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JIANDE INTERNATIONAL HOLDINGS LIMITED

建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 together with the unaudited 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 2019

		Six months ended 30 June	
		2019	2018
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue			
Sales of properties	3	60,644	39,858
Cost of sales		(40,910)	(28,246)
Gross profit		19,734	11,612
Other income	4	4,712	1,321
Other gains and losses		136	(38)
Fair value change of investment properties	9	4,951	2,473
Fair value change upon transfer from properties held for sale to investment properties		236	–
Impairment losses, net of reversal	11	982	–
Selling expenses		(2,162)	(1,619)
Administrative expenses		(7,657)	(6,959)
Profit before tax		20,932	6,790
Income tax expense	5	(5,731)	(3,346)
Profit and total comprehensive income for the period	6	15,201	3,444
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		14,933	3,341
Non-controlling interests		268	103
		15,201	3,444
		RMB	RMB
Earnings per share			
— Basic	8	0.256 cent	0.057 cent

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019**

	<i>NOTES</i>	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Plant and equipment		372	411
Investment properties	9	121,369	109,580
Deferred tax assets		12,789	11,312
Time deposits		90,000	60,000
		<u>224,530</u>	<u>181,303</u>
CURRENT ASSETS			
Properties held for sale	10	685,232	690,043
Trade and other receivables	11	37,378	59,363
Contract costs		2,077	2,712
Prepaid land appreciation tax		22,265	21,337
Restricted bank deposits		68,992	75,841
Short-term financial products		107,000	60,000
Bank balances and cash		101,801	135,122
		<u>1,024,745</u>	<u>1,044,418</u>
Assets classified as held for sale	12	731	521
		<u>1,025,476</u>	<u>1,044,939</u>
CURRENT LIABILITIES			
Trade payables	13	9,007	16,478
Other payables and accruals		60,283	84,393
Pre-sales proceeds received on sales of investment properties	12	513	535
Contract liabilities	14	496,863	447,677
Amount due to a related party		–	2,283
Income tax and land appreciation tax payable		9,056	16,488
		<u>575,722</u>	<u>567,854</u>
NET CURRENT ASSETS		<u>449,754</u>	<u>477,085</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>674,284</u>	<u>658,388</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		20,190	19,400
NET ASSETS		<u>654,094</u>	<u>638,988</u>
CAPITAL AND RESERVES			
Share capital	15	25,451	25,451
Reserves		618,419	603,486
Equity attributable to owners of the Company		<u>643,870</u>	<u>628,937</u>
Non-controlling interests		10,224	10,051
TOTAL EQUITY		<u>654,094</u>	<u>638,988</u>

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**”).

The condensed consolidated financial statements are presented in RMB, which is same as functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 June 2019 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Lease (“**HKFRS16**”)

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Lease* (“**HKAS 17**”) and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* (“**HKFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* (“**HKFRS 15**”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

Based on the assessment by the Group, the accumulated amount of lease liabilities and right-of-use assets to be recognised under the HKFRS 16 is immaterial to the Group and therefore no additional lease liabilities and right-of-use assets are recognised as at 1 January 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The discounting effect at transition has had no material impact on the condensed consolidated financial statements of the Group for the current period.
- (c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

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.

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties		
Residential units in the Binjiang International Project*	7,589	6,830
Residential units in The Cullinan Bay Project**	53,055	33,028
	<u>60,644</u>	<u>39,858</u>

* The project represents completed properties located in Quanzhou, Fujian Province.

** The project represents properties under development and completed properties located in Yangzhou City, Jiangsu Province.

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 the Binjiang International Project and The Cullinan Bay Project. Over 87% (2018: 83%) of revenue for the period ended 30 June 2019 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 condensed consolidated statement of profit or loss and other comprehensive income. The accounting policies of the operation 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	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income from investment properties	165	181
Interests from short-term financial products	3,002	–
Interests from bank deposits	1,459	977
Others	86	163
	<u>4,712</u>	<u>1,321</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	5,991	9,187
PRC Land Appreciation Tax (“LAT”)	427	1,074
	6,418	10,261
Deferred tax	(687)	(6,915)
	5,731	3,346

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong dollars (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Group considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the financial statements.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019 and 2018. 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.

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% for both periods.

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 FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of plant and equipment	59	61
Rental expense in respect of rented premises under operating lease	57	52
Staff costs, including directors' remunerations	3,627	2,933
Gross rental income from investment properties	(165)	(181)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	15	23
	<u>(150)</u>	<u>(158)</u>

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2019 and 2018, nor has any dividend been proposed since the end of the reporting periods.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>14,933</u>	<u>3,341</u>
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share	<u>5,837,990</u>	<u>5,837,990</u>

No diluted earnings per share for the six months ended 30 June 2019 and 2018 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 2019 (audited)	109,580
Net fair value change recognised in profit or loss	4,951
Transfer from properties held for sale	9,100
Disposals	(1,531)
Reclassified as held for sale (<i>note 12</i>)	(731)
	<hr/>
At 30 June 2019 (unaudited)	<u>121,369</u>

