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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of Jiande International Holdings Limited (the "**Company**") is pleased to present the unaudited results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 together with the unaudited and restated comparative figures for the corresponding period of the previous year which are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue			
Sales of properties	*3*	**39,858**	9,611
Cost of sales		**(28,246)**	(6,206)
Gross profit		**11,612**	3,405
Other income	*4*	**1,321**	1,556
Other losses		**(38)**	(308)
Fair value change of investment properties	*9*	**2,473**	892
Selling expenses		**(1,619)**	(4,279)
Administrative expenses		**(6,959)**	(8,517)
Finance costs		**–**	(502)
Profit (loss) before tax		**6,790**	(7,753)
Income tax expense	*5*	**(3,346)**	(93)
Profit (loss) and total comprehensive income (expense) for the period	*6*	**3,444**	(7,846)
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**3,341**	(7,780)
Non-controlling interests		**103**	(66)
		3,444	(7,846)
		RMB	*RMB*
Earnings (loss) per share			
— Basic	*8*	**0.057 cent**	(0.133) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	NOTES	**30 June 2018** *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
NON-CURRENT ASSETS			
Plant and equipment		**448**	502
Investment properties	*9*	**110,800**	112,827
Deferred tax assets		**13,465**	5,660
Time deposits		**60,000**	70,000
		184,713	188,989
CURRENT ASSETS			
Properties held-for-sale	*10*	**732,432**	675,952
Trade and other receivables	*11*	**57,426**	39,369
Contract costs		**3,020**	–
Prepaid land appreciation tax		**16,513**	13,437
Restricted bank deposits		**74,661**	38,348
Time deposits, bank balances and cash		**188,880**	80,851
		1,072,932	847,957
Assets classified as held for sale	*12*	**1,595**	774
		1,074,527	848,731
CURRENT LIABILITIES			
Trade payables	*13*	**10,074**	3,304
Other payables and accruals		**103,731**	107,744
Pre-sales proceeds received on sales of properties		**–**	242,733
Pre-sales proceeds received on sales of investment properties		**608**	260
Contract liabilities	*14*	**452,013**	–
Income tax and land appreciation tax payable		**38,477**	33,228
		604,903	387,269
NET CURRENT ASSETS		**469,624**	461,462
TOTAL ASSETS LESS CURRENT LIABILITIES		**654,337**	650,451
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**23,136**	22,358
NET ASSETS		**631,201**	628,093
CAPITAL AND RESERVES			
Share capital	*15*	**25,451**	25,451
Reserves		**595,873**	592,868
Equity attributable to owners of the Company		**621,324**	618,319
Non-controlling interests		**9,877**	9,774
TOTAL EQUITY		**631,201**	628,093

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new, amendments and an interpretation to Hong Kong Financial Reporting Standards ("**HKFRS**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new, amendments and an interpretation to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new, amendments and an interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new, amendments and an interpretation to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards, amendments and an interpretation which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from sales of properties. The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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 Group satisfies a performance obligation.

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from sales of property is recognised at a point in time because the customer obtains control of the property when the respective properties have been completed and delivered to the customers at a point in time.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (such as sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on accumulated losses at 1 January 2018.

	Impact of adopting HKFRS 15 at 1 January 2018 *RMB'000*
Accumulated losses	
Recognition of contract costs regarding commission expenses to intermediaries/employees	895
Tax effects	(224)
Impact at 1 January 2018	671

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amounts under HKFRS 15 at 1 January 2018*
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Properties held-for-sale	*(c)*	675,952	–	1,401	677,353
Contract costs	*(a)*	–	–	895	895
Current liabilities					
Pre-sales proceeds received on sales of properties	*(b)*	242,733	(242,733)	–	–
Contract liabilities	*(b), (c)*	–	242,733	1,401	244,134
Non-current liabilities					
Deferred tax liabilities	*(a)*	22,358	–	224	22,582
Capital and reserves					
Reserves	*(a)*	592,868	–	671	593,539

* *The amounts in this column are before the adjustments from the application of HKFRS 9.*

Notes:

(a) The Group recognised incremental commission expenses to intermediaries/employees in connection with obtaining sales of properties contracts with customers. These amounts were previously expensed as incurred. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of RMB895,000 and the related deferred tax liabilities of RMB224,000 were recognised with corresponding adjustments to accumulated losses.

(b) As at 1 January 2018, pre-sales proceeds received on sales of properties of RMB242,733,000 previously was reclassified to contract liabilities upon application of HKFRS 15.

