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奇点国际有限公司
Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

(in RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2022	2021
Revenue	**128,452**	161,840
Gross profit	**15,653**	16,179
Gross profit margin	**12.2%**	10.0%
Loss before tax	**(32,472)**	(29,038)
Loss for the period	**(32,466)**	(29,056)
Loss for the period attributable to owners of the Company	**(31,775)**	(26,122)
Basic loss per share (RMB)	**(0.14)**	(0.16)

The board (the "**Board**") of directors (the "**Directors**") of Qidian International Co., Ltd. (the "**Company**") herewith announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021. The unaudited condensed consolidated interim results of the Group have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**Unaudited 30 June 2022 RMB'000**	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**119,554**	128,893
Right-of-use assets		**54,892**	65,707
Investment properties		**32,603**	33,064
Intangible assets		**962**	1,037
Equity investment designated at fair value through other comprehensive income		**600**	600
		208,611	229,301
Current assets			
Inventories		**56,289**	51,466
Trade and bills receivables	3	**6,890**	6,772
Prepayments, deposits and other receivables	4	**27,658**	47,716
Restricted bank deposits		**12,441**	10,600
Cash and cash equivalents		**15,421**	14,619
		118,699	131,173
Total assets		**327,310**	360,474
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	5	**29,174**	29,174
Reserves		**(412,684)**	(380,909)
		(383,510)	(351,735)
Non-controlling interests		**18,153**	18,844
Total equity		**(365,357)**	(332,891)

	Notes	**Unaudited 30 June 2022 RMB'000**	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	8	**331,543**	270,626
Lease liabilities		**18,322**	28,113
Provision for reinstatement costs		**486**	486
		350,351	299,225
Current liabilities			
Trade and bills payables	6	**131,981**	127,717
Accruals and other payables	7	**33,628**	40,365
Contract liabilities		**23,763**	19,277
Borrowings	8	**81,990**	135,053
Lease liabilities		**17,031**	16,781
Other current liabilities		**53,560**	53,560
Provision for litigations		**201**	1,225
Provision for reinstatement costs		**162**	162
		342,316	394,140
Total liabilities		**692,667**	693,365
Total equity and liabilities		**327,310**	360,474
Net current liabilities		**(223,617)**	(262,967)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	Unaudited Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenue	9	**128,452**	161,840
Cost of sales		**(112,799)**	(145,661)
Gross profit		**15,653**	16,179
Other income	10	**3,061**	4,888
Other gains – net		**452**	4,495
Selling and marketing expenses		**(18,978)**	(25,253)
Administrative expenses		**(20,802)**	(16,694)
Operating loss		**(20,614)**	(16,385)
Finance income		**102**	13
Finance costs		**(11,960)**	(12,666)
Finance costs – net	12	**(11,858)**	(12,653)
Loss before income tax	11	**(32,472)**	(29,038)
Income tax credit/(expense)	13	**6**	(18)
Loss for the period		**(32,466)**	(29,056)
Attributable to:			
– Equity holders of the Company		**(31,775)**	(26,122)
– Non-controlling interests		**(691)**	(2,934)
		(32,466)	(29,056)
Loss per share for loss attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	14	**(0.14)**	(0.16)
Dividends	15	**—**	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Total comprehensive loss for the period	**(32,466)**	(29,056)
Attributable to:		
– Equity holders of the Company	**(31,775)**	(26,122)
– Non-controlling interest	**(691)**	(2,934)
	(32,466)	(29,056)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business of the Group is located at 6/F, Huiyin Building No. 539 Wenchang Zhong Road, Yangzhou City, Jiangsu Province, PRC.

The Company is principally engaged in investment holding. The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services in the People's Republic of China (the "**PRC**").

The shares of the Company ("**Shares**") were listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 25 March 2010.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and equity investment designated at fair value through other comprehensive income which are measured at fair value, and in accordance to Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2021 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**").

The condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company and all values are rounded to the nearest thousands (RMB'000), unless otherwise indicated.

