JIANDE INTERNATIONAL HOLDINGS LIMITED
建德國際控股有限公司

(Formerly known as First Mobile Group Holdings Limited)
(前稱第一電訊集團有限公司)
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code : 865
股票代號 : 865

ANNUAL REPORT 2017
二零一七年年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shie Tak Chung *(Chairman)*
Mr. Tsoi Kin Sze *(Chief Executive Officer)*
Mr. Wu Zhisong
Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam
Mr. Zhang Senquan
Mr. Yang Quan

COMPANY SECRETARY

Mr. Wong Kin Tak *(ACCA, HKICPA)*

AUDITORS

Deloitte
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Loeb & Loeb LLP
21/F CCB Tower
3 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

WAG Worldsec Corporate Finance Limited
Suite 1101, 11/F Champion Tower
3 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House, Cricket Square,
Grand Cayman KY1-1001
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, Fortress Tower
250 King's Road
Hong Kong

REGISTERED OFFICE

P.O. Box 10008
Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

STOCK CODE

Listed on The Stock Exchange of Hong Kong Limited
under the stock code 00865

CORPORATE WEBSITE

www.jiande-intl.com

DIRECTORS' BIOGRAPHIES

Mr. Shie Tak Chung, aged 61, appointed as an executive director and the Chairman of the Company on 25 October 2016, is mainly responsible for the overall corporate development and strategic planning of the Group. Mr. Shie has over 10 years of management experience in the real estate industry in the PRC. Mr. Shie obtained a bachelor's degree majoring in International Economics and Trade from Xiamen University in January 2014 through online course. Mr. Shie holds a lot of important social positions, including committee member of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會委員), council member of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會理事), vice president of the board of directors of Hong Kong Federation of Fujian Associations (香港福建社團聯會董事會副主席), consultant of Fujian Chamber of Commerce (旅港福建商會顧問), deputy chairman of the Hong Kong Fujian Charitable Education Fund (香港福建希望工程基金會副主席), honorary president (life) of Shishi City Residents' Association (石獅市旅港同鄉公會永遠榮譽會長), honorary president (life) of the General Association of Xiamen (H.K.) Limited (香港廈門聯誼總會永遠名譽會長), council member of China Overseas Friendship Association (中華海外聯誼會理事), executive council member of Fujian Overseas Friendship Association (福建海外聯誼會常務理事), committee member of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會委員) and executive deputy chairman of Share-Happiness Benevolent Fund Limited (香港樂群慈善基金會有限公司常務副主席). He is the brother-in-law of Mr. Lee Lit Mo Johnny.

Mr. Tsoi Kin Sze, aged 48, appointed as an executive director and Chief Executive Officer of the Company on 25 October 2016, is mainly responsible for the overall operation management of the Group. Mr. Tsoi has over 10 years of management experience in the real estate industry in the PRC. Mr. Tsoi holds a lot of important social positions, including standing committee member of Fujian Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議福建省委員會常務委員), council member of Fujian Overseas Friendship Association (福建海外聯誼會理事), executive committee member of Shishi City CPPCC (石獅市政協常委), honorary president of China Charity Federation (石獅市中華慈善總會名譽會長) and chairman of Shishi Federation of Industry & Commerce (石獅市工商聯主席).

Mr. Wu Zhisong, aged 49, appointed as an executive director of the Company on 25 October 2016, is mainly responsible for the financial management and supervision of the Group. Mr. Wu has been the financial controller of Fujian Jiande Group Company Limited (福建建德集團有限公司) since December 2011 and was the financial controller of Shishi Jiande Property Development Company Limited (石獅市建德房地產有限公司) from August 2006 to December 2011. Prior to joining Shishi Jiande Property Development Company Limited, Mr. Wu worked as a civil servant at the National Tax Bureau of Quanzhou (泉州市國家稅務局). Mr. Wu holds important social positions, including representative of the Quangzhou Municipal People's Congress (泉州市人民代表大會代表), executive committee member of Shishi Federation of Industry & Commerce (石獅市工商聯常委) and chairman of the Shishi GO Association* (石獅市圍棋協會會長). Mr. Wu obtained a bachelor's degree majoring in applied chemistry from Huaqiao University (華僑大學) in July 1990. Mr. Wu has become a qualified intermediate accountant of the PRC since December 1999 and has become a qualified senior economist of the PRC since February 2015.

Mr. Lee Lit Mo Johnny, aged 46, appointed as an executive director of the Company on 25 October 2016, is mainly responsible for the strategic development of the Group. Mr. Lee has more than 10 years of experience in financial industry. Mr. Lee was an executive director of Juda International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1329), from August 2010 to December 2013. He was an associate director of direct investment division of CCB International Asset Management Limited from March 2006 to August 2008. From April 2001 to March 2006, Mr. Lee worked in Core Pacific-Yamaichi Capital Limited and was responsible for corporate finance transactions and handling initial public offering projects and resigned as a senior manager in March 2006. From September 1996 to April 2001, he worked initially as investment analyst and later as assistant fund manager at SIIC Asset Management Company Limited (formerly known as Seapower Asset Management Company Limited). Mr. Lee graduated from McGill University in Montreal, Canada with a bachelor's degree in Commerce majoring in Finance and Management Information Systems in June 1995. He is the brother-in-law of Mr. Shie Tak Chung.

Mr. Ma Sai Yam, aged 54, appointed as an independent non-executive director of the Company on 25 October 2016, is a practicing solicitor in Hong Kong and has accumulated over 20 years of experience in the legal field. He was admitted to practice law as a solicitor in Hong Kong in September 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma has been a partner and a practicing solicitor of Ma Tang & Co., since March 2002. Prior to his current position, he had served as a consultant and a practicing solicitor of Tang, Lai & Leung from June 2000 to March 2002. His experience in corporate governance and management of listed companies include his current appointments as an independent non-executive director and a member of the audit, nomination and remuneration committees of Golden Power Group Holdings Limited, the shares of which are listed on the Main Board (stock code: 3919) and transferred from GEM of the Stock Exchange (stock code: 8038) on 10 November 2017, with effect from May 2015. Mr. Ma graduated from the University of London in the United Kingdom as an external student in August 1991 with a Bachelor's science degree in Economics. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995 and a Master degree in laws from Renmin University of China in the PRC in January 2012.

Mr. Zhang Senquan, aged 41, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Zhang currently acts as the managing director of Southwest Securities International Securities Limited, the shares of which are listed on the Stock Exchange (stock code: 812). He is a member of Hong Kong Institute of Certified Public Accountants, China Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Zhang used to be the independent non-executive director of Topchoice Medical Investment Co. Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600763SH), from December 2014 to March 2017, and the independent non-executive director of Casablanca Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2223), from April 2015 to April 2018. He was the chief financial officer and joint company secretary of Huazhong In-Vehicle Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 6830) from May 2014 to July 2015. He served as head of the Strategic Development Department of Goodbaby International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1086), from March 2013 to April 2014. He has more than 10 years of professional experience in accounting and auditing, and worked at Ernst & Young, KPMG and Deloitte Touche Tohmatsu serving several positions from audit staff to audit partner from 1999 to 2012. Mr. Zhang received his bachelor's degree from Fudan University in the PRC in 1999.

Mr. Yang Quan, aged 47, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Yang became an assistant professor of the School of Economics of Xiamen University in July 2006, an associate professor in August 2009 and a professor in August 2014. He was a visiting scholar of Cornell University in the United States of America from January 2011 to January 2012. Mr. Yang graduated from East China Institute of Chemical Technology (currently known as "East China University of Science and Technology") with a bachelor's degree in environmental supervision from the environmental engineering faculty in July 1991. He obtained a Master's degree in commercial economics in July 1997 and a doctor's degree in global economic in June 2006 from Xiamen University.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Jiande International Holdings Limited (the "Company"), I hereby present to you the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017.

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".

I am pleased to announce that the Group achieved revenue of RMB355,869,000 for the year ended 31 December 2017, representing 125.1% growth from RMB158,125,000 for the year ended 31 December 2016, primarily attributable to the increase in delivery of newly completed residential properties of The Cullinan Bay project during the year. The Group reported net profit attributable to owners of the Company of RMB21,695,000 for the year ended 31 December 2017, a significant improvement from a net loss of RMB518,956,000 for the year ended 31 December 2016.

The sales of properties in the Binjiang International and The Cullinan Bay projects will remain the major source of revenue of the Group 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.

Lastly, I would like to take this opportunity to thank my fellow Directors for their invaluable advice and guidance, and to each and every member of staff of the Group for their hard work and unwavering commitment to the Group.

Shie Tak Chung
Chairman

29 March 2018

INDUSTRY REVIEW

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.