(c) The Group adjusted the pre-sales proceeds received on sales of properties, in which those relevant properties are expected to deliver after one year from 1 January 2018, for the financing component effects amounting to RMB1,401,000 and such effects were capitalised as properties held-for-sale.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Properties held for sale	732,432	(8,407)	724,025
Contract costs	3,020	(3,020)	–
Current liabilities			
Contract liabilities	452,013	(8,407)	(443,606)
Non-current liabilities			
Deferred tax liabilities	23,136	(755)	22,381
Capital and reserves			
Reserves	595,873	(2,265)	593,608

Impact on the condensed consolidated statement of profit and loss and other comprehensive income

	As reported	Adjustments	Amounts without application of HKFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Selling expenses	1,619	2,125	3,744
Income tax expense	3,346	(531)	2,815

2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* ("HKFRS 9")

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"). In addition, the Group may irrevocably designated a debt investment that meets the amortized costs or FVTOCI criteria as measured as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. The initial application of HKFRS 9 on 1 January 2018 has no material impact on the classification and measurement of financial assets on the Group's condensed consolidated financial statements.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract costs, restricted bank deposits, time deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Note	**Trade and other receivables** *RMB'000*	**Deferred tax assets** *RMB'000*	**Accumulated losses** *RMB'000*
Closing balance at 31 December 2017 — HKAS 39		39,369	5,660	377,048
Effect arising from initial application of HKFRS 9:				
Remeasurement				
Impairment under ECL model	*(a)*	(1,343)	–	1,343
Tax effect	*(a)*	–	336	(336)
Opening balance at 1 January 2018		38,026	5,996	378,055

Note:

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, restricted bank deposits, time deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of RMB1,343,000 and the related deferred tax assets of RMB336,000 have been recognised against accumulated losses for other receivables. Except for the other receivables, the directors of the Company reviewed and assessed the impairment of, trade receivables, restricted bank deposits, time deposits and bank balances under ECL model, and no additional loss allowance is recognised against accumulated losses.

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017 *RMB'000* (audited)	Impact on adoption of HKFRS 15 *RMB'000*	Impact on adoption of HKFRS 9 *RMB'000*	1 January 2018 *RMB'000* (restated)
Non-current assets				
Deferred tax assets	5,660	–	336	5,996
Others with no adjustment	183,329	–	–	183,329
	188,989	–	336	189,325
Current assets				
Properties held-for-sale	675,952	1,401	–	677,353
Trade and other receivables	39,369	–	(1,343)	38,026
Contract costs	–	895	–	895
Others with no adjustment	133,410	–	–	133,410
	848,731	2,296	(1,343)	849,684
Current liabilities				
Pre-sales proceeds received on sales of properties	242,733	(242,733)	–	–
Contract liabilities	–	244,134	–	244,134
Others with no adjustments	144,536	–	–	144,536
	387,269	1,401	–	388,670
Net current assets	461,462	895	(1,343)	461,014
Total assets less current liabilities	650,451	895	(1,007)	650,339
Non-current liabilities				
Deferred tax liabilities	22,358	224	–	22,582
Net assets	628,093	671	(1,007)	627,757
Capital and Reserves				
Reserves	592,868	671	(1,007)	592,532
Others with no adjustments	35,225	–	–	35,225
Total Equity	628,093	671	(1,007)	627,757

Except as described above, the application of other amendments and interpretation to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the property development and revenue represents the net amounts received and receivable for properties sold by the Group in the normal course of business to customers.

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of properties		
Residential units in Binjiang International Project	**6,830**	4,296
Residential units in The Cullinan Bay Project	**33,028**	5,315
	39,858	9,611

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 83% (2017: 55%) of revenue for the six months ended 30 June 2018 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 period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income. The accounting policies of the operating segment are the same as the Group's accounting policies.

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

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Rental income from investment properties	**181**	921
Bank interest income	**977**	635
Others	**163**	–
	1,321	1,556

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**9,187**	4,487
PRC Land Appreciation Tax ("LAT")	**1,074**	304
	10,261	4,791
Deferred tax	**(6,915)**	(4,698)
	3,346	93

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2018 and 2017. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The Company is exempted from income tax in Cayman Islands or any other jurisdiction.

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

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

6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of plant and equipment	**61**	118
Rental expense in respect of rented premises under operating lease	**52**	54
Staff costs, including directors' remunerations	**2,933**	3,675
Gross rental income from investment properties	**(181)**	(921)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	**23**	188
	(158)	(733)

7. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2018 and 2017, nor has any dividend been proposed since the end of the reporting periods.

8. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**3,341**	(7,780)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,837,990**	5,837,990

The weighted average number of shares used for the purpose of calculating basic earnings (loss) per share for the six months ended 30 June 2018 and 2017 are determined by reference to the number of ordinary shares outstanding during both periods.

No diluted earnings (loss) per share for the six months ended 30 June 2018 and 2017 is presented because the Group did not have any potential ordinary shares outstanding during both periods.