In preparing these condensed consolidated interim financial statements, the Directors have considered the operation of the Group as a going concern notwithstanding that the Group incurred a net loss of approximately RMB32,466,000 for the six months ended 30 June 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB223,617,000. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors considered that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements, having given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The ability of the Group to continue as a going concern depends on the ongoing availability of finance to the Group, including the financial support from the parent company of a substantial shareholder of the Company.

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the following:

(i) The Company obtained financial support from 重慶聖商信息科技有限公司 (Chongqing Saint Information Technology Co., Ltd.*) ("**Chongqing Saint**"), the parent company of a substantial shareholder of the Company (i.e. Noble Trade International Holdings Limited), under which Chongqing Saint has given an irrevocable undertaking that it would provide financial support to the Group to meet its financial obligations for a maximum amount of RMB400 million for a period of 18 months from the date of approval of the audited financial statements for the year ended 31 December 2021.

(ii) The Group will continue to carry out cost control measurement in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs.

Based on the Group's cash flow projections, which cover a period of twelve months from the date of the approval of these condensed consolidated interim financial statements and taking into account the available financial resources, the Directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the Directors consider that it is appropriate to prepare these condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated interim financial statements.

* For identification purpose only

Application of new and amendments to HKFRSs

Except for the application of new and amendments to HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2022, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those adopted in the preparation of audited financial statements for the year ended 31 December 2021.

For the six months ended 30 June 2022, the Group has applied all new and amendments to HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 January 2022. The application of the new and amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

3. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade receivables	**26,844**	26,779
Less: Provision for impairment	**(19,954)**	(20,007)
Trade receivables, net	**6,890**	6,772
Bills receivable	**—**	—
Trade and bills receivables, net	**6,890**	6,772

The credit terms granted to customers by the Group ranges from 30 days to 90 days. The maturity of bills receivable ranges from 3 months to 6 months.

The aging analysis of trade receivables based on invoice date, before provision for impairment, as at the end of the reporting period is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
0 - 90 days	**5,346**	5,074
91 - 365 days	**1,240**	1,394
1 year - 2 years	**645**	638
2 years - 3 years	**611**	671
Over 3 years	**19,002**	19,002
Total	**26,844**	26,779

All trade and bills receivables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

The maximum exposures of the Group to credit risk from trade and bills receivables as at the end of the reporting period were the carrying value of trade and bills receivables mentioned above. The Group does not hold any collateral as security.

4. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Prepayments to suppliers	**15,273**	24,557
Deposits	**668**	650
Value added tax recoverable	**7,685**	19,151
Staff advances	**1,089**	1,180
Others	**2,943**	2,178
	27,658	47,716

The prepayments, deposits and other receivables of the Group are denominated in RMB and their carrying amounts were approximate to their fair values as at the reporting date.

5. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Par value	Number of ordinary Shares	Nominal value of ordinary Shares USD	Equivalent nominal value of ordinary Shares RMB'000
Authorised:				
At 1 January 2021	US$0.02	200,000,000	4,000,000	24,147
Increase of authorised shares (note a)	US$0.02	400,000,000	8,000,000	48,297
At 31 December 2021, 1 January 2022 and 30 June 2022	US$0.02	600,000,000	12,000,000	72,444
Issued and fully paid				
At 1 January 2021		182,733,120	3,654,662	24,512
Issuance of new shares (b)	US$0.02	36,546,624	730,932	4,662
At 31 December 2021, 1 January 2022 and 30 June 2022		219,279,744	4,385,594	29,174

Notes:

(a) On 31 May 2021, the Company has increased the authorised shares capital of the Company from US$4,000,000 divided into 200,000,000 shares to US$12,000,000 divided into 600,000,000 shares.

(b) On 2 June 2021, the Company allotted and issued 36,546,624 new shares to the subscriber at the subscription price of HK$1.14 per subscription share. All the subscription shares of approximately HK$41,663,000 payable by subscriber to settle the shareholders' loan of approximately HK$40,734,000 and the remaining balance of approximately HK$929,000 was settled by cash.