The board (the "Board") of Directors of the Company herein present their report and the audited financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are the development and sale of properties in the PRC. Details and principal activities of the Company's subsidiaries are set out in note 38 to the consolidated financial statements. There was no significant change in the nature of the Group's principal activities during the year ended 31 December 2017.

CHANGE OF COMPANY NAME

The English name of the Company was changed from "First Mobile Group Holdings Limited" to "Jiande International Holdings Limited" and the Chinese name of "建德國際控股有限公司" was adopted and registered as the dual foreign name of the Company on 6 January 2017.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 35 to 90 of this annual report.

The Board does not recommend the payment of any dividend in respect of the year (2016: Nil).

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2017 are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 38 of this annual report and in note 39 to the consolidated financial statements, respectively.

As at 31 December 2017, the distributable reserves of the Company as calculated in accordance with the relevant provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to RMB508,188,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2017, sales to the Group's five largest customers accounted for approximately 2.0% of the total sales for the year and sales to the largest customer included therein amounted to approximately 0.4%. Purchases from the Group's five largest suppliers accounted for approximately 78.3% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 59.0%. None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 91 to 92 of this annual report. This summary does not form part of the audited financial statements included in this annual report.

DIRECTORS

The Directors, comprising executive directors (the "Executive Directors") and independent non-executive directors (the "Independent Non-executive Directors"), during the year and up to the date of this report of the directors were as follows:

Executive Directors

Mr. Shie Tak Chung *(Chairman)*
Mr. Tsoi Kin Sze *(Chief Executive Officer)*
Mr. Wu Zhisong
Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam
Mr. Zhang Senquan
Mr. Yang Quan

In accordance with clause 108 of the Company's articles of association (the "Articles"), Messrs. Shie Tak Chung, Ma Sai Yam and Yang Quan will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 3 to 5 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

The remuneration of the Directors is principally determined with reference to the balance of skill and experience appropriate to the Group's business.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, so far as is known to the Directors, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Shie Tak Chung	Interest of a controlled corporation	2,043,296,394 (Note 1)	35%
Tsoi Kin Sze	Interest of a controlled corporation	2,043,296,394 (Note 2)	35%

Notes:

1. Fame Build Holdings Limited ("Fame Build"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2017 and up to the date of this report of directors, Fame Build was solely and beneficially owned by Mr. Shie Tak Chung.

2. Talent Connect Investments Limited ("Talent Connect"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2017 and up to the date of this report of directors, Talent Connect was solely and beneficially owned by Mr. Tsoi Kin Sze.

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executive of the Company and their associates had interests or short positions in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Fame Build	Beneficial owner	2,043,296,394	35%
Talent Connect	Beneficial owner	2,043,296,394	35%

Save as disclosed above, as at 31 December 2017, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company has received the confirmations signed by Mr. Shie Tak Chung, Mr. Tsoi Kin Sze, Fame Build and Talent Connect (collectively, the "Covenantors") on 28 March 2018 (collectively, the "Confirmations") confirming that for the year ended 31 December 2017 and up to the date of signing the Confirmations by the Covenantors, each of them has fully complied with the deed of non-competitions respectively executed by the Covenantors in favour of the Group on 26 February 2016 (the "Deed of Non-Competition") and, in particular, each of them and their respective associates have not, directly or indirectly, own, invest in, carry on, participate in, develop, operate or be interested or engaged in or acquire or hold any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of the Group (being the property development of residential and commercial properties) from time to time in the PRC.

The Independent Non-executive Directors have reviewed the Confirmations and all of them are satisfied that the Deed of Non-Competition have been complied with during the year ended 31 December 2017.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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 Company's listed securities (whether on the Stock Exchange or otherwise) during the year.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 28 of this annual report.

EVENT AFTER THE REPORTING DATE

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 report of directors.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2017 have been audited by Deloitte Touche Tohmatsu ("Deloitte"), who will retire at the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as auditors of the Company.

On behalf of the Board
Shie Tak Chung
Chairman

29 March 2018

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

To the best knowledge of the Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code and Corporate Governance Report (the "CG Code") during the year ended 31 December 2017.

DIRECTORS

The Board

The Board, led by the chairman, steers the Company's business direction. It is responsible for formulating the Company's long-term strategies, setting business development goals, assessing results of management policies, monitoring the management's performance and ensuring effective implementation of risk management measures on a regular basis. The Directors meet regularly to review the Group's financial and operational performance and to discuss and formulate future development plans. The Directors can attend meetings in person or through electronic means of communication in accordance with the Articles.

Board Composition

The Board currently comprises a total of seven Directors, being four Executive Directors and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Report of the Directors" of this annual report. In addition, an updated list of the Company's Directors by category identifying their role and function is at all times available on the websites of the Stock Exchange and the Company respectively. The list specifies whether the Director is an Independent Non-Executive Director and expresses the respective roles and functions of each Director.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the direction and oversight of the Group's strategic priorities. The Directors give sufficient time and attention to the affairs of the Group. All Directors are required to disclose to the Company at the time of their appointment and annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Independent Element on the Board

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgement. Save for those as disclosed in the section headed "Directors' Biographies" of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

The Independent Non-executive Directors play an important role on the Board. They are responsible for ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interest of shareholders of the Company and the Group as a whole. During the year ended 31 December 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise.

The Board has received from each of its Independent Non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent. The Company identifies the Independent Non-executive Directors in all corporate communications which disclose the names of directors.

Role and Function of the Board and the Management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee and the Compliance Committee. Further details of these Board committees are set out in this report.

Chairman and CEO

The Company fully supported the division of responsibility between the chairman of the Board (the "Chairman") and the chief executive officer of the Company ("CEO") to ensure a balance of power and authority. During the year ended 31 December 2017, the positions of the Chairman and CEO were held by Mr. Shie Tak Chung and Mr. Tsoi Kin Sze, respectively. This ensures a clear distinction between the Chairman's duty to manage the Board and the CEO's duty to oversee the overall internal operation of the Company.

Records of Meetings of the Board and the Board Committees

The board shall meet regularly and at least four times a year at approximately quarterly intervals under code provision A.1.1 of the CG Code, the chairman should at least annually, hold meetings with the non-executive directors (including Independent Non-executive Directors) without the Executive Directors present under the code provision A.2.7 of the CG Code, and the audit committee must meet, at least twice a year, with the issuer's auditors under code provision C.3.3(e)(i) of the CG Code.

During the year ended 31 December 2017, the Board met four times, the Chairman held a meeting with all the Non-executive Directors without the presence of other Executive Directors, and the Audit Committee met three times with the Company's auditors. Attendance of individual Directors at the meetings of the Board and the Board committees for the year ended 31 December 2017 is as follows:

	Number of meetings attended/eligible to attend				
	Board	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Compliance Committee**
Executive Directors					
Shie Tak Chung	4/4	1/1	1/1	0/0	0/0
Tsoi Kin Sze	4/4	0/0	0/0	0/0	0/0
Wu Zhisong	4/4	0/0	0/0	0/0	0/0
Lee Lit Mo Johnny	4/4	0/0	0/0	0/0	2/2
Independent Non-executive Directors					
Ma Sai Yam	3/4	1/1	1/1	4/5	1/2
Zhang Senquan	4/4	1/1	1/1	5/5	2/2
Yang Quan	4/4	0/0	0/0	5/5	0/0

Notice of regular Board meetings are served to all Directors at least 14 days before the meeting while reasonable notice is generally given for other Board meetings. Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner, and at least 3 days before the intended date of each Board or Board committee meeting, except agreed otherwise among the members, to ensure that they had sufficient time to review the board papers, be adequately prepared for the meeting, keep the Directors apprised of the latest developments and financial position of the Company and to enable them to include any matter in the agenda and to make informed decisions.

The Board and each Director, upon reasonable request, have access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense. When needed and upon making request to the Board, the Directors may obtain independent professional advice at the Company's expense in carrying out their duties.

Minutes of all meetings of the Board and the Board committees are kept by the company secretary. All of the above minutes record the discussions and decisions reached by the relevant members in sufficient detail the matters considered and decisions reached, including any concern raised by Directors or dissenting views expressed. Any Director may inspect the minutes at any reasonable time on reasonable notice.

Draft minutes are normally circulated to Directors or members of the relevant committee for comment within a reasonable time after each meeting and the final version is sent to all Directors or committee members for their record.

Appointment and Re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the board diversity policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to article 112 of the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. According to article 108 of the Articles, at each annual general meeting of the Company (the "AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years while those retiring Directors shall be eligible for re-election.

All Directors have entered into service contracts or letters of engagement with the Company for a term of not more than three years.

Model Code for Securities Transactions

The Company has adopted the Model Code 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.

