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 2017

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 2017 together with the comparative figures for the previous year which are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**355,869**	158,125
Cost of sales		**(294,767)**	(112,251)
Gross profit		**61,102**	45,874
Other income		**3,257**	3,786
Other losses		**(2,969)**	(1,519)
Fair value change of investment properties	*8*	**13,210**	9,307
Selling expenses		**(8,433)**	(7,075)
Administrative expenses		**(17,742)**	(12,138)
Finance costs		**(1,435)**	(326)
Deemed listing expenses		**–**	(542,104)
Profit (loss) before tax		**46,990**	(504,195)
Income tax expense	*5*	**(24,818)**	(14,325)
Profit (loss) and total comprehensive income (expense) for the year	*6*	**22,172**	(518,520)
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**21,695**	(518,956)
Non-controlling interests		**477**	436
		22,172	(518,520)
		RMB	***RMB***
Earnings (loss) per share	*7*		
— Basic		**0.37 cents**	(11.76) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	NOTES	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**502**	279
Investment properties	*8*	**112,827**	104,985
Deferred tax assets	*12*	**5,660**	8,690
Time deposits		**70,000**	–
		188,989	113,954
CURRENT ASSETS			
Properties held-for-sale	*9*	**675,952**	813,106
Trade and other receivables		**39,369**	50,874
Prepaid land appreciation tax		**13,437**	4,761
Restricted bank deposits		**38,348**	46,820
Time deposits, bank balances and cash		**80,851**	128,485
		847,957	1,044,046
Assets classified as held-for-sale	*10*	**774**	23,522
		848,731	1,067,568
CURRENT LIABILITIES			
Trade payables		**3,304**	30,080
Other payables and accruals		**107,744**	114,977
Pre-sales proceeds received on sales of properties	*11*	**242,733**	281,720
Pre-sales proceeds received on sales of investment properties	*10*	**260**	8,722
Secured bank borrowings		**–**	99,900
Income tax and land appreciation tax payable		**33,228**	21,699
		387,269	557,098
NET CURRENT ASSETS		**461,462**	510,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**650,451**	624,424
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*12*	**22,358**	18,503
NET ASSETS		**628,093**	605,921
CAPITAL AND RESERVES			
Share capital	*13*	**25,451**	25,451
Reserves		**592,868**	571,173
Equity attributable to owners of the Company		**618,319**	596,624
Non-controlling interests		**9,774**	9,297
TOTAL EQUITY		**628,093**	605,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Jiande International Holdings Limited was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and Room 1910, Fortress Tower, 250 King's Road, North Point, Hong Kong, respectively. The principal activities of the Company is investment holding and its subsidiaries are principally engaged in property development in the People's Republic of China (the "**PRC**"). In the opinion of the directors of the Company, as at 31 December 2017, the ultimate holding companies are Fame Build Holdings Limited and Talent Connect Investments Limited, companies incorporated in the British Virgin Islands with limited liabilities on 16 June 2014 and 13 June 2014 which are wholly owned by Mr. Shie Tak Chung and Mr. Tsoi Kin Sze, respectively (collectively referred as the "**Vendors**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

On 25 October 2016, a very substantial acquisition and reverse takeover of the Company involving a new listing application was completed. The Company acquired the entire issued share capital of China General (HK) Company Limited ("**China General**"), a company incorporated in Hong Kong with limited liability, from the Vendors in consideration of the allotment of 4,086,592,788 ordinary shares of the Company to the Vendors in equal shares (the "**Acquisition**").

The substance of the Acquisition was a reverse asset acquisition of a listed non-operating shell company by issuing equity instruments of the Company and such Acquisition is accounted for as an equity-settled share-based payment transaction under HKFRS 2 Share-Based Payment. For accounting purpose, the Company is deemed to have been acquired by China General which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the China General and its subsidiaries and the results of the Company have been consolidated to the China General's consolidated financial statements since the completion of the Acquisition.

Further details of the Acquisition are set out in the Company's circular dated 29 February 2016.

3. APPLICATION OF NEW AND REVISED HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Except for the new and amendments to HKFRSs and Interpretations mentioned above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on consolidated financial statements in the foreseeable future.

4. 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.

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each property development project constitutes an operating segment and the Group currently operated two property development projects called Binjiang International Project and The Cullinan Bay Project. Over 97% (2016: 80%) of revenue for the year ended 31 December 2017 is derived from The Cullinan Bay Project. The management of the Group assesses the performance of the reportable segment based on the revenue for the year of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. The accounting policies of the operating segment are the same as the Group's accounting policies.