6. TRADE AND BILLS PAYABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade payables	**124,781**	117,117
Bills payable	**7,200**	10,600
	131,981	127,717

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days for both reporting periods.

Aging analysis of trade payables based on invoice date as at the end of the reporting period is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
0 - 30 days	**5,628**	5,138
31 - 90 days	**2,124**	833
91 - 365 days	**7,969**	7,725
1 year - 2 years	**5,687**	4,595
2 years -3 years	**4,930**	2,303
Over 3 years	**98,443**	96,523
	124,781	117,117

The trade and bills payables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

7. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Salary and welfare payables	**2,498**	2,068
Accrued expenses	**18,826**	15,542
Deposits	**3,606**	3,468
Value added tax and other tax payables	**1,408**	1,506
Amount due to a shareholder	**5,057**	5,057
Others	**2,075**	12,566
Amount due to Chongqing Saint	**158**	158
	33,628	40,365

8. BORROWINGS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Non-current		
Bonds payables	**7,616**	8,525
Other borrowings	**323,927**	262,101
	331,543	270,626
Current		
Bank borrowings	**2,000**	2,000
Other borrowings	**79,990**	133,053
	81,990	135,053
	413,533	405,679

9. REVENUE AND SEGMENT INFORMATION

(i) Revenue

The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phone and computers and import and general merchandise and provision of maintenance and installation services in the PRC.

Disaggregation of revenue from contracts with customers is as follows:

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Types of goods and services		
Sales of goods	**126,815**	161,250
Rendering of services		
– Maintenance and installation service	**1,637**	590
Total revenue	**128,452**	161,840
Timing of revenue recognition		
A point in time	**128,452**	161,840

(ii) Segment Information

The Group is principally engaged in the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services in the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

10. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Rental income from investment properties	**1,868**	1,078
Maintenance and repairment service	**228**	3,340
Other	**965**	470
	3,061	4,888

11. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cost of merchandise sold	**112,586**	145,351
Employee benefit expenses - including the Directors' emoluments	**11,678**	12,151
Amortisation of right-of-use assets	**10,815**	9,855
Depreciation of property, plant and equipment	**3,621**	4,405
Depreciation of investment properties	**461**	507
Amortisation of intangible assets	**75**	79
(Reversal)/Provision for obsolescence on inventories	**(135)**	727
(Reversal)/Provision for impairment on trade receivables	**(53)**	84

12. FINANCE COSTS – NET

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance costs		
– Interest expenses on bank borrowings	**38**	89
– Interest expenses on advances from third parties and related parties	**9,754**	8,988
– Interest expenses on bonds payables	**510**	249
– Net foreign exchange loss	**49**	—
Interest expenses on lease liabilities	**1,609**	3,340
	11,960	12,666
Finance income		
– Interest income on bank deposits	**(102)**	(13)
Finance costs – net	**11,858**	12,653

13. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Income tax (credit)/expenses	**(6)**	18

(a) Hong Kong profits tax

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong for the six months ended 30 June 2022 (2021: Nil).

(b) PRC enterprise income tax

Under the Corporate Income Tax Law of the PRC, the enterprise income tax rate applicable to the subsidiaries located in mainland China is 25% (2021: 25%).

14. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unaudited Six months ended 30 June **2022**	 2021
Loss attributable to equity holders of the Company (RMB'000)	**(31,755)**	(26,122)
Weighted average number of ordinary shares in issue ('000)	**219,280**	159,311
Basic and diluted loss per share (RMB)	**(0.14)**	(0.16)

The computation of diluted loss per share for the six months ended 30 June 2022 and 2021 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as such assumed exercise would decrease the loss per share for both of the six months ended 30 June 2022 and 2021.