Employees who are likely to possess inside information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

Insurance for Directors' and Officers' Liabilities

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' Training and Professional Development

The Directors are continually updated with legal and regulatory developments, and business and market changes to facilitate the discharge of their responsibilities. Every newly appointed Director will be given an introduction of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practices. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the year ended 31 December 2017:

	Read materials	**Attend seminars/ briefing**
Executive Directors		
Shie Tak Chung	✓	✓
Tsoi Kin Sze	✓	✓
Wu Zhisong	✓	✓
Lee Lit Mo Johnny	✓	✓
Independent Non-executive Directors		
Ma Sai Yam	✓	✓
Zhang Senquan	✓	✓
Yang Quan	✓	✓

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors have acknowledged their responsibility for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period.

The statement by the auditors of the Company, Deloitte, regarding their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2017 is set out in the section headed “Independent Auditor’s Report” of this annual report.

The Directors, having made appropriate reasonable enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and hence decide that it is appropriate to prepare the financial statements set out in the section headed “Audited Financial Statements” of this annual report on a going concern basis. As at the date of this annual report, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the section headed “Management Discussion and Analysis” of this annual report.

Access to Information

The management provides the Board with sufficient explanation and information, such as the Group's major business activities and key financial information, to enable the Board to make an informed assessment of the financial information and position of the Company put before the Board for approval. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

Risk Management and Internal Control

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the systems through the support of internal audit and the Audit Committee.

Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish internal audit department, the Board conducted annual review of the Company's risk management and internal control systems through engaging ZHONGHUI ANDA Risk Services Limited (the "IC Advisor") to perform review and assessment of the effectiveness of the Company's risk management and internal control systems which implemented material controls covering the financial, operational, compliance and risk management aspects of the Group for the year ended 31 December 2017 and reported to the Board. The Board considered that internal audits have been implemented and provided the Board with reasonable assurance that the processes of the Company operate as designed; and the risk management and internal control systems of the Group are effective and adequate.

Auditors' Remuneration

For the year ended 31 December 2017, the remuneration paid/payable for services provided by the auditors of the Company, Deloitte, is as follows:

	RMB'000
Services rendered	
Statutory audit services	1,197
Other audit services	–
Non-audit services	330

BOARD COMMITTEES

Composition of the Board Committees

The Board delegates its powers and authorities from time to time to the Board committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. All Board committees are provided with accurate and sufficient information in timely manner so as to enable the Board committees to make informed decisions for the benefit of the Company and sufficient resources to discharge their duties.

During the year ended 31 December 2017, the Board had four Board committees, namely the Nomination Committee, Remuneration Committee, Audit Committee and Compliance Committee.

The table below provides membership information of these committees on which the relevant Board members serve:

	Nomination Committee	**Remuneration Committee**	**Audit Committee**	**Compliance Committee**
Executive Directors				
Shie Tak Chung	Chairman	Member		
Tsoi Kin Sze				
Wu Zhisong				
Lee Lit Mo Johnny				Member
Independent Non-executive Directors				
Ma Sai Yam	Member	Chairman	Member	Chairman
Zhang Senquan	Member	Member	Chairman	Member
Yang Quan			Member	

The terms of reference of each of the Board committees which deal clearly with its authorities and duties are made available on the websites of the Stock Exchange and the Company respectively.

Nomination Committee

The principal duties of the Nomination Committee include, amongst other things:

— reviewing the structure, size and composition (including the skills, knowledge and experience required) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships when a vacancy occurs on the Board;

— make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors;

— reviewing the board diversity policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the board diversity policy, and reviewing the progress on achieving the objectives; and

— assessing the independence of independent non-executive Directors.

For the year ended 31 December 2017, the Nomination Committee held one (1) meeting. Details of the committee members' attendance are set out under "Records of Meetings of the Board and the Board Committees" above.

There was no nomination of new Director during the year ended 31 December 2017.

The summary of the work of the Nomination Committee for the year ended 31 December 2017 is as below:

— made recommendations to the Board on the re-election of Directors at the forthcoming annual general meeting of the Company;

— assessed the independence of independent non-executive Directors; and

— reviewed the structure, size and composition of the Board.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the board diversity policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

Remuneration Committee

The principal duties of the Remuneration Committee include, amongst other things:

— making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management;

— reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

— determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, and the remuneration of non-executive Directors;

— ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

— reviewing and making recommendations on the roles and responsibilities, training and professional development of the senior management team.

For the year ended 31 December 2017, the Remuneration Committee held one (1) meeting. Details of the committee members' attendance at the RC meetings are set out under "Records of Meetings of the Board and the Board Committees" above.

The summary of the work of the Remuneration Committee for the year ended 31 December 2017 is as below:

— reviewed the existing policy and structure of the remuneration of the executive Directors;

— reviewed the existing remuneration package of the independent non-executive Directors; and

— reviewed the existing policy and structure of the remuneration of management of the Group.

The Remuneration Committee may consult the Chairman and/or the CEO of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Details of the remuneration paid to the Directors and senior management are set out in notes 12 and 37 to the consolidated financial statements. The remunerations of each of the five highest paid individuals who are also the senior management members of the Group during the years ended 31 December 2017 are within HK$1,000,000. Four of the five highest paid employees for the year ended 31 December 2017 are Directors of the Company.

The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

Audit Committee

The principal duties of the Audit Committee include, amongst other things:

— overseeing the relationship with the Company's auditor;

— reviewing the Company's interim and annual reports and financial statements;

— overseeing the Company's financial reporting system, risk management and internal control systems; and

— reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

For the year ended 31 December 2017, the Audit Committee held five (5) meetings. Details of the committee members' attendance at the AC meetings are set out under "Records of Meetings of the Board and the Board Committees" above.

The summary of the work of the Audit Committee for the year ended 31 December 2017 is as below:

— reviewed the annual results announcement and annual report of the Group, including the accounting principles and practices adopted for the preparation of financial statements, for the financial year ended 31 December 2016 before submission to the Board for approval and publication;

— reviewed the interim results announcement and interim report of the Group, including the accounting principles and practices adopted for the preparation of financial statements, for the six months ended 30 June 2017 before submission to the Board for approval and publication;

— met with the auditors to discuss the accounting and audit or review issues of the Group and reviewed their findings, recommendations and independency;

— reviewed the Group's risk management and internal control systems based on the reports submitted by the IC Advisor; and

— reviewed the compliance with the non-competition undertaking by the Covenantors under the deed of non-competitions, of which the details on the compliance and enforcement of the undertaking are set out in the Report of Directors on pages 10 to 16 of this annual report.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

Chaired by Mr. Zhang Senquan who possesses the appropriate professional accounting qualifications and financial management expertise, the Audit Committee comprises all Independent Non-executive Directors. None of the members of the Audit Committee are former partners of the existing auditors of the Company.

There was no disagreement between the Audit Committee and the Directors in respect of matters about selection, appointment, resignation or dismissal of an external auditor during the year ended 31 December 2017.

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.

Compliance Committee

The principal duties of the Compliance Committee include, amongst other things:

— reviewing and making recommendations to the Board in respect of policies and practices on compliance with any requirement, direction or regulation that may be prescribed by the Board, contained in any of the constitutional documents, or imposed by the Listing Rules or other applicable laws, regulations, rules or codes;

— ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies;

— monitoring the implementation of the Group's plan to maintain high standards of compliance with its own risk management standards; and

— taking remedial actions against any material deficiencies on legal and compliance aspects of the Company and keep the Board abreast of any such actions and/or developments.

For the year ended 31 December 2017, the Compliance Committee held two (2) meetings. Details of the committee members' attendance at the CC meetings are set out under "Records of Meetings of the Board and the Board Committees" above.

The summary of the work of the Compliance Committee for the year ended 31 December 2017 is as below:

— reviewed the compliance with the applicable legal and regulatory requirements and the CG Code by the Group; and

— made recommendations to the Board for the reinforcement on the corporate governance practices.

The Compliance Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Compliance Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Compliance Committee.

COMPANY SECRETARY

The position of the Company Secretary is held by Mr. Wong Kin Tak, who is a member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. During the year ended 31 December 2017, Mr. Wong has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS

All of the Company's shares are ordinary shares carrying equal voting rights. As at the date of this annual report, sufficient shares of the Company were on public float as required by the Listing Rules.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders through the publication of notices, announcements, circulars, interim and annual reports. Shareholders may access the Company's website at www.jiande-intl.com for the Group's information. Shareholders may also put to the Board any enquiries about the Group in writing by sending emails to ir@jiande-itl.com or mail to the principal office of the Company at Room 1910, Fortress Tower, 250 King's Road, Hong Kong. The Directors, company secretary or other appropriate members of senior management respond to enquiries from shareholders in a timely manner.

The general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors shall make an effort to attend the general meeting to address queries raised by shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Pursuant to article 64 of the Articles, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business (including any proposals) specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

During the year ended 31 December 2017, all Directors attended the AGM held on 25 May 2017 in Hong Kong.