As all the property development projects have similar economic characteristics and are similar in the nature of property development and business processes, the type or class of customers and the methods used to distribute the properties, thus all property development projects were aggregated as one reportable segment. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Entity-wide disclosures

Revenue from major products

Revenue during the years ended 31 December 2017 and 2016 mainly represents sales of residential properties in property development projects as mentioned above 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

There is no single customer or a group of customers under common control which contributed over 10% of the Group's revenue for the years ended 31 December 2017 and 2016.

5. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**12,468**	8,923
PRC Land Appreciation Tax ("**LAT**")	**5,465**	4,278
	17,933	13,201
Deferred tax *(note 12)*	**6,885**	1,124
	24,818	14,325

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Current tax provision represents provision for PRC EIT and PRC LAT. Under the Law of People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

In addition, under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

6. PROFIT (LOSS) FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,197**	1,181
Depreciation of plant and equipment	**223**	426
Rental expense in respect of rented premise under operating lease	**114**	99
Gross rental income from investment properties	**(644)**	(2,452)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**96**	458
	(548)	(1,994)
Cost of properties held-for-sale recognised as an expenses	**286,823**	99,645
Staff costs		
— salaries and allowances	**4,233**	3,805
— retirement benefits scheme contributions	**733**	914
Total staff costs, excluding directors' remunerations	**4,966**	4,719

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:

	2017	2016
	RMB'000	*RMB'000*
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	**21,695**	(518,956)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,837,990**	4,411,989

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2017 is determined by reference to the number of ordinary shares outstanding during the year.

The weighted average number of shares used for the purpose of calculating basic loss per share for the year ended 31 December 2016 is determined by reference to number of ordinary shares issued for the Acquisition and the number of ordinary shares outstanding after completion of the Acquisition.

No diluted earnings (loss) per share for the year ended 31 December 2017 and 2016 is presented because the Group did not have any potential ordinary shares outstanding during both years.

8. INVESTMENT PROPERTIES

	Completed investment properties
	RMB'000
FAIR VALUE	
At 1 January 2016 (unaudited) (restated)	119,200
Net fair value change recognised in profit or loss	9,307
Reclassified as held-for-sale *(note 10)*	(23,522)
At 31 December 2016	104,985
Net fair value change recognised in profit or loss	13,210
Disposal	(4,594)
Reclassified as held-for-sale *(note 10)*	(774)
At 31 December 2017	112,827

	2017	2016
	RMB'000	*RMB'000*
Unrealised gains on investment properties revaluation included in consolidated statement of profit or loss and other comprehensive income	**12,467**	9,307

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Details of the Group's investment properties as at the end of the reporting period are as follows:

	2017	2016
	RMB'000	*RMB'000*
Civil defense car parking spaces	**29,538**	30,700
Car parking spaces	**70,489**	61,685
A kindergarten property	**12,800**	12,600
	112,827	104,985

9. PROPERTIES HELD-FOR-SALE

Properties held-for-sale in the consolidated statement of financial position comprise:

	2017	2016
	RMB'000	*RMB'000*
Properties held-for-sale		
Properties under development	**369,937**	653,541
Completed properties	**306,015**	159,565
	675,952	813,106

All of the properties under development and completed properties are located in Fujian Province and Jiangsu Province of the PRC. All the properties held-for-sale are stated at cost.

10. ASSETS CLASSIFIED AS HELD-FOR-SALE AND PRE-SALES PROCEEDS RECEIVED ON SALES OF INVESTMENT PROPERTIES

The major classes of assets classified as held-for-sale as at 31 December 2017 and 2016 are as follow:

	2017	2016
	RMB'000	*RMB'000*
Assets classified as held-for-sale:		
Investment properties	**774**	23,522

During the years ended 31 December 2017 and 2016, the Group entered into provisional leasing agreements with independent third parties to sell legal titles of car parking spaces and the rights of use of car parking spaces for 20 years and grant an occupancy right to extend additional 20 years at a nominal amount. As at 31 December 2017 and 2016, the Group received sale deposits regarding sales of investment properties approximately to RMB260,000 and RMB8,722,000, respectively. The directors of the Company considered the terms of the lease will transfer substantially all the risks and rewards of the car parking spaces to the lessees and would derecognise the car park spaces as investment properties when the buyers start to use the car parking spaces. Accordingly, the investment properties which were expected to be sold within twelve months were classified as held-for-sale and were presented separately in the consolidated statement of financial position. During the year ended 31 December 2017, these investment properties classified as held-for-sale as at 31 December 2016 have been sold to the buyers or began to use by the lessees.

11. PRE-SALES PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sales proceeds received on sales of properties represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

12. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes.

