real estate market has been under progress, and the sales of commodity properties in China amounted to RMB13.3 trillion in 2022, representing a year-on-year decrease of 26.7%. To ensure steady development of the real estate industry, the "16 Supportive Financial Measures for the Property Market" was introduced by People's Bank of China and the China Banking and Insurance Regulatory Commission in the fourth quarter of 2022.

BUSINESS REVIEW AND PROSPECT

During the year ended 31 December 2022, the Group focused on the development of its five residential and commercial property projects in the People's Republic of China (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), Kangqiao Meiju (康橋美居) and Kangqiao Meishu (康橋美墅) in Wugang, Hunan Province.

Looking forward to 2023, 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 in China. Nevertheless, the central government has intensified its effort to drive the steady qualitative growth and rational quantitative growth of the economy. It is expected that more supportive policies will be launched to stabilize the expectations of home buyers and recover consumers' confidence in the property market. Local governments are also expected to implement region-specific and flexible regulatory policies to promote long-term stable and healthy development of real estate industry.

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.

As at 31 December 2022, the status of the Group's property development projects are as follows:

Location	Project Name	Address	Type	Site area (<i>'000 sq.m</i>)	Total gross floor area (<i>'000 sq.m</i>)	Properties for development (<i>'000 sq.m</i>)	Properties under development (<i>'000 sq.m</i>)	Properties for sale (<i>'000 sq.m</i>)	Properties held for investment (Note d) (<i>'000 sq.m</i>)	Properties completed and delivered (<i>'000 sq.m</i>)	Actual/ expected	Percentage
											time of whole project completion	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	-	-	5	14	327	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	-	-	50	3	183	2021	98.4%
Xinyang, Henan Province	Xixian Kangqiao Xueyuan (Note a) (息縣康橋學苑)	West of Shuyingongda 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	-	147	-	-	-	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	-	-	-	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	Commercial	22	36	36	-	-	-	-	2024	80%
Wugang, Hunan Province	Kangqiao Meishu (Note a) (康橋美居)	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)	24	72	72	-	-	-	-	2025	80%
Wugang, Hunan Province	Kangqiao Meishu (Note a) (康橋美墅)	East side of Futian Road and north side of Chunyuan Road (富田路以東、春園路以北), Wugang	Residential and Commercial (Note c)	49	148	148	-	-	-	-	2025	80%
Total				349	1,109	256	271	55	17	510		

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 term 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 2022 was mainly derived from the sale and delivery of properties of the final phase of The Cullinan Bay project to customers, net of discounts and sales related taxes. Revenue rose 148.2% from RMB105,609,000 for the year ended 31 December 2021 to RMB262,153,000 for the year ended 31 December 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 year ended 31 December 2021, apart from the delivery of a fraction of the newly completed properties of The Cullinan Bay project in December 2021.

Gross profit of the Group increased by 105.7% from RMB40,643,000 for the year ended 31 December 2021 to RMB83,593,000 for the year ended 31 December 2022, along with the revenue growth. Gross profit margin decreased from 38.5% for the year ended 31 December 2021 to 31.9% for the year ended 31 December 2022, mainly attributable to the rising unit cost of the properties sold.

Other income, consisting of rental income from investment properties and interest income from bank deposits, was reduced by 24.0% from RMB4,425,000 (restated) for the year ended 31 December 2021 to RMB3,361,000 for the year ended 31 December 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.

Write down on properties for sale of approximately RMB5,000,000 for the year ended 31 December 2022 represented the write down of certain car parking spaces of the Group to their net realisable value when the Group adjusted the selling price of these car parking spaces below cost to promote the sale.