Deloitte. 德勤

TO THE SHAREHOLDERS OF JIANDE INTERNATIONAL HOLDINGS LIMITED
建德國際控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jiande International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 90, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties, including those investment properties classified as held-for-sale, as a key audit matter due to the significant estimates required in determining the fair values. As at 31 December 2017, the Group's investment properties, including those investment properties classified as held-for-sale, comprised a kindergarten property and car parking spaces located in Huian, Fujian Province, the People's Republic of China (the "PRC"), were stated at fair value amounted to RMB113,601,000 and the fair value change of investment properties for the year then ended amounted to RMB13,210,000. As set out in notes 4, 5, 18 and 22 to the consolidated financial statements, all of the Group's investment properties, including those investment properties classified as held-for-sale, were measured using the fair value model based on a valuation performed by independent qualified professional valuers (the "Valuers"). In estimating the fair values of the Group's investment properties, the directors of the Company worked with the Valuers to establish the appropriate valuation techniques and inputs to the model. The valuations of investment properties were determined based on (i) the investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests; and (ii) the direct comparison approach by referencing to recent market transaction prices of similar properties in the similar locations with adjustments of other individual factors. The key inputs in valuating the investment properties are term yield, reversion yield, monthly market rent and recent market price per square meter.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of the Valuers' scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuers' valuation approach to assess if they were consistent with the requirements of HKFRSs; • Evaluating the reasonableness of key inputs underpinning the valuation, such as term yield, reversion yield, monthly market rent and recent market transaction prices per car parking space of comparable properties, by comparing these key inputs to other comparable in similar locations, recent lease renewals and transaction prices of comparable properties; and • Comparing other inputs to the valuation model, on a sample basis, with the Group's records including underlying leases of the kindergarten property and the car parking spaces and recent sales agreements of car parking spaces.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of properties held-for-sale	
We identified the valuation of properties held-for-sale as a key audit matter due to the significant management estimate involved in determining the net realisable value of properties held-for-sale. As at 31 December 2017, the Group had properties held-for-sale at a carrying amount of RMB675,952,000 (65% of total assets), which included completed properties of RMB306,015,000 and properties under development of RMB369,937,000, which located in Fujian Province and Jiangsu Province in the PRC, as disclosed in note 19 to the consolidated financial statements. These properties held-for-sale were stated at the lower of cost and net realisable value on an individual property basis. As disclosed in note 5 to the consolidated financial statements, net realisable value was estimated at the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations. An allowance is made if the estimated net realisable value is less than the carrying amount.	Our procedures in relation to the valuation of properties held-for-sale included: • Obtaining an understanding of the control over the preparation and monitoring of the management budgets of construction and other costs for key property development project; • Evaluating the appropriateness of the estimated selling prices by comparing it with sales transactions subsequent to year end for similar properties in similar locations; and • Evaluating the reasonableness of construction budget of the property development project by comparing the estimated construction costs to contract sum of committed contracts, on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lam, Lawrence.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2018

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	6	**355,869**	158,125
Cost of sales		**(294,767)**	(112,251)
Gross profit		**61,102**	45,874
Other income	7	**3,257**	3,786
Other losses	8	**(2,969)**	(1,519)
Fair value change of investment properties	18	**13,210**	9,307
Selling expenses		**(8,433)**	(7,075)
Administrative expenses		**(17,742)**	(12,138)
Finance costs	9	**(1,435)**	(326)
Deemed listing expenses	32	**–**	(542,104)
Profit (loss) before tax		**46,990**	(504,195)
Income tax expense	10	**(24,818)**	(14,325)
Profit (loss) and total comprehensive income (expense) for the year	11	**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	15		
— Basic		**0.37 cents**	(11.76) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Plant and equipment	17	**502**	279
Investment properties	18	**112,827**	104,985
Deferred tax assets	26	**5,660**	8,690
Time deposits	21	**70,000**	–
		188,989	113,954
CURRENT ASSETS			
Properties held-for-sale	19	**675,952**	813,106
Trade and other receivables	20	**39,369**	50,874
Prepaid land appreciation tax		**13,437**	4,761
Restricted bank deposits	21	**38,348**	46,820
Time deposits, bank balances and cash	21	**80,851**	128,485
		847,957	1,044,046
Assets classified as held-for-sale	22	**774**	23,522
		848,731	1,067,568
CURRENT LIABILITIES			
Trade payables	23	**3,304**	30,080
Other payables and accruals	24	**107,744**	114,977
Pre-sales proceeds received on sales of properties	25	**242,733**	281,720
Pre-sales proceeds received on sales of investment properties	22	**260**	8,722
Secured bank borrowings	27	**–**	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	26	**22,358**	18,503
NET ASSETS		**628,093**	605,921

At 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CAPITAL AND RESERVES			
Share capital	28	**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

The consolidated financial statements on pages 35 to 90 were approved and authorised for issue by the board of directors on 29 March 2018 and are signed on its behalf by:

Mr. Shie Tak Chung,
DIRECTOR

Mr. Tsoi Kin Sze,
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Issue equity										
	Share capital RMB'000	Other reserve RMB'000	Share premium RMB'000	Shareholders' contribution RMB'000 (Note a)	Other non-distributable reserve RMB'000 (Note b)	Other reserve RMB'000	Reorganisation reserve RMB'000	Accumulated profits (losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (unaudited) (restated)	389,190	–	–	–	10,346	(5,801)	–	120,605	514,340	8,861	523,201
Loss (profit) and total comprehensive expense (income) for the year	–	–	–	–	–	–	–	(518,956)	(518,956)	436	(518,520)
Arising from the Capital Reorganisation and the Acquisition as defined in note 2 and note 28, respectively:											
– Recognition of share capital and share premium of the Company before Capital Reorganisation (note 28(a))	169,672	–	197,396	–	–	–	(367,068)	–	–	–	–
– Capital Reduction (note 28(a))	(168,824)	–	–	–	–	–	168,824	–	–	–	–
– Share Premium Cancellation (note 28(a))	–	–	(197,396)	–	–	–	197,396	–	–	–	–
– Open offer (note 28(b))	1,697	–	42,418	–	–	–	(44,115)	–	–	–	–
– Share subscription (note 28(c))	5,090	–	152,704	–	–	–	(157,794)	–	–	–	–
– Transaction costs attributable to share subscription and open offer	–	–	(1,389)	–	–	–	1,389	–	–	–	–
– Elimination of share capital of China General	(389,190)	–	–	–	–	–	389,190	–	–	–	–
– Deemed consideration for the Acquisition (note 28(d) and 32)	17,816	524,285	–	–	–	–	–	–	542,101	–	542,101
Deemed contributions from shareholders	–	–	–	59,139	–	–	–	–	59,139	–	59,139
Transfer to non-distributable reserve	–	–	–	–	171	–	–	(171)	–	–	–
At 31 December 2016	25,451	524,285	193,733	59,139	10,517	(5,801)	187,822	(398,522)	596,624	9,297	605,921
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	21,695	21,695	477	22,172
Transfer to non-distributable reserve	–	–	–	–	221	–	–	(221)	–	–	–
At 31 December 2017	**25,451**	**524,285**	**193,733**	**59,139**	**10,738**	**(5,801)**	**187,822**	**(377,048)**	**618,319**	**9,774**	**628,093**

Notes:

(a) Immediately before the resumption of trading the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 October 2016, the amounts advanced from Mr. Shie Tak Chung and Mr. Tsoi Kin Sze to the Group in prior years amounting to RMB59,139,000 were waived and such waived amounts were recognised as shareholders' contribution.

(b) Other non-distributable reserve principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the People's Republic of China (the "PRC"), under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**46,990**	(504,195)
Adjustments for:		
Bank interest income	**(2,093)**	(1,334)
Deemed listing expenses	**–**	542,104
Depreciation of plant and equipment	**223**	426
Fair value change on investment properties	**(13,210)**	(9,307)
Finance costs	**1,435**	326
Impairment losses on other receivables	**2,471**	–
Net unrealised foreign exchange losses	**157**	2,349
Operating cash flows before movements in working capital	**35,973**	30,369
Decrease (increase) in properties held-for-sale	**141,436**	(53,482)
Decrease (increase) in trade and other receivables	**21,554**	(6,224)
(Decrease) increase in trade payables	**(26,776)**	24,391
Decrease in other payables and accruals	**(7,127)**	(17,447)
(Decrease) increase in pre-sales proceeds received on sales of properties	**(38,987)**	116,506
Cash generated from operations	**126,073**	94,113
PRC income tax and the PRC land appreciation tax paid	**(15,080)**	(9,415)
NET CASH FROM OPERATING ACTIVITIES	**110,993**	84,698
INVESTING ACTIVITIES		
Placement of time deposits	**(70,000)**	–
Purchase of plant and equipment	**(446)**	(37)
Placement of restricted bank deposits	**(37,344)**	(35,816)
Withdrawal in restricted bank deposits	**45,816**	25,364
Proceeds from sales of investment properties	**6,611**	–
Deposits received on sales of investment properties	**260**	8,722
Interest received	**2,093**	1,334
Net cash inflow on acquisition of the Company	**–**	4
NET CASH USED IN INVESTING ACTIVITIES	**(53,010)**	(429)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(99,900)**	(70,100)
Interest paid	**(5,717)**	(7,859)
Repayment to related parties	**–**	(358)
NET CASH USED IN FINANCING ACTIVITIES	**(105,617)**	(78,317)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(47,634)**	5,952
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**128,485**	122,533
CASH AND CASH EQUIVALENTS AT END OF YEAR	**80,851**	128,485
CASH AND CASH EQUIVALENTS AT 31 DECEMBER,		
represented by		
Time deposits with original maturity less than three months	**–**	68,024
Bank balances and cash	**80,851**	60,461
	80,851	128,485

1. GENERAL

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 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 (collectively referred as the "Group") 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").