	2017	2016
	RMB'000	*RMB'000*
Deferred tax assets	**5,660**	8,690
Deferred tax liabilities	**(22,358)**	(18,503)
	(16,698)	(9,813)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the years ended 31 December 2017 and 2016:

	Revaluation of investment properties	**LAT deferred tax**	**Deferred tax on pre-sales proceeds**	**Tax losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016 (unaudited) (restated)	(15,829)	(1,333)	6,611	1,862	(8,689)
(Charge) credit to profit or loss *(note 5)*	(2,803)	(413)	3,954	(1,862)	(1,124)
At 31 December 2016	(18,632)	(1,746)	10,565	–	(9,813)
Charge to profit or loss *(note 5)*	(5,052)	(370)	(1,463)	–	(6,885)
At 31 December 2017	(23,684)	(2,116)	9,102	–	(16,698)

13. SHARE CAPITAL

	Number of share capital *'000*	Amount *HK$'000*	Amount *RMB'000*
Authorised ordinary shares:			
At 1 January 2016 at HK$0.1 each	3,000,000	300,000	261,570
Capital Reorganisation implemented on 23 August 2016 comprised:			
— Capital Reduction	–	(298,500)	(260,262)
— Share Consolidation	(2,700,000)	–	–
— Authorised Share Capital Cancellation	(105,400)	(527)	(459)
— Authorised Share Capital Increase	99,805,400	499,027	435,102
At 31 December 2016 and 2017 at HK$0.005 each	100,000,000	500,000	435,951
Issued and fully paid ordinary shares:			
At 1 January 2016 at HK$0.1 each	1,945,997	194,600	169,672
Capital Reorganisation implemented on 23 August 2016 comprised:			
— Capital Reduction	–	(193,627)	(168,824)
— Share Consolidation	(1,751,397)	–	–
Open offer on 25 October 2016	389,199	1,946	1,697
Share subscription on 25 October 2016	1,167,598	5,838	5,090
Share allotment for acquisition of China General	4,086,593	20,433	17,816
At 31 December 2016 and 2017 at HK$0.005 each	5,837,990	29,190	25,451

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

14. CONTINGENT LIABILITIES

	2017	2016
	RMB'000	*RMB'000*
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	**547,639**	348,581

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The outstanding financial guarantee providing with guarantee period up to the full settlement of mortgage loan as at 31 December 2017 amounted to RMB547,639,000 (2016: RMB348,581,000). Pursuant to terms of the guarantees, for a given mortgage loan, if there is any default of the mortgage payments by a property buyer, the Group is responsible to repay to the bank outstanding balance of the mortgage loan as well as accrued interests and penalties owned by the defaulted property buyer. If the Group fails to do so, the mortgage bank will first deduct the bank balance existing in the bank owned by the property buyer. Any shortfall will be recovered through auction the underlying property and recover the remaining balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceed. The Group does not conduct independent credit checks on their property buyers but rely on the credit checks conducted by the mortgage banks.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties is expected to cover the outstanding mortgage principals together with the accrued interest and penalties. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

15. OTHER COMMITMENTS

	2017	2016
	RMB'000	*RMB'000*
Construction commitments in respect of properties under development contracted for but not provided in the consolidated financial statements	**168,441**	43,231

16. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transaction with a related party during the year ended 31 December 2017:

Name of related party	Nature	2017	2016
		RMB'000	*RMB'000*
德泰物業管理有限公司揚州分公司 Detai Property Management Company Limited (Yangzhou Branch)* ("**Detai Property Management**")	Property management services fee paid	**900,000**	–

Detai Property Management is beneficially owned by Mr. Shie Tak Chung and Mr. Tsoi Kin Sze, the directors of the Company.

* *English name is for identification purpose only*

INDUSTRY REVIEW

2017 was another challenging year for the Group and most of the real estate industry players in the PRC. During the year, local authorities of a number of cities continued or started to implement policies on purchase restrictions, credit tightening and sale limits to strictly follow the general principle of "houses are for living in, not for speculation". Both investment and sales in property sector had slowed, although the PRC nationwide commodity housing sales in 2017 reached approximately RMB13.4 trillion with a total gross floor area of approximately 1.69 billion square metres sold, representing year-on-year growth of 13.7% and 7.7% respectively, according to the National Bureau of Statistics.

BUSINESS REVIEW AND PROSPECT

During the year ended 31 December 2017, the Group remained focused on its two residential property projects, i.e. Binjiang International project in Quanzhou, Fujian Province and The Cullinan Bay project in Yangzhou, Jiangsu Province. The Group sold an aggregate of gross floor area of approximately 51,597 square metres of its completed properties for the year ended 31 December 2017 and had total gross floor area of approximately 35,380 square metres of its completed properties or properties under development pre-sold but undelivered as at 31 December 2017. In addition to ongoing sales of the existing completed property units in the Binjiang International and The Cullinan Bay projects, the Group continued to deliver the newly completed residential properties of Phase 1 of The Cullinan Bay project during the year while Phase 2 of The Cullinan Bay project was under construction.