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 30 June 2019 and 31 December 2018 have been arrived on the basis of a valuation carried out on 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 third party 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: 4% (31 December 2018: 4%) Reversionary yield: 4.5% (31 December 2018: 4.5%) Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the properties, ranging from RMB362 to RMB565 (31 December 2018: RMB310 to RMB536) per civil defense car parking space per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

Investment properties	Valuation technique	Significant unobservable input(s)	Sensitivity
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 RMB130,000 to RMB160,000 (31 December 2018: RMB126,000 to RMB141,000) 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.
A kindergarten property located in Huian, Fujian Province, the PRC	Investment approach	Term yield: 4% (31 December 2018: 4%) Reversionary yield: 4.5% (31 December 2018: 4.5%) 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 (31 December 2018: RMB19) per square meter per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. 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 Yangzhou, Jiangsu Province, the PRC	Investment approach	Term yield: 3% (31 December 2018: N/A) Reversionary yield: 3% (31 December 2018: N/A) Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the properties, ranging from RMB200 to RMB260 (31 December 2018: N/A) per car parking space per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
A retail store property located in Yangzhou, Jiangsu Province, the PRC	Investment approach	Term yield: 4.3% (31 December 2018: N/A) Reversionary yield: 4.8% (31 December 2018: N/A) Monthly market rent, taking into account the difference in location, and individual factors, i.e. size, accessibility and environment, between the comparable and the properties, at an average of RMB71 (31 December 2018: N/A) per square meter per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. 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 2019 <i>RMB'000</i> (unaudited)	31 December 2018 <i>RMB'000</i> (audited)
Properties held for sale		
Properties under development	452,896	399,621
Completed properties	232,336	290,422
	<u>685,232</u>	<u>690,043</u>

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 and net realisable value at as individual property basis.

At 30 June 2019, property under development of approximately RMB132,778,000 (unaudited) (31 December 2018: RMB184,628,000 (audited)) are not expected to be realised within one year.

11. TRADE AND OTHER RECEIVABLES

	30 June 2019 <i>RMB'000</i> (unaudited)	31 December 2018 <i>RMB'000</i> (audited)
Trade receivables		
— Sales of properties	17	517
Less: allowance for credit losses	—	(30)
	<u>17</u>	<u>487</u>
Other receivables (<i>note a</i>)	5,655	7,680
Less: allowance of credit losses	(2,884)	(3,836)
	<u>2,771</u>	<u>3,844</u>
Receivables from disposal of investment properties	1,348	1,241
Prepaid taxes other than income tax and land appreciation tax	24,376	20,235
Advance to suppliers (<i>note b</i>)	4,950	30,180
Other deposits and prepayments	3,916	3,376
	<u>37,361</u>	<u>58,876</u>
	<u>37,378</u>	<u>59,363</u>

Note a: The amount mainly represents the public maintenance fund 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.

Note b: The amount represents the advance payment to the contractors in order to secure construction services in projects. The advance is expected to be fully utilised in the construction projects within a year from the end of the reporting period.

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 considers that the ECL in respect of these remaining balances is insignificant 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.

As at 30 June 2019 and 31 December 2018, included in the Group's trade receivables from contracts with customers are debtors with aggregate carrying amount of RMB17,000 (unaudited) and RMB487,000 (audited), respectively which are past due as at the reporting date and have been past due 90 days or more as at the reporting date and are not considered as in default by considering the historical payment arrangement of these trade receivables. The Group does not hold any collateral over these balances.

Impairment assessment on financial assets subject to expected credit loss (“ECL”) model

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss reversed in respect of		
trade receivables	30	–
other receivables	952	–
	<u>982</u>	<u>–</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

During the current interim period, the Group reversed the impairment allowance of RMB30,000 and RMB952,000 to trade receivables and other receivables, respectively.

12. 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 30 June 2019 and 31 December 2018 are as follow:

	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Assets classified as held for sale:		
Investment properties	<u>731</u>	<u>521</u>

During the six months ended 30 June 2019 and the year ended 31 December 2018, the Group entered into sale agreements with independent third parties to sell certain car parking spaces. As at 30 June 2019 and 31 December 2018, the Group received sale deposits regarding sales of investment properties to RMB513,000 (unaudited) and RMB535,000 (audited), 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 2019, the investment properties classified as held for sale as at 31 December 2018 have been derecognised.