Pursuant to a special resolution passed on 29 December 2016, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Islands on 6 January 2017 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 25 January 2017, the Company changed its name from First Mobile Group Holdings Limited to Jiande International Holdings Limited with effect from 10 February 2017.

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

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 (the "Consideration Shares") 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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for 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 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 in note 35. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 35, the application of these amendments has had no impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by 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.

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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of a subsidiary not constituting a business and settle through allotment of Company's shares

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

This deemed issue of equity is accounted for as an equity-settled share-based payment transaction and measured indirectly by reference to the fair value of the equity instruments issued in accordance HKFRS 2, as there is no goods or services received by the Group from this transaction. The increase in equity by the Group is measured by reference to the fair value of the equity that are deemed to have been issued.

Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. The management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Specifically, revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position as "Pre-sales proceeds received on sales of properties" under current liabilities.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment arrangements

Share-based payment transactions for acquiring a listed non-operating shell company

Equity-settled share-based payment transactions with parties for acquiring a listed non-operating shell company are measured at the fair value of a listed non-operating shell company, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity acquires the listed non-operating shell company. The fair values of the listed non-operating shell company are recognised as deemed listing expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit (loss) before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the property is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held-for-sale

Completed properties and properties under development

Completed properties and properties under development which are intended to be sold in the ordinary course of business upon completion of development are stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs, borrowing cost capitalised in accordance with the Group's accounting policy and other direct costs attributable to such properties and allocated to each unit in each phase based on sellable floor area, using weighted average method. Net realisable value represents the estimated selling price for properties held-for-sale less all estimated costs of completion and the costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, restricted bank deposits, time deposits and bank balances and cash) are measured at amortised cost using effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future periods if the revision affects both current and future years.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of fair value of investment properties, including those investment properties classified as held-for-sale

The valuations of investment properties, including those investment properties classified as held-for-sale, were determined based on the investment approach or direct comparison approach. The investment approach operates by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. For the properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The direct comparison approach involves making reference to recent market transaction prices of comparable properties in the similar locations with adjustments of other individual factors. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

The carrying amount of investment properties, including those investment properties classified as held-for-sale, at 31 December 2017, was approximately RMB113,601,000 (2016: RMB128,507,000). Notwithstanding that the management employs independent professionally qualified valuers to perform fair value assessments based on these assumptions, the fair values of these investment properties may be higher or lower depending on the future market conditions.

Estimated net realisable value on properties held-for-sale

In determining whether allowances should be made to the Group's properties held-for-sale, the Group takes into consideration the current market conditions to estimate the net realisable value (i.e. the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations). An allowance is made if the estimated net realisable value is less than the carrying amount. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, a further loss will be recognised on the properties held-for-sale in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2017, the carrying amount of the properties held-for-sale was approximately RMB675,952,000 (2016: RMB813,106,000).

6. 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 described in note 4.

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 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.

7. OTHER INCOME

	2017 RMB'000	2016 RMB'000
Rental income from investment properties	**644**	2,452
Bank interest income	**2,093**	1,334
Others	**520**	–
	3,257	3,786

8. OTHER LOSSES

	2017 RMB'000	2016 RMB'000
Impairment losses on other receivables	**2,471**	–
Net foreign exchange losses	**498**	1,519
	2,969	1,519

9. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest on secured bank borrowings	**5,717**	7,859
Less: amounts capitalised in the cost of qualifying assets	**(4,282)**	(7,533)
	1,435	326

Borrowing costs are capitalised on properties under development in respect of secured bank borrowings obtained specifically for financing the property development project.

10. INCOME TAX EXPENSE

	2017	2016
	RMB'000	RMB'000
Current tax:		
The PRC Enterprise Income Tax ("EIT")	**12,468**	8,923
The PRC Land Appreciation Tax ("LAT")	**5,465**	4,278
	17,933	13,201
Deferred tax (note 26)	**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 the PRC EIT and the 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 the 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.

10. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 RMB'000	2016 RMB'000
Profit (loss) before tax	**46,990**	(504,195)
Tax at the PRC EIT of 25% (2016: 25%) (Note)	**11,748**	(126,049)
Tax effect of expenses not deductible for tax purpose	**2,691**	136,826
Tax effect of income not taxable for tax purpose	**(175)**	(161)
The PRC LAT	**5,465**	4,278
Tax effect of the PRC LAT	**(1,366)**	(1,069)
Tax effect of tax losses not recognised	**121**	–
Deferred tax effect of the PRC LAT in respect of fair value change of investment properties	**6,334**	454
Others	**–**	46
Income tax expense for the year	**24,818**	14,325

Note: The tax rate represents the statutory tax rate of the jurisdiction where the operations of the Group are substantially based.

11. PROFIT (LOSS) FOR THE YEAR

	2017 RMB'000	2016 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 expense	**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

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The following table sets forth certain information in respect of the directors of the Company during the years ended 31 December 2017 and 2016:

Name	Position	Date of appointment as the directors of the Company	Date of resignation
Mr. Shie Tak Chung	Chairman and executive director	25 October 2016	N/A
Mr. Tsoi Kin Sze	Chief executive officer and executive director	25 October 2016	N/A
Mr. Wu Zhisong	Executive director	25 October 2016	N/A
Mr. Lee Lit Mo Johnny	Executive director	25 October 2016	N/A
Mr. Ng Kok Hong	Executive director	5 May 2000	25 October 2016
Mr. Ng Kok Tai	Executive director	5 May 2000	25 October 2016
Mr. Ng Kok Yang	Executive director	5 May 2000	25 October 2016
Mr. Ma Sai Yam	Independent non-executive director	25 October 2016	N/A
Mr. Zhang Senquan	Independent non-executive director	25 October 2016	N/A
Mr. Yang Quan	Independent non-executive director	25 October 2016	N/A

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2017

	Mr. Shie Tak Chung RMB'000	Mr. Tsoi Kin Sze RMB'000	Mr. Wu Zhisong RMB'000	Mr. Lee Lit Mo Johnny RMB'000	Total RMB'000
Executive directors					
Fees	–	–	–	–	–
Other emoluments:					
Salaries and allowances	521	521	521	521	2,084
Retirement benefits scheme contributions	19	19	–	19	57
Sub-total	540	540	521	540	2,141

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Mr. Ma Sai Yam RMB'000	Mr. Zhang Senquan RMB'000	Mr. Yang Quan RMB'000	Total RMB'000
Independent non-executive directors				
Fees	156	156	156	468
Other emoluments	–	–	–	–
Sub-total	156	156	156	468
Total				2,609

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

For the year ended 31 December 2016

	Mr. Shie Tak Chung RMB'000	Mr. Tsoi Kin Sze RMB'000	Mr. Wu Zhisong RMB'000	Mr. Lee Lit Mo Johnny RMB'000	Mr. Ng Kok Hong RMB'000	Mr. Ng Kok Tai RMB'000	Mr. Ng Kok Yang RMB'000	Total RMB'000
Executive directors								
Fees	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries and allowances	95	95	95	95	–	–	–	380
Retirement benefits scheme contributions	–	–	–	–	–	–	–	–
Sub-total	95	95	95	95	–	–	–	380

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Mr. Ma Sai Yam RMB'000	Mr. Zhang Senquan RMB'000	Mr. Yang Quan RMB'000	Total RMB'000
Independent non-executive directors				
Fees	29	29	29	87
Other emoluments	–	–	–	–
Sub-total	29	29	29	87
Total				467

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

The emoluments paid or payable to the directors of the Company prior to the completion of the Acquisition are not included in the consolidated statement of profit or loss and comprehensive income.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

No emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four (2016: Nil) directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining one (2016: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 **RMB'000**	2016 RMB'000
Salaries and allowances	**625**	706
Retirement benefits scheme contributions	**16**	197
	641	903

The remunerations of each of the five highest paid individuals during the years ended 31 December 2017 and 2016 are within Hong Kong Dollar ("HK$" or "HKD") 1,000,000.