The sales of properties in the Binjiang International and The Cullinan Bay projects will remain its major source of revenue for 2018. In terms of business strategy, the Group will keep focusing on the development of quality properties accompanied with a living community to customers, particularly in the third and fourth tier cities in the PRC where the needs of housing remain strong due to the PRC government's urbanization plans. The Group will also explore other business opportunities to maximize long-term shareholder value.

FINANCIAL REVIEW

Financial Performance

The Group's revenue for the year ended 31 December 2017 continued to be derived from the sale and delivery of properties of The Cullinan Bay and the Binjiang International projects to customers, net of discounts and sales related taxes. Revenue surged 125.1% from RMB158,125,000 for the year ended 31 December 2016 to RMB355,869,000 for the year ended 31 December 2017, primarily attributable to the increase in delivery of newly completed residential properties of The Cullinan Bay project during the year.

Along with the revenue growth, gross profit of the Group increased by 33.2% from RMB45,874,000 for the year ended 31 December 2016 to RMB61,102,000 for the year ended 31 December 2017, whereas the gross profit margin dropped from 29.0% for the year ended 31 December 2016 to 17.2% for the year ended 31 December 2017, mainly due to: (i) the inflation of cost of sales per square metre of newly delivered properties of The Cullinan Bay project; and (ii) the increase in revenue contribution from The Cullinan Bay project which generated a lower profit gross margin in comparison with the Binjiang International project.

Administrative expenses increased by 46.2% from RMB12,138,000 for the year ended 31 December 2016 to RMB17,742,000 for the year ended 31 December 2017 as the Company incurred additional administrative expenses, including Directors' remuneration and other incremental costs for advisory services and reporting as a result of being public, upon the resumption of trading of its shares on the Stock Exchange on 27 October 2016.

There were no deemed listing expenses incurred during the year ended 31 December 2017. Such expenses of RMB542,104,000 for the year ended 31 December 2016 was one-off in nature and represented the deemed consideration for acquiring the Company less fair value of the Company's identifiable assets acquired and liabilities assumed at the date of acquisition.

The Group reported a profit before tax of RMB46,990,000 for the year ended 31 December 2017, representing a turnaround from loss before tax of RMB504,195,000 for the year ended 31 December 2016. Taking out the one-off deemed listing expenses for comparison, profit before tax rose 24.0% as compared to the adjusted profit before tax of RMB37,909,000 for the year ended 31 December 2016 as a result of the improvement of gross profit which was partially offset by the increase in administrative expenses for the aforesaid reasons.

Income tax expenses, which consisted of the Enterprise Income Tax ("**EIT**") and the Land Appreciation Tax ("**LAT**") levied in the PRC as well as their deferred tax effect, increased by 73.2% from RMB14,325,000 for the year ended 31 December 2016 to RMB24,818,000 for the year ended 31 December 2017. As percentage of profit before tax, excluding the one off effect from deemed listing expenses, income tax expenses increased from 37.8% for the year ended 31 December 2016 to 52.8% the year ended 31 December 2017 primarily attributable to a additional deferred tax exposure of LAT and EIT in respect of fair value change of investment properties.

Liquidity and Financial Resources

As at 31 December 2017, the Group had total assets of RMB1,037,720,000 which were financed by total equity of RMB628,093,000 and total liabilities of RMB409,627,000.

The Group's working capital requirements were mainly financed by internal resources and bank borrowings. As at 31 December 2017 the Group had time deposits, bank balances and cash of RMB150,851,000 (2016: RMB128,485,000) and no bank borrowings (2016: RMB99,900,000).

Current ratio of the Group improved to 2.19 times as at 31 December 2017 (2016: 1.92 times). All bank borrowings of the Group had been repaid during the year ended 31 December 2017 as compared to a gearing ratio of 16.5% calculated based on total bank borrowings divided by total equity as at 31 December 2016.

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 year ended 31 December 2017 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 arises.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had approximately 35 full-time employees, excluding the Directors, in the PRC. During the year ended 31 December 2017, the total staff costs, excluding Directors' remuneration, was RMB4,966,000 (2016: RMB4,719,000). 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") — Corporate Governance Code and Corporate Governance Report (the "**CG Code**") during the year ended 31 December 2017.

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.

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 2017.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Thursday, 24 May 2018 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, 21 May 2018 to Thursday, 24 May 2018 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 18 May 2018.

AUDIT COMMITTEE

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 2017, including the accounting principles and practices adopted. The financial figures in this announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Company's auditors.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this results announcement, the Group has no significant events after the reporting period required to be disclosed.

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 2017 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 2018.

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

Hong Kong, 29 March 2018

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