15. INTERIM DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) and the Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

There were domestic pandemic outbreaks in various places in the first half of 2022, which have a relatively large impact on the industrial chain and supply chain. Unstable factors increased internationally, with the Russia-Ukraine conflict which is difficult to be resolved in short term. Some countries, especially developing countries with relatively poor economic foundations, may suffer difficulties of food, energy and debt. With the high inflation in the United States and Europe, a continuous increase in interest may magnify the risk of hard landing of relevant economies. The macro environment remained locked in a stalemate in the first-half of the year.

BUSINESS REVIEW

During the reporting period, under the macro environment of the repeated pandemic situation, slowdown of economic growth and frequent external black swan events, government agencies including the Ministry of Housing and Urban-Rural Development, Central Bank and local governments, published policies regarding releasing housing demand, government-subsidized housing construction standard and adjustment of mortgage interest rate floor for many times. Each local government also successively published supporting measures, including stimulation of end consumer demand of home appliance industry. As a retail sales enterprise of household appliances, the Group continuously promotes optimization and improvement in various aspects such as alliance among different industries, aftersales and logistics support, enterprise culture, informatization system, digitalization and internal control system. The Group continuously promotes work from the aspects below:

1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUS ON MARKETING AND PAY ATTENTION TO MARKETING RETURN OF EMERGING CHANNELS

Under the macro environment of the slowdown of economic growth and frequent external black swan events, corporates of consumer goods are facing greater challenges, which brings larger demand for differentiated and refined operations. Channels of post-pandemic are changing obviously. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development bonus period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, despite pressures during the pandemic, there is an integration tendency of home appliance channel front-loading with home construction materials, constantly refining and expanding lower tier markets.

The Group, as a home appliance chain retailer in the third- and fourth-tier cities, on the one hand, further explores channels for marketing, and on the other hand, promotes the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable, cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live, short video, wechat community and the like, so as to improve the Group's retail performance.

2. ESTABLISHING A DATA PROCESSING PLATFORM TO PROMOTE DIGITAL-BASED RETAIL

According to the Statistical Reports on Internet Development in China (hereafter referred to the "Report"), as of December 2021, the scale of Internet users in China has reached 1.032 billion, representing an increase of 42.96 million as compared to December 2020, and the Internet penetration rate has reached 73.0%. Digitalization is reconstructing the channel and retail model of home appliances and is accelerating at an unimaginable speed especially since the outbreak of the COVID-19 pandemic. Whether it can effectively embrace digitization and promote channel reform is the key to the future development of home appliance enterprises.

In future, the Group will continue to accelerate the digital-based retail in stores and gradually establish a data processing platform to enable it to solve issues on information exchange and data sharing, which will lead to a more accurate and clearer category planning. The Group will promote Uni Marketing, and conduct more effective marketing activities with precise data analysis. Through the layout of data platform and multichannel, the customers profiles can be improved, which helps digitalize customer information and achieve precise positioning and customized development. The Group will realize digitalization of all the processes of sales, process logistics, and warehousing by applying new technologies, so as to improve the commodity turnover efficiency. The Group will attach great importance in improving the digital experience with customer needs as the core, and establish a complete experience closed-loop centering on customers and integrating display, communication, trial, transaction and service, which enhances the Group's competitiveness of comprehensive market.

3. GEARING UP THE MARKET SHARE OF DIVERSIFIED HOME APPLIANCES UNDER THE BACKGROUND OF SUPPLY-AND-DEMAND UPGRADING

On the policy front, as a result of the PRC's efforts to strengthen the fundamental role of consumption in economic development, high-quality consumption has been comprehensively promoted. On the demand front, there were 180 million new middle-class consumers in China, and the number of middle-class families reached 33.20 million. On the technology front, with the rapid development of 5G and the Internet of Things, the penetration of high-end home appliances has accelerated. Under various favorable policies, potential customers are being gradually guided to mid-to-high-end home appliances.