13. TRADE PAYABLES

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
0–60 days	149	10,296
61–90 days	3,130	—
91–180 days	658	779
181–1 year	714	3,027
Over 1 year	4,356	2,376
	<u>9,007</u>	<u>16,478</u>

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

14. CONTRACT LIABILITIES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Contract liabilities		
Pre-sales proceeds received on sales of properties	<u>496,863</u>	<u>447,677</u>

For contract liabilities as at 30 June 2019 and 31 December 2018, the balance will be recognised as revenue to profit or loss as follows:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Within one year	383,667	301,481
After one year	<u>113,196</u>	<u>146,196</u>
	<u>496,863</u>	<u>447,677</u>

15. SHARE CAPITAL

The details of the share capital of the Company are as follows:

	Number of shares '000	Share capital HK\$'000	Share capital RMB'000
Authorised:			
At 31 December 2018 and 30 June 2019			
— Ordinary shares of HK\$0.005 each	100,000,000	500,000	435,951
Issued and Fully Paid:			
At 31 December 2018 and 30 June 2019			
— 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 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Construction commitments in respect of properties under development contracted for but not provided in the condensed consolidated financial statements	88,916	101,830

17. CONTINGENT LIABILITIES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	567,971	574,143

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, 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 2019 amounted to RMB567,971,000 (unaudited) (31 December 2018: RMB574,143,000 (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 loans as well as the accrued interests and penalties owned by the defaulted property buyers. If the Group fails to do so, the mortgage banks will first deduct the bank balances existing in the banks owned by the property buyers.

Any shortfall will be recovered through auction the underlying properties and recovering the remaining balances 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 related party during both periods.

Name of related party	Nature	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (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

* English name is for identification purpose only

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

Compensation of key management of personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2019 and 2018 was as follows:

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Short-term benefits	1,960	1,806
Post-employment benefits	81	88
	<u>2,041</u>	<u>1,894</u>

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.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, an indirect non wholly-owned subsidiary of the Company succeeded in a bid of the land use rights of a parcel of land located at west side of Shuyinggongda Road and north side of Xirangda Road, Xi County, Xinyang City, Henan Province, the PRC at the auction for RMB128,171,030 (the "Land Acquisition"). The auction confirmation notice was issued to the Group on 31 July 2019. The land use rights grant contract in relation to the Land Acquisition is expected to be entered within 2019.

Details of the Land Acquisition are set out in the Company's announcement dated 30 July 2019.

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2019, 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 The Cullinan Bay projects, the Group plans to deliver certain new blocks of residential properties of The Cullinan Bay project, which is currently under construction, in the second half of 2019.

In July 2019, the Group succeeded in the bid of the land use rights of a parcel of land with total site area of approximately 54,820.8 square meters located in Xinyang, Henan Province, the PRC, mainly for the development of residential properties.

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 those cities in the PRC where the rigid demand for housing remains strong due to the Chinese government's urbanization and shanty town renovation plans. The recent acquisition of new land parcel in Xinyang has provided a good opportunity for the Group to increase its land reserve. The Group will continue to 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 2019 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 rose 52.1% from RMB39,858,000 for the six months ended 30 June 2018 to RMB60,644,000 for the six months ended 30 June 2019, 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 69.9% from RMB11,612,000 for the six months ended 30 June 2018 to RMB19,734,000 for the six months ended 30 June 2019. Meanwhile, gross profit margin was improved from 29.1% for the six months ended 30 June 2018 to 32.5% for the six months ended 30 June 2019, mainly due to the upward adjustment of average selling price of the properties in The Cullinan Bay project sold.

Other income, including mainly interest income on bank deposits and short-term financial products, increased by 256.7% from RMB1,321,000 for the six months ended 30 June 2018 to RMB4,712,000 for the six months ended 30 June 2019 as the Group bought more capital-protected short-term financial products and placed additional time deposits using its spare bank balances to earn better interests.

Selling expenses increased by 33.5% from RMB1,619,000 for the six months ended 30 June 2018 to RMB2,162,000 for the six months ended 30 June 2019, in line with the revenue growth.

Administrative expenses increased by 10.0% from RMB6,959,000 for the six months ended 30 June 2018 to RMB7,657,000 for the six months ended 30 June 2019, primarily due to the general cost inflation.

Profit and total comprehensive income attributable to owners of the Company increased by 347.0% from RMB3,341,000 for the six months ended 30 June 2018 to RMB14,933,000 for the six months ended 30 June 2019, mainly attributable to the growth of both revenue and gross profit as well as the increase in other income.

Liquidity and Financial Resources

As at 30 June 2019, the Group had total assets of RMB1,250,006,000 which were financed by total equity of RMB654,094,000 and total liabilities of RMB595,912,000.

The Group's working capital requirements were mainly financed by internal resources. As at 30 June 2019, the Group had time deposits, restricted bank deposits, short-term financial products, bank balances and cash of RMB367,793,000 (31 December 2018: RMB330,963,000) and no bank borrowings (31 December 2018: Nil).

Current ratio of the Group was 1.78 times as at 30 June 2019 (31 December 2018: 1.84 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 gain for the six months ended 30 June 2019 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 2019, the Group had approximately 31 full-time employees, excluding the Directors, in the PRC. During the six months ended 30 June 2019, the total staff costs, including Directors' remuneration, was RMB3,627,000 (2018: RMB2,933,000). 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 2019.

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 2019.

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 2019.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2019.

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 2019, 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 2019 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 Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 2019 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 2019.

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

Hong Kong, 30 August 2019

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.