During the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to any of the five highest paid individual of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the years ended 31 December 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to 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.

16. RETIREMENT BENEFITS PLANS

The Group participates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Company contributes 5% of relevant payroll costs to the scheme with a cap of HK$1,500 per employee per month, which contribution is matched by employees.

In addition, the employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB790,000 (2016: RMB914,000) represents the contributions payable to these plans by the Group for the year ended 31 December 2017.

17. PLANT AND EQUIPMENT

	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST			
At 1 January 2016 (unaudited) (restated)	1,836	2,869	4,705
Additions	37	–	37
At 31 December 2016	**1,873**	**2,869**	**4,742**
Additions	**44**	**402**	**446**
At 31 December 2017	**1,917**	**3,271**	**5,188**
DEPRECIATION			
At 1 January 2016 (unaudited) (restated)	1,461	2,576	4,037
Provided for the year	205	221	426
At 31 December 2016	**1,666**	**2,797**	**4,463**
Provided for the year	**127**	**96**	**223**
At 31 December 2017	**1,793**	**2,893**	**4,686**
CARRYING VALUES			
At 31 December 2017	**124**	**378**	**502**
At 31 December 2016	207	72	279

The above items of plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Furniture and equipment	3 to 5 years
Motor vehicles	4 to 5 years

18. 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 22)	(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 22)	**(774)**
At 31 December 2017	**112,827**

	2017 RMB'000	2016 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.

The fair value of the Group's investment properties as at 31 December 2017 and 2016 have been arrived on the basis of a valuation carried out on respective dates by Messrs. Cushman & Wakefield Limited ("C&W") (formerly known as DTZ Debenham Tie Leung Limited), independent qualified professional valuers not connected to the Group.

In determining the fair values of the investment properties, the Group engages qualified external valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair values of the investment properties to the board of directors.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

18. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties	Valuation technique	Significant unobservable input(s)	Sensitivity
Civil defense car parking spaces located in Huian, Fujian Province, the PRC	Investment approach	Term yield: 4% (2016: 4%) Reversion yield: 4.5% (2016: 4.5%)	A slight increase in the term yield and reversion yield used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the properties, ranging from RMB311 to RMB549 (2016: RMB330 to RMB510) per civil defense car parking space per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Car parking spaces located in Huian, Fujian Province, the PRC (Note)	2017: Direct comparison approach	Recent market transaction prices per car parking space of comparable properties ranging from RMB122,000 to RMB140,000 by taking into account the difference in location, and individual factors, i.e. accessibility.	A significant increase in the market transaction prices used would result in a significant increase in fair value, and vice versa.
	2016: Investment approach	Term yield: 3.5% Reversion yield: 4%	A slight increase in the term yield and reversion yield used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the properties, ranging from RMB330 to RMB510 per car parking space per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
A kindergarten property located in Huian, Fujian Province, the PRC	Investment approach	Term yield: 4% (2016: 4%) Reversion yield: 4.5% (2016: 4.5%)	A slight increase in the term yield and reversion yield used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the difference in location, and individual factors, i.e. size, accessibility and environment, between the comparable and the property, at an average of RMB19 (2016: RMB16.5) per square meter per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

18. INVESTMENT PROPERTIES (Continued)

Note: The directors of the Company adopted a new valuation approach — direct comparison approach to determine the fair value of the car parking spaces as at 31 December 2017. In current reporting period, the Group is able to obtain title certificates of the car parking spaces from the PRC government authority and those car park spaces with title certificates can be sold or transferred to other parties according to the relevant laws and regulations in the PRC. In the opinion of the directors, direct comparison approach reflects the highest and best use value of car parking spaces in accordance to HKFRS 13 Fair Value Measurement.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 and fair value	
	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

There were no transfers into or out of Level 3 during both years.

19. 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.

At 31 December 2017, property under development of RMB217,781,000 (2016:RMB160,084,000) are not expected to be realised within one year.

20. TRADE AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	97	6,269
Less: allowance for doubtful debts	(30)	(30)
	67	6,239
Other receivables, net of impairment loss recognised	3,876	1,024
Receivables from disposal of investment properties	12,783	–
Prepaid taxes other than income tax and land appreciation tax	8,537	11,775
Deposits paid to suppliers	11,037	31,085
Other deposits and prepayments	3,069	751
	39,369	50,874

The Group generally grants no credit period to property buyers and only allows certain customers to settle their balances by instalments. The following is an aged analysis of trade receivables presented based on the date when the revenue from sales of the respective properties were recognised:

	2017 RMB'000	2016 RMB'000
1–30 days	–	6,029
31–90 days	–	240
91–180 days	–	–
181–365 days	17	–
Over 365 days	80	–
	97	6,269

Ageing of trade receivables which are past due but not impaired

	2017 RMB'000	2016 RMB'000
1–30 days	–	6,029
31–90 days	–	210
91–180 days	–	–
181–365 days	17	–
Over 365 days	50	–
	67	6,239

20. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that were past due but not provided for impairment loss are related to a number of independent customers and the title certificates of the relevant properties would not be passed to customers until the full settlement of the outstanding balances. Based on past experience, the management of the Group believes that no impairment allowance is necessary in respect of these remaining balances as there has not been a significant change in credit quality of the trade receivables from the date credit was initially granted up to the date of the reporting period and the remaining balances are still considered fully recoverable. No movement in the allowance on doubtful debts of trade receivables during the years ended 31 December 2017 and 2016.

Movement in the allowance for doubtful debts of other receivables

	2017 **RMB'000**	2016 RMB'000
At 1 January	**22**	22
Impairment losses recognised	**2,471**	–
At 31 December	**2,493**	22

21. TIME DEPOSITS, BANK BALANCES AND CASH AND RESTRICTED BANK DEPOSITS

The market interest rates per annum of time deposits, bank balances and restricted bank deposits at 31 December 2017 and 2016 as follow:

	2017	2016
Time deposits with original maturity less than three months	**N/A**	1.35% to 2.35%
Time deposits with original maturity more than one year	**3.00%**	N/A
Bank balances	**0.00% to 0.30%**	0.00% to 1.20%
Restricted bank deposits (Note)	**0.00%**	0.30% to 0.40%

Note: Restricted bank deposits represented designated bank accounts solely for collecting pre-sales proceeds and settlement of construction costs of properties and will be released upon the completion of the development of properties.

22. 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 **RMB'000**	2016 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.

The fair values of the investment properties classified as held-for-sale at 31 December 2017 and 2016 been arrived on the same basis of a valuation carried out by C&W on respective dates as disclosed in note 18.

23. TRADE PAYABLES

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

	2017 **RMB'000**	2016 RMB'000
0–60 days	**592**	10,948
61–90 days	**55**	16,190
91–180 days	**972**	20
181 days–1 year	**696**	10
Over 1 year	**989**	2,912
	3,304	30,080

The credit period on construction payable is normally within 90 days from the invoice date.

24. OTHER PAYABLES AND ACCRUALS

	2017 RMB'000	2016 RMB'000
Accrued construction costs	**89,784**	97,055
Accrual staff costs and contributions to the retirement benefits scheme	**5,604**	5,420
Public maintenance fund received from customers (Note)	**4,403**	3,502
Other tax payables	**5,254**	4,436
Others payables and accrued expenses	**2,699**	4,564
	107,744	114,977

Note: The public maintenance fund is received on behalf of the Ministry of Housing and Urban-Rural Development of the PRC from the property buyers as maintenance fund for the public facilities within the residential properties. Such fund would be returned to Ministry of Housing and Urban-Rural Development upon request.

25. 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.

As at 31 December 2017, pre-sales proceeds received on sales of properties of RMB44,884,000 (2016: RMB32,708,000) is expected to be released to profit or loss after one year.

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

26. DEFERRED TAX ASSETS/LIABILITIES (Continued)

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 RMB'000	LAT deferred tax RMB'000	Deferred tax on pre-sales proceeds RMB'000	Tax losses RMB'000	Total 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 10)	(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 10)	(5,052)	(370)	(1,463)	–	(6,885)
At 31 December 2017	**(23,684)**	**(2,116)**	**9,102**	**–**	**(16,698)**

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividend earned and payable to investors that are "non-tax resident enterprises" in respect of profits earned by the PRC subsidiaries since 1 January 2008, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends paid by the PRC subsidiaries to offshore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. The Group is subject to withholding tax in relation to the dividend paid by the PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of accumulated profits of the PRC subsidiaries amounting to RMB107,912,000 (2016: RMB105,703,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 December 2017, the Group has unused tax losses of RMB483,000 (2016: Nil) available for offsetting against future profits. No deferred tax asset has been recognised in relation to such unused tax losses due to the unpredictability of future profit streams. All the unrecognised tax losses will expire in 2022.