In such context, during the reporting period, the Group focused on selecting healthy and smart home appliances, and placed particular emphasis on the integration and systematic construction of technical functions of home appliances, while adhering to the concept of a comfortable home and promoting the sale of green and environmental-friendly home appliances. Meanwhile, the Group adjusted its product selection strategy in a timely manner. Under the guidance of the policy of building a smart home ecosystem, it spent more effort in selecting healthy and smart home appliances with extra emphasis on the health and smart functions and product personalization demands. As a part of its diversified home appliance marketing strategy, the Group introduced mid-to-high-end products for white home appliances (such as refrigerators, washing machines and air-conditioners) and continuously introduced integrated stoves, dishwashers and embedded products for kitchen appliances.

FINANCIAL REVIEW

REVENUE

For the six months ended 30 June 2022, the Group's revenue was approximately RMB128.5 million, representing a decrease of 20.6% from approximately RMB161.8 million for the six months ended 30 June 2021.

Turnover of the Group comprising revenues by operations is as follows:

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Types of goods and services		
Sales of goods	**126,815**	161,250
Rendering of services		
– Maintenance and installation service	**1,637**	590
Total revenue	**128,452**	161,840

COST OF SALES

For the six months ended 30 June 2022, the cost of sales of the Group was approximately RMB112.8 million, decreased by 22.6% from approximately RMB145.7 million for the six months ended 30 June 2021, which was due to a decrease of sales volume.

GROSS PROFIT

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB15.7 million, decreased by 3.1% from approximately RMB16.2 million for the six months ended 30 June 2021.

OTHER INCOME

For the six months ended 30 June 2022, other income recorded by the Group amounted to approximately RMB3.1 million, representing a decrease of 36.7% in comparison to approximately RMB4.9 million for the six months ended 30 June 2021.

OTHER GAINS

For the six months ended 30 June 2022, the Group recorded other net gains of approximately RMB0.5 million, representing a decrease of 88.9% from approximately RMB4.5 million for the six months ended 30 June 2021.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2022, the Group's total selling and marketing expenses amounted to approximately RMB19.0 million, representing a decrease of 24.9% from approximately RMB25.3 million for the six months ended 30 June 2021.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2022, the Group's total administrative expenses amounted to approximately RMB20.8 million, increased by 24.6% from approximately RMB16.7 million for the six months ended 30 June 2021.

OPERATING LOSS

For the six months ended 30 June 2022, the operating loss amounted to approximately RMB20.6 million, increased by 25.6% from approximately RMB16.4 million for the six months ended 30 June 2021.

FINANCE COSTS-NET

For the six months ended 30 June 2022, the net financial cost of the Group amounted to approximately RMB11.9 million, representing a decrease of 6.3% in comparison to approximately RMB12.7 million for the six months ended 30 June 2021.

LOSS BEFORE INCOME TAX

For the six months ended 30 June 2022, the loss before income tax amounted to approximately RMB32.5 million, while it was approximately RMB29.0 million for the six months ended 30 June 2021.

INCOME TAX EXPENSE

For the six months ended 30 June 2022, the income tax credit of the Group amounted to approximately RMB6,000, while the income tax expense was approximately RMB18,000 for the six months ended 30 June 2021.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately RMB31.8 million, while there was loss attributable to equity holders of approximately RMB26.1 million for the six months ended 30 June 2021.

CASH AND CASH EQUIVALENTS

As at 30 June 2022, the Group's cash and cash equivalents were approximately RMB27.9 million, representing an increase of 10.7% from approximately RMB25.2 million as at 31 December 2021.

INVENTORIES

As at 30 June 2022, the Group's inventories amounted to approximately RMB56.3 million, representing an increase of 9.3% from approximately RMB51.5 million as at 31 December 2021.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2022, prepayments, deposits and other receivables of the Group amounted to approximately RMB27.7 million, representing a decrease of 41.9% from approximately RMB47.7 million as at 31 December 2021.

TRADE AND BILLS RECEIVABLES

At 30 June 2022, trade and bills receivables of the Group amounted to approximately RMB6.9 million, representing an increase of 1.5% from approximately RMB6.8 million as at 31 December 2021.