9. INVESTMENT PROPERTIES

	Completed investment properties
	RMB'000
Fair value	
At 1 January 2018 (audited)	112,827
Net fair value change recognised in profit or loss	2,473
Disposal	(2,905)
Reclassified as assets held for sale *(note 12)*	(1,595)
At 30 June 2018 (unaudited)	110,800

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Unrealised gains on fair value change of investment properties included in condensed consolidated statement of profit or loss and other comprehensive income	**2,032**	892

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 values of the Group's investment properties as at 30 June 2018 and 31 December 2017 have been arrived at on the basis of valuation carried out on the respective dates by Messrs. Cushman & Wakefield Limited ("C&W"), independent qualified professional valuers not connected with 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.

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: 3.5% (31 December 2017: 4.0%) Reversion yield: 4.0% (31 December 2017: 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 (31 December 2017: RMB311 to RMB549) 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	Direct comparison approach	Recent market transaction prices per car parking space of comparable properties ranging from RMB122,000 to RMB144,000 (31 December 2017: 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 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: 4.0% (31 December 2017: 4.0%) Reversion yield: 4.5% (31 December 2017: 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 RMB28 (31 December 2017: RMB28) 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.

10. PROPERTIES HELD-FOR-SALE

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Properties held-for-sale		
Properties under development	**453,654**	369,937
Completed properties	**278,778**	306,015
	732,432	675,952

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 30 June 2018, property under development of approximately RMB124,633,000 (unaudited) (31 December 2017: RMB217,781,000 (audited)) are not expected to be realised within one year.

11. TRADE AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**1,703**	97
Less: allowance for doubtful debts	**(30)**	(30)
	1,673	67
Other receivables, net of impairment loss recognised	**1,118**	3,876
Receivables from disposal of investment properties	**679**	12,783
Prepaid taxes other than income tax and land appreciation tax	**19,825**	8,537
Deposits paid to suppliers	**28,429**	11,037
Other deposits and prepayments	**5,702**	3,069
	57,426	39,369

Ageing of trade receivables which are past due but not impaired:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
1–30 days	**606**	–
31–90 days	**1,067**	–
91–180 days	**–**	–
181–365 days	**–**	17
Over 365 days	**–**	50
	1,673	67

Trade receivables 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 period ended 30 June 2018 and year ended 31 December 2017.

Movement in the loss allowance of other receivables:

	Loss allowance of other receivables *RMB'000*
At 31 December 2017 (audited)	22
Impairment loss recognised (restated)	3,814
At 1 January 2018 (unaudited) and 30 June 2018 (unaudited)	3,836

Other receivables with significant balances amounting to approximately RMB4,954,000 as at 30 June 2018 were assessed individually and impairment allowance of approximately RMB3,836,000 were made on these receivables.

12. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale as at 30 June 2018 and 31 December 2017 are as follow:

	30 June 2018 ***RMB'000*** **(unaudited)**	31 December 2017 *RMB'000* (audited)
Assets classified as held for sale:		
Investment properties	**1,595**	774

During the six months ended 30 June 2018 and 31 December 2017, the Group entered into sale agreements with independent third parties to sell certain car parking spaces. As at 30 June 2018 and 31 December 2017, the Group received sale deposits regarding sales of investment properties approximately to RMB608,000 and RMB260,000, respectively. The investment properties which were expected to be sold within twelve months were classified as held-for-sale and were presented separately in the condensed consolidated statement of financial position. During the six months ended 30 June 2018, the investment properties classified as held-for-sale as at 31 December 2017 have been derecognised.

The fair values of the investment properties classified as held-for-sale at 30 June 2018 and 31 December 2017 been arrived on the same basis of a valuation carried out by C&W on respective dates as disclosed in Note 9.

13. TRADE PAYABLES

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

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
0–60 days	**3,580**	592
61–90 days	**2,806**	55
91–180 days	**743**	972
181–365 days	**1,568**	696
Over 365 days	**1,377**	989
	10,074	3,304

14. CONTRACT LIABILITIES

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Pre-sales proceeds received on sales of properties	**452,013**	–

The directors of the Company considered that the balance of contract liabilities as at 30 June 2018 will be recognised as revenue to profit or loss as follows:

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Within one year	**224,701**	–
After one year	**227,312**	–
	452,013	–

15. SHARE CAPITAL

	Number of shares *'000*	**Share Capital** *HK$'000*	**Share Capital** *RMB'000*
Authorised:			
At 31 December 2017 and 30 June 2018			
— Ordinary shares of HK$0.005 each	100,000,000	500,000	435,951
Issued and fully paid:			
At 31 December 2017 and 30 June 2018			
— Ordinary shares of 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.

16. OTHER COMMITMENTS

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Construction commitments in respect of properties under development for sale contracted for but not provided in the condensed consolidated financial statements	**165,653**	168,441

17. CONTINGENT LIABILITIES

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	**578,978**	547,639

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtaining the individual property ownership certificate, or (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 30 June 2018 amounted to RMB578,978,000 (unaudited) (31 December 2017: RMB547,639,000 (audited)). Pursuant to the 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 owed 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 recovering 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 condensed consolidated financial statements for these guarantees.

18. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the condensed consolidated financial statements, the Group has entered into the following significant transaction with a related party during six months ended 30 June 2018:

Name of related party	Nature	Six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
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**	–

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 of personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2018 and 2017 was as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term benefits	**1,806**	1,861
Post-employment benefits	**88**	101
	1,894	1,962

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.

19. 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 condensed consolidated financial statements approximate to their fair values based on discounted cash flows analysis.

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2018, 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. In addition to ongoing sales of the existing completed property units in the Binjiang International and Phase 1 of The Cullinan Bay projects, the Group will begin to deliver the residential properties of Phase 2 of The Cullinan Bay project, which is currently under construction, in the second half of 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 six months ended 30 June 2018 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 314.7% from RMB9,611,000 for the six months ended 30 June 2017 to RMB39,858,000 for the six months ended 30 June 2018, primarily attributable to the increase in delivery of the completed residential properties of The Cullinan Bay project during the period.

Along with the revenue growth, gross profit of the Group increased by 241.0% from RMB3,405,000 for the six months ended 30 June 2017 to RMB11,612,000 for the six months ended 30 June 2018, whereas the gross profit margin dropped from 35.4% for the six months ended 30 June 2017 to 29.1% for the six months ended 30 June 2018, since the Group's revenue for the 30 June 2018 included the delivery of certain decorated residential units of The Cullinan Bay project sold at lower margin as part of its marketing campaign.

Selling expenses decreased by 62.2% from RMB4,279,000 for the six months ended 30 June 2017 to RMB1,619,000 for the six months ended 30 June 2018, mainly due to the adjustment of certain sales agent commission expense of RMB2,125,000 upon the initial adoption of HKFRS 15 at 1 January 2018.

Administrative expenses decreased by 18.3% from RMB8,517,000 for the six months ended 30 June 2017 to RMB6,959,000 for the six months ended 30 June 2018, primarily due to the lowering of administrative expenses of the Company itself which were incurred in Hong Kong dollars and converted to RMB for reporting as a result of the overall appreciation of RMB during the six months ended 30 June 2018 as compared to the exchange rate for the six months ended 30 June 2017.

The Group reported profit and total comprehensive income attributable to owners of the Company of RMB3,341,000 for the six months ended 30 June 2018, representing a turnaround from a loss of RMB7,780,000 for the six months ended 30 June 2017, because of the combined effect of gross profit growth and decrease in selling expenses and administrative expenses for the aforesaid reasons which was partially offset by the increase in income tax expense.

Liquidity and Financial Resources

As at 30 June 2018, the Group had total assets of RMB1,259,240,000 which were financed by total equity of RMB631,201,000 and total liabilities of RMB628,039,000.

The Group's working capital requirements were mainly financed by internal resources. As at 30 June 2018, the Group had time deposits, bank balances and cash of RMB248,880,000 (31 December 2017: RMB150,851,000) and no bank borrowings (31 December 2017: Nil).

Current ratio of the Group was 1.77 times as at 30 June 2018 (31 December 2017: 2.19 times).

Foreign Exchange Exposure

Major subsidiaries of the Company operate in the PRC and all the business transactions of the Group are denominated in RMB. Net foreign exchange loss for the six months ended 30 June 2018 primarily resulted from the translation of the bank balance and cash denominated in currencies other than RMB into RMB. Currently, the Group does not use derivative financial instruments and has not entered into any derivative contracts. However, the management will monitor the currency fluctuation exposure and will consider hedging significant foreign exchange risk should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had approximately 35 full-time employees, excluding the Directors, in the PRC. During the six months ended 30 June 2018, the total staff costs, excluding Directors' remuneration, was RMB2,933,000 (2017: RMB3,675,000). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration and benefit package to its employees. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident fund, pension, medical, maternity, work injury insurance and unemployment benefit plans.

CORPORATE GOVERNANCE

To the best knowledge of the Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code and Corporate Governance Report (the "**CG Code**") during the six months ended 30 June 2018, except the deviation disclosed in the following paragraph:

With respect to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. At the annual general meeting of the Company held on 24 May 2018, one independent non-executive Director was absent due to other business engagement.

The Board is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders of the Company and to enhance accountability and transparency. The Company considers that sufficient measures have been taken to ensure compliance with the CG Code.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in securities of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed with the management the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018, including the accounting principles and practices adopted.

REVIEW BY AUDITORS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Preformed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.jiande-intl.com and the website of the Stock Exchange at www.hkexnews.hk. The 2018 interim report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 September 2018.

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

Hong Kong, 31 August 2018

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