27. SECURED BANK BORROWINGS

	2017 RMB'000	2016 RMB'000
The carrying amounts of the borrowings are repayable within one year and shown under current liabilities*	**–**	99,900

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2016, all borrowings are denominated in RMB and carried at variable interest rate which linked to the PRC Benchmark Lending Rate and interest is reset annually. The effective interest rates (which are the contracted interest rates) on the Group's borrowings were 4.99%. During the year ended 31 December 2017, all secured bank borrowings have been fully repaid by the Group.

28. SHARE CAPITAL

Share capital of China General

The share capital at 1 January 2016 represents the share capital of China General. China General was incorporated in Hong Kong with limited liability under the Companies Ordinance of Hong Kong on 1 September 1992. The number of issued and fully paid ordinary shares of China General was 20,000,000 amounting to RMB389,190,000 as at 1 January 2016. Since then, China General did not have any change in its share capital.

Share capital of the Company

	Number of share capital	Amount	Amount
	'000	HK$'000	RMB'000
Authorised ordinary shares:			
At 1 January 2016 at HK$0.1 each	3,000,000	300,000	261,570
Capital Reorganisation (Note a) 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 (Note a) implemented on 23 August 2016 comprised:			
— Capital Reduction	–	(193,627)	(168,824)
— Share Consolidation	(1,751,397)	–	–
Open offer on 25 October 2016 (Note b)	389,199	1,946	1,697
Share subscription on 25 October 2016 (Note c)	1,167,598	5,838	5,090
Share allotment for acquisition of China General (Note d)	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.

28. SHARE CAPITAL (Continued)

Notes:

a. On 18 April 2016, the shareholders of the Company passed the resolution regarding the implementation of the capital restructuring of the Company ("Capital Reorganisation") comprising, the Capital Reduction, Share Premium Cancellation, Share Consolidation, Authorised Share Capital Cancellation and Authorised Share Capital Increase (as defined in the Company's circular dated 29 February 2016) with details below. Capital Reorganisation is one of the conditions precedent under the Acquisition and the Subscription (as defined in note 28(c)) and the Company completed the implementation of the Capital Reorganisation on 23 August 2016.

   (i) Capital Reduction — the par value of the existing issued shares was reduced from HK$0.10 to HK$0.0005 each;

   (ii) Share Premium Cancellation — upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company were cancelled;

   (iii) Share Consolidation — upon the Share Premium Cancellation becoming effective, every ten issued shares of HK$0.0005 each were consolidated into one new share of HK$0.005 each;

   (iv) Authorised Share Capital Cancellation — upon the Share Consolidation becoming effective, all the authorised but un-issued shares were cancelled in their entirety; and

   (v) Authorised Share Capital Increase — upon the Authorised Share Capital Cancellation becoming effective, the Company's authorised share capital was increased to HK$500,000,000, divided into 100,000,000,000 new shares of HK$0.005 each.

b. On 25 October 2016, the Company completed the open offer on the basis of two Offer Shares for every one new share held by the Qualifying Shareholders on the Record Date (as defined in the Company's prospectus dated 30 September 2016) at HK$0.13 per Offer Share (the "Open Offer") and 389,199,312 ordinary shares have been issued and allotted with total proceeds received of approximately HK$50,596,000 (equivalent to RMB44,115,000).

c. On 25 October 2016, the Company allotted and issued 1,167,597,940 shares in total to (i) Jinwu Limited, which subscribed for 954,694,714 shares at HK$0.155 per share for a total subscription amount of approximately HK$147,978,000 (equivalent to RMB129,022,000); (ii) Time Boomer Limited, which subscribed for 83,870,968 shares at a total exercise price of HK$13,000,000 (equivalent to RMB11,334,000), or HK$0.155 per share; and (iii) First Apex Investments Limited, which subscribed for 129,032,258 shares at a total exercise price of HK$20,000,000 (equivalent to RMB17,438,000), or HK$0.155 per share (the "Subscription"), in accordance with the Amended Subscription Agreement, the Amended TB Option Agreement and the New FA Option Agreement (as defined in the Company's circular dated 29 February 2016), respectively.

d. On 25 October 2016, the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General in accordance with the terms of the Acquisition Agreement (as defined in the Company's prospectus dated 30 September 2016). The completion of the Acquisition will be inter-conditional to the Open Offer, the Subscription and the disposal of Marzo Holdings Limited, Mobile Distribution Limited and Value Day Limited, wholly-owned subsidiaries of the Company prior to the Acquisition and the proceeds of the Open Offer and the Subscription had been applied to the discharge of the Company's liabilities through the Creditors Schemes (as defined in the Company's circular dated 29 February 2016) and as general working capital of the Company.

29. 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 the 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.

30. OPERATING COMMITMENTS

The Group as lessee

	2017	2016
	RMB'000	RMB'000
Minimum lease payments paid under operating leases during the year	**114**	99

At the end of each of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017	2016
	RMB'000	RMB'000
Within one year	**98**	114
In the second to fifth year inclusive	**–**	66
	98	180

Operating lease payment represented rentals payable by the Group for certain office premises. Leases are negotiated and rentals are fixed for terms ranging from 1 to 3 years.

The Group as lessor

Property rental income earned during the year was RMB644,000 (2016: RMB2,452,000). Certain investment properties held have committed tenants for the next 20 years.

At the end of each of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2017	2016
	RMB'000	RMB'000
Within one year	**291**	291
In the second to fifth year inclusive	**1,400**	1,299
After five years	**3,285**	3,677
	4,976	5,267

31. OTHER COMMITMENTS

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

32. ACQUISITION OF CHINA GENERAL

As disclosed in notes 2 and 28(d), the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General on 25 October 2016. The substance of the Acquisition was a reverse asset acquisition of a listed non-operating company and as a result, the Acquisition is accounted for as a share-based payment transaction under HKFRS 2 and the Consideration Shares allotted and issued to effect the Acquisition are measured at the fair value of the equity consideration deemed to be issued to the former owners of the Company. Since the shareholders of China General are deemed to have issued shares with a fair value in excess of the net liabilities of the Company assumed, the difference is recognised in profit or loss as deemed listing expenses.

The fair value of the consideration was determined based on the number of the Company's shares outstanding immediately prior to the Acquisition and the share price of the Company immediately upon the trading resumption on the Stock Exchange, which was determined using the published share price available on 27 October 2016 amounted to HK$0.355 per share and the number of the Company's shares outstanding immediately prior to the Acquisition of 1,751,396,909 shares. Accordingly, the deemed consideration for the Acquisition is approximately HK$621,746,000 (equivalent to RMB542,101,000). The fair value hierarchy of the input (i.e. share price of the Company) to determine deemed listing expenses is categorised under Level 1 by reference to the quoted bid prices in an active market.

The carrying amount of the identifiable assets and liabilities of the Company acquired or assumed upon the Acquisition in exchange for all the issued share capital of China General and deemed listing expenses arising from the Acquisition are set out as follows:

	RMB'000	RMB'000
Deemed consideration to be paid by China General, accounting acquirer		542,101
Less: fair value of the Company's identifiable assets acquired and liabilities assumed		
— Cash	4	
— Other receivables	77	
— Other payables	(84)	(3)
Deemed listing expenses		542,104

	RMB'000
Net cash inflow on acquisition of the Company	
Cash and cash equivalent balances acquired	4

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the years.

The capital structure of the Group consists of debt, which includes secured bank borrowings as disclosed in note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The director of the Company reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts or the redemption of existing debts.

34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 **RMB'000**	2016 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**205,925**	182,568
Financial liabilities		
Amortised cost	**5,801**	134,188

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank deposits, time deposits, bank balances and cash, trade payables, other payables, secured bank borrowings and financial guarantee contracts. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to secured bank borrowings, restricted bank deposits, time deposits and bank balances. The cash flow interest rate risk is mainly concentrated on fluctuations associated with variable rate linked to the PRC Benchmark Lending Rate in respect of secured bank borrowings and variable rate of restricted bank deposits, time deposits and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis of restricted bank deposits, time deposits and bank balances is presented as a reasonably possible change in interest rate would not have significant impact on profit or loss of the Group.

In addition, no sensitivity analysis is presented for variable-rate bank borrowings as they were raised for property development and any change in interest rate would substantially be capitalised to properties under development and have no material impact to profit or loss of the Group until sale of these properties take place. Furthermore, all variable-rate bank borrowings have been fully repaid by the Group during the year ended 31 December 2017.