TRADE AND BILLS PAYABLES

At 30 June 2022, trade and bills payables of the Group amounted to approximately RMB132.0 million, representing an increase of 3.4% from approximately RMB127.7 million as at 31 December 2021.

GEARING RATIO AND THE BASIS OF CALCULATION

As at 30 June 2022, gearing ratio of the Group was 211.6%, in comparison to 192.0% as at 31 December 2021. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2022, the Group's cash and cash equivalents (excluding the restricted cash) were approximately RMB15.4 million (31 December 2021: approximately RMB14.6 million).

The net current liabilities of the Group were approximately RMB223.6 million (31 December 2021: approximately RMB263 million), which consisted of current assets of approximately RMB118.7 million (31 December 2021: approximately RMB131.2 million) and current liabilities of approximately RMB342.3 million (31 December 2021: approximately RMB394.1 million).

The Group manages its capital structure to finance its overall operation by using different sources of funds. As at 30 June 2022, the interest-bearing borrowings of the Group amounted to approximately RMB413.5 million, increased from approximately RMB405.7 million as at 31 December 2021. As at 30 June 2022, the Group's borrowings were denominated in RMB and Hong Kong Dollar with fixed interest rate ranging from 4.5% to 6.5%.

PLEDGING OF ASSETS

As at 30 June 2022, certain land use rights, buildings and investment properties with a total net book value of approximately RMB169 million had been pledged.

INVESTMENT PROPERTIES

The Group's investment properties as of 30 June 2022 and 31 December 2021 represent certain properties receiving rental income during the respective reporting periods. Details of the investment properties of the Group as at 30 June 2022 and 31 December 2021 are as follows:

Address	Existing Use	Term of Lease
Guangling Industrial Park, Building 6, West of Shawan Road on the south side of Yinyan Road in Guangling Industrial Park (Huiyin Home Appliances), Jiangsu, PRC	Factory	Medium-term lease
Buildings 4, 5 and 6, No. 18 Gudu Road, Yangzhou Economic & Technology Development Zone, Jiangsu, PRC	Warehouse	Medium-term lease
Building 7, No. 18 Gudu Road, Yangzhou Economic & Technology Development Zone, Jiangsu, PRC	Warehouse	Medium-term lease
Building 6-10, No. 277 Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu, PRC	Shop	Medium-term lease

FOREIGN CURRENCIES AND TREASURY POLICY

All the income and the majority of expenses of the Group were denominated in RMB. During the six months ended 30 June 2022, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

LITIGATION AND CONTINGENCIES

As at 30 June 2022, the Group had no significant contingent liabilities.

INTERIM DIVIDEND

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

EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region. Our management receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments.

The remuneration of other employees of the Group comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group participates in different social welfare plans for the employees.

HUMAN RESOURCES

As at 30 June 2022, the Group had 278 employees, decreased by 7.9% from 302 employees as at 31 December 2021.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not hold any significant investments, the fair value of which accounted for more than 5% of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have any plans for future material investments and capital assets with established and legally enforceable contracts for the coming year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2022.

FUTURE OUTLOOK

Overall, in the second half of the year, with the weakening of pandemic, marginal easing of real estate policy and effect of consumption subsidy, residents' consumption willingness is expected to recover, together with the recovery and prosperity of home appliance industry.

1. THE MARGINAL EASING OF REAL ESTATE POLICY HAS BEEN RELEASED, WHICH STRENGHTHENS THE MERKING AND HOUSE APPLIACES

On 8 April 2022, the "23 Measures" clearly proposed for the first time support policies on both sides of the supply and demand of real estate at the policy level, implemented differentiated housing credit policies on the demand side, and increased financial support for housing enterprises on the supply side; on 29 April 2022, it increased attention to improvement needs and broadened the financing channels for housing enterprises; on 25 May 2022, it proposed 11 specific measures for the steady and healthy development of the real estate market, such as increasing the support for personal housing mortgage loans. These policies have entered a substantial implementation stage, with demand-side adjustments and clearer signals of a reviving market.