As disclosed in the Company's announcements dated 7 October 2022, 19 December 2022 and 28 March 2023, the Company has discovered that a former treasurer of Hui An China General Real Estate Development Company Limited (惠安中總房地產開發有限公司) ("**Hui An China General**"), a subsidiary owned as to 98.4% by the Company, was suspected to have misappropriated the funds of Hui An China General between 2019 and 2022 (the "**Misappropriation**"). Based on the findings of the independent review performed by RSM Corporate Advisory (Hong Kong) Limited ("**RSM**") that was engaged by the Company as independent forensic accountant to investigate the Misappropriation, the Company has ascertained a total net loss as a result of the Misappropriation to be approximately RMB24,980,000, out of which: (i) approximately RMB4,500,000 was recorded as loss on misappropriation of funds for the year ended 31 December 2022, (ii) approximately RMB9,900,000 was restated as loss on misappropriation of funds for the year ended 31 December 2021, and approximately RMB10,644,000 was restated to adjust the equity attributable to owners of the Company and non-controlling interests as at 1 January 2021. Details of the prior year adjustments in relation to the Misappropriation are set out note 4 to the consolidated financial statements.

Selling expenses of the Group increased by 39.8% from RMB5,258,000 for the year ended 31 December 2021 to RMB7,349,000 for the year ended 31 December 2022, primarily attributable to the additional sales agent commission incurred for the delivery of properties of The Cullinan Bay project.

Administrative expenses decreased by 3.4% from RMB21,640,000 (restated) for the year ended 31 December 2021 to RMB20,914,000 for the year ended 31 December 2022, mainly due to the further control on administrative expenses relating to the operation for The Cullinan Bay project after the completion of construction of final phase of this project in December 2021.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, increased by 85.2% from RMB7,347,000 for the year ended 31 December 2021 to RMB13,603,000 for the year ended 31 December 2022, mainly attributable to the increase in the Group's taxable profit.

Profit attributable to owners of the Company reached RMB31,321,000 for the year ended 31 December 2022, representing approximately 24 times of the profit of RMB1,303,000 (restated) for the year ended 31 December 2021, primarily due to the growth of revenue and gross profit from the Group's property development business, net of the increase in write down on properties for sale, selling expenses and income tax expense.

Liquidity and Financial Resources

As at 31 December 2022, the Group had total assets of RMB1,358,573,000 (including restricted bank deposits and bank balances and cash of RMB150,452,000), which were financed by total equity of RMB796,637,000 and total liabilities of RMB561,936,000. The Group's working capital requirements were mainly fulfilled by its internal resources and bank borrowings during the year ended 31 December 2022.

Current ratio of the Group was 2.45 times as at 31 December 2022 (31 December 2021: 2.15 times (restated)). The Group had secured bank borrowings of RMB36,000,000 as at 31 December 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 divided by total equity, was 19.7% as at 31 December 2022 (31 December 2021: 17.5% (restated)).

Foreign Exchange Exposure

Major subsidiaries of the Company operate in the PRC and all the business transactions of the Group are denominated in RMB. Net foreign exchange gain for the year ended 31 December 2022 primarily resulted from the translation of the bank balances 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 31 December 2022, the Group pledged properties for development of approximately RMB132,177,000 to secure its bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had approximately 42 full-time employees, excluding the directors of the Company (“**the Directors**”), in the PRC. During the year ended 31 December 2022, the total staff costs, including Directors’ remuneration, was RMB9,484,000 (2021: RMB9,242,000). 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 (the “**CG Code**”) during the year ended 31 December 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 with all Directors, all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

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 2022.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2022 (2021: Nil).

EVENT AFTER THE REPORTING DATE

Save as disclosed in this announcement, there were no significant events that have occurred subsequent to the end of the reporting period of the Company and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on Thursday, 8 June 2023 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, 5 June 2023 to Thursday, 8 June 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 2 June 2023.

EXTRACT OF INDEPENDENT AUDITORS’ REPORT

HLB Hodgson Impey Cheng Limited (“**HLB**”), the Company’s auditors, have informed the Company that they will include a section of “emphasis of matter” in the independent auditors’ report on the financial statements of the Group for the year ended 31 December 2022 to the shareholders of the Company, the details of which are set out as follows:

“Without qualifying our opinion, we draw attention to Note 5 to the financial statements which states that the Company has made certain prior year’s adjustments to restate the consolidated financial statements for the year ended 31 December 2021”

For details of the prior year adjustments, please refer to note 4 to the consolidated financial statement in this announcement.

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 2022, 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 2022 have been agreed by the Company’s auditors, HLB, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB 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 HLB 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 2022 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 2023.

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

Hong Kong, 31 March 2023

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.