(ii) Currency risk

The Group has certain other payables and bank balances and cash which are denominated in foreign currency of relevant group entity, hence they are exposed to foreign exchange risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each of the reporting period are as follows:

	Assets		Liabilities	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
HKD	**3,185**	6,752	**1,240**	1,509

The Group does not enter into any derivative contracts to minimise the currency risk exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arises.

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuations of HKD.

The following table details the Group's sensitivity to a reasonably possible change of 5% in HKD against RMB while all other variables are held constant. 5% is the sensitivity rate used which represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the reporting period for a 5% change in foreign currency rate.

An analysis of sensitivity to currency risk is as follows:

	2017 **RMB'000**	2016 RMB'000
Increase (decrease)/decrease (increase) in post-tax profit/(loss) for the year		
— if RMB weakens against HKD	**81**	197
— if RMB strengthens against HKD	**(81)**	(197)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk

At 31 December 2017, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the financial guarantee provided by the Group as disclosed in note 29. The Group's credit risk is primarily attributable to its trade and other receivables, restricted bank deposits, time deposits and bank balances.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 98% (2016: 96%) of the total financial assets as at 31 December 2017.

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk on trade and other receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

In relation to the provision of guarantees by the Group to banks to secure obligations of the purchasers of the property units for the repayment of their mortgage loans, if there is a default in repayment by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to take over the ownership of the relevant properties and sell the properties to recover any amount paid by the Group to banks. In this regard, the directors of the Company consider that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosure of these guarantees has been made in note 29.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2017				
Trade payables	–	3,304	3,304	3,304
Other payables	–	2,497	2,497	2,497
Corporate guarantee for mortgage facilities granted to property buyers	–	547,639	547,639	–
		553,440	553,440	5,801

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2016					
Trade payables	–	30,080	–	30,080	30,080
Other payables	–	4,208	–	4,208	4,208
Secured bank borrowings	4.99	1,229	103,656	104,885	99,900
Corporate guarantee for mortgage facilities granted to property buyers	–	348,581	–	348,581	–
		384,098	103,656	487,754	134,188

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each of the reporting period.

34. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values based on discounted cash flows analysis.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Secured bank borrowings RMB'000
At 1 January 2017	**99,900**
Repayment of bank borrowings	**(99,900)**
Interest accrued	**5,717**
Interest paid	**(5,717)**
At 31 December 2017	**–**

36. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2016, the Group entered into the following major non-cash transactions:

(i) On 25 October 2016, the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General in accordance with the terms of the Acquisition Agreement (as defined in the Company's prospectus dated 30 September 2016); and

(ii) On 27 October 2016, the amounts advanced from Mr. Shie Tak Chung and Mr. Tsoi Kin Sze to the Group in prior years amounting to RMB59,139,000 were waived and such waived amounts were recognised as shareholders' contribution.

37. 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 RMB'000	2016 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

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 December 2017 and 2016 was as follows:

	2017 RMB'000	2016 RMB'000
Short-term benefits	**3,971**	1,215
Post-employment benefits	**272**	200
	4,243	1,415

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals of the Group and market trends.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and fully paid share capital/ paid-up capital	Proportion ownership interest attributable to the Company				Proportion of voting power held by the Company				Principal activities
			Directly		Indirectly						
			2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	
中總（香港）有限公司 China General	Hong Kong	Issued and fully paid share capital HKD488,184,682	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
創聯國際控股有限公司 Creative Union Global Holdings Limited**	British Virgin Islands	Issued and fully paid share capital United States dollar 100	**100%**	N/A	**–**	N/A	**100%**	N/A	**–**	N/A	Investment holding
駿麗國際投資有限公司 Nice Smart International Investment Limited**	Hong Kong	Issued and fully paid share capital HKD1,000	**–**	N/A	**100%**	N/A	**–**	N/A	**100%**	N/A	Investment holding
惠安中總房地產開發有限公司 Hui An China General Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB62,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Property development
福建省厚德企業管理有限公司 Houde Enterprise	The PRC	Paid-up capital of RMB10,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Investment holding
恒德（石獅）投資有限公司 Hengde Shishi	The PRC	Paid-up capital of RMB10,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Investment holding
揚州德輝房地產開發有限公司 Yangzhou Dehui Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB100,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Property development
揚州德泰物業服務有限公司 Yangzhou Detai Property Services Company Limited*	The PRC	Paid-up capital of RMB1,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Provision of building management services (2016: inactive)

* English names are for identification purpose only

** These subsidiaries were newly incorporated during the year ended 31 December 2017

All the principal subsidiaries operate predominantly in their respective places of incorporation/establishment.

None of the subsidiaries had any debt securities subsisting at the end of the reporting periods or at any time during the reporting periods.

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	**542,101**	542,101
CURRENT ASSETS		
Prepayments, deposits and other receivables	**382**	24
Bank and cash balances	**504**	895
	886	919
CURRENT LIABILITIES		
Other payables and accruals	**1,408**	1,509
Amount due to a subsidiary	**7,940**	1,404
	9,348	2,913
NET CURRENT LIABILITIES	**(8,462)**	(1,994)
NET ASSETS	**533,639**	540,107
CAPITAL AND RESERVES		
Share capital	**25,451**	25,451
Reserves	**508,188**	514,656
TOTAL EQUITY	**533,639**	540,107

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Other reserve	Share premium	Reorganisation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 25 October 2016 (date of acquisition of China General)	524,285	193,733	37,819	(239,192)	516,645
Loss and total comprehensive expense for the period	–	–	–	(1,989)	(1,989)
At 31 December 2016	524,285	193,733	37,819	(241,181)	514,656
Loss and total comprehensive expense for the year	–	–	–	(6,468)	(6,468)
At 31 December 2017	**524,285**	**193,733**	**37,819**	**(247,649)**	**508,188**

The directors of the Company are not unable to obtain the pre-acquisition financial information of the Company upon the completion of the Acquisition and the directors of the Company considered that excessive costs would be incurred with no additional value to recompile the pre-acquisition financial information of the Company and therefore, the movement in the Company's reserves for the period from 1 January 2016 to 24 October 2016 have not been disclosed in these consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2017

The consolidated results of the Company for each of the three years ended 31 December 2015, 2016 and 2017 and its consolidated assets, liabilities and equity of the Company as at 31 December 2015, 2016 and 2017 are those set out in the consolidated financial statements included in this annual report and the Company's annual report for the year ended 31 December 2016.

The consolidated results of the Company for each of the two years ended 31 December 2013 and 2014 and its consolidated assets, liabilities and equity as at 31 December 2013 and 2014 are restated to be those of the China General Group as set out in note 2 to the consolidated financial statements and have been extracted from the circular of the Company dated 29 February 2016 in connection with the Restructuring and the Trading Resumption.

The summary below does not form part of the audited financial statements included in this annual report.

RESULTS

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)		
			(restated)	(restated)	(restated)
Revenue	**355,869**	158,125	103,196	256,532	203,689
Cost of sales	**(294,767)**	(112,251)	(48,379)	(186,705)	(156,007)
Gross profit	**61,102**	45,874	54,817	69,827	47,682
Other income	**3,257**	3,786	5,472	1,404	930
Other gains and losses	**(2,969)**	(1,519)	(2,371)	(428)	1,399
Fair value change of investment properties	**13,210**	9,307	2,000	4,400	7,850
Selling expenses	**(8,433)**	(7,075)	(5,824)	(9,252)	(7,723)
Administrative expenses	**(17,742)**	(12,138)	(9,692)	(10,313)	(8,752)
Finance costs	**(1,435)**	(326)	(207)	(1,977)	(1,650)
Deemed listing expense	**–**	(542,104)	–	–	–
(Loss) profit before tax	**46,990**	(504,195)	44,195	53,661	39,736
Income tax expense	**(24,818)**	(14,325)	(21,894)	(17,848)	(12,364)
(Loss) profit for the year	**22,172**	(518,520)	22,301	35,813	27,372
Attributable to:					
Owners of the Company	**21,695**	(518,956)	22,200	35,094	26,836
Non-controlling interests	**477**	436	101	719	536
	22,172	(518,520)	22,301	35,813	27,372

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2017

ASSETS AND LIABILITIES

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)		
			(restated)	(restated)	(restated)
Total assets	**1,037,720**	1,181,522	1,084,264	932,418	968,996
Total liabilities	**(409,627)**	(575,601)	(561,063)	(431,518)	(872,100)
	628,093	605,921	523,201	500,900	96,896
Equity attributable to owners of the Company	**618,319**	596,624	514,340	492,140	94,746
Non-controlling interests	**9,774**	9,297	8,861	8,760	2,240
	628,093	605,921	523,201	500,900	96,986

JIANDE INTERNATIONAL HOLDINGS LIMITED
建德國際控股有限公司