Home appliances have strong decoration attributes and are a typical industry of the latter real estate cycle. From the perspective of the transmission chain, large home appliance products such as kitchen appliances and white home appliances are more affected by real estate, while small home appliance products are relatively less affected. In general, the growth in the size of the home appliance market can be divided into volume and price growth, of which volume growth is mainly divided into new demand and renewal demand. The performance of real estate mainly affects the new housing demand in volume growth, as well as the increase in the household appliance ownership in existing homes and renewal demand.

In the future, the Group will, on the one hand, focus on analysing macro and relevant industry policies, and study the impact of policies on home appliance products. On the other hand, the Group will adjust its marketing strategies in a timely manner, and appropriately increase the sales of kitchen appliances, white appliances and other major home appliances according to the policies and increase sales.

2. STIMULATED BY TERMINAL DEMAND, CONTINUE TO STRENGTHEN THE INTEGRATION OF ONLINE AND OFFLINE

In 2022, it is encouraged in the Report on the Work of the Government that local areas shall conduct green smart home appliances going to the countryside and renewal of home appliances, improve product and service quality, strengthen consumer rights protection, make efforts to meet the needs of customers and increase their willingness to consume. At the same time, in response to the repeated impact of the pandemic on consumer confidence, consumer coupons have been issued for home appliances in many places. According to incomplete statistics from China Business Daily, about 40 regions across the country have issued consumer coupons, with a cumulative amount of over 5 billion issued, and an amount of over 500 million issued for the home appliance industry. Most of the supplementary discount rates are 10%-15%.

Stimulated by the demand for retail terminals, as a home appliance retailer in third- and fourth-tier cities, the Group will make full use of the policy dividends, and under the expansion of consumer demand, it will increase its efforts to promote channel reform, focus on the integration of online and offline, fully leverage on their own advantages of online and offline and are committed to improving the retail performance of home appliances.

3. EXPLORE AND STUDY NEW BUSINESS AREAS, CONTINUOUS IMPROVEMENT ON CAPABILITIES AND PROFITABILITY

During the reporting period, while continuing to strengthen the home appliance business, on the one hand, the management of the Group pays attention to strengthening the study on macroeconomic policies, the development trend of the household appliance industry and competing companies, and explore to strengthen the sales of green, environmental and mid-to-high-end home appliances under the upgrading of supply and demand in the household appliance industry, so as to lay out a diversified home appliance sales pattern. On the other hand, the Group organized the management team to participate in forums related to macroeconomic policy and industry development, so as to understand the development trends of the industry in real time and strengthen exchanges and discussions between the industry and different industries. Moreover, the management team was arranged to carry out field visits and research on some high-margin projects, aiming to further explore new business areas and improve the profitability of the group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing corporate governance, and the Board reviews and updates all necessary measures from time to time in order to promote good corporate governance.

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2022.

AUDIT COMMITTEE

During the six months ended 30 June 2022, the Audit Committee comprises the Independent Non-executive Directors, namely Mr. Zhao Jinyong, Mr. Chen Rui and Mr. Fung Tak Choi, including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

As of the date of this announcement, the composition of the Audit Committee is in compliance with related requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the period from 1 January 2022 to 30 June 2022, and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Up to the date of this announcement, apart from the daily business activities of the Company, there has been no significant event after the reporting period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2022 Interim Report of the Company will be dispatched to shareholders of the Company and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hyjd.com in due course. This announcement can also be accessed on these websites.

By Order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Yangzhou, PRC, 4 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, namely Mr. Yuan Li, Mr. Xu Xinying and Ms. Liu Simei; one non-executive Director, namely Ms. Xu Honghong, and three independent non-executive Directors, namely Mr. Zhao Jinyong, Mr. Chen Rui and Mr. Fung Tak Choi.