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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Jiande International Holdings Limited (the "**Company**") is pleased to present the results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the previous year which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** ***RMB'000***	2018 *RMB'000*
Revenue			
Sales of properties	*5*	**184,082**	159,959
Cost of sales		**(125,418)**	(111,795)
Gross profit		**58,664**	48,164
Other income		**9,205**	4,862
Other gains and losses		**36**	(44)
Impairment losses under expected credit loss model, net of reversal		**(655)**	–
Fair value change of investment properties	*9*	**4,991**	751
Fair values change upon transfer from properties held for sale to investment properties		**295**	–
Selling expenses		**(6,226)**	(4,720)
Administrative expenses		**(16,138)**	(15,909)
Finance costs		**(8)**	–
Profit before tax		**50,164**	33,104
Income tax expense	*6*	**(16,425)**	(21,873)
Profit and total comprehensive income for the year	*7*	**33,739**	11,231

	NOTES	2019 RMB'000	2018 RMB'000
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**33,144**	10,954
Non-controlling interests		**595**	277
		33,739	11,231
		RMB	*RMB*
Earnings per share	*8*		
— Basic		**0.57 cents**	0.19 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	NOTES	**2019** **RMB'000**	2018 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**1,076**	411
Investment properties	*9*	**120,342**	109,580
Right-of-use assets	*13*	**1,181**	–
Deferred tax assets	*16*	**10,967**	11,312
Time deposits		**20,000**	60,000
		153,566	181,303
CURRENT ASSETS			
Properties for/under development/ properties for sale	*10*	**739,715**	690,043
Trade and other receivables	*11*	**55,952**	59,363
Contract costs	*12*	**3,275**	2,712
Prepaid land appreciation tax		**26,164**	21,337
Restricted bank deposits		**46,089**	75,841
Short-term financial products		**105,000**	60,000
Bank balances and cash		**153,011**	135,122
		1,129,206	1,044,418
Assets classified as held for sale		**920**	521
		1,130,126	1,044,939
CURRENT LIABILITIES			
Trade payables		**7,023**	16,478
Other payables and accruals		**59,157**	84,393
Pre-sales proceeds received on sales of investment properties		**533**	535
Contract liabilities	*14*	**474,287**	447,677
Amount due to a related party	*17*	**–**	2,283
Amount due to a non-controlling interests of a subsidiary	*17*	**25,080**	–
Income tax and land appreciation tax payable		**19,632**	16,488
Lease liabilities	*15*	**356**	–
		586,068	567,854
NET CURRENT ASSETS		**544,058**	477,085
TOTAL ASSETS LESS CURRENT LIABILITIES		**697,624**	658,388

	NOTES	2019 RMB'000	2018 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*16*	**20,717**	19,400
Lease liabilities	*15*	**373**	–
		21,090	19,400
NET ASSETS		**676,534**	638,988
CAPITAL AND RESERVES			
Share capital	*18*	**25,451**	25,451
Reserves		**636,630**	603,486
Equity attributable to owners of the Company		**662,081**	628,937
Non-controlling interests		**14,453**	10,051
TOTAL EQUITY		**676,534**	638,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

The Company was incorporated in Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange. Fame Build Holdings Limited and Talent Connect Investments Limited, companies incorporated in the British Virgin Islands with limited liabilities which are wholly owned by Mr. Shie Tak Chung ("**Mr. Shie**") and Mr. Tsoi Kin Sze ("**Mr. Tsoi**"), respectively were collectively the immediate and ultimate holding companies of the Company pursuant to a deed of confirmation dated 23 October 2014 executed by Mr. Shie and Mr. Tsoi whereby they confirmed the existence of their acting in current arrangement, which resulted in Mr. Shie, Mr. Tsoi, Fame Build Holdings Limited and Talent Connect Investments Limited collectively becoming the controlling shareholders of the Company. The addresses of the registered office and principal place of business of the Company is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and Room 1910, Fortress Tower, 250 King's Road, Hong Kong, respectively. The principal activities of the Company is investment holding and its subsidiaries are principally engaged in property development in the PRC.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

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 year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

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.

Based on the assessment by the Group, the accumulated amount of lease liabilities and right-of-use assets to be recognised under 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 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 under trade and other payables. 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 consolidated financial statements of the Group for the current year.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("**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 consolidated financial statements of the Group for the current year.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based* Payment, leasing transactions accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimation of fair value of investment properties

The valuations of investment properties were determined based on the investment approach or direct comparison approach. The valuation of civil defense car parking spaces in Quanzhou, non-civil defense car parking spaces in Yanzhou, retail store property and kindergarten property was determined based on investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. It was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The valuation of non-civil defense car parking spaces in Quanzhou was determined based on direct comparison approach by referencing to recent market transaction prices of similar properties in the similar locations with adjustments of other individual factors. Note 9 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

The carrying amount of investment properties at 31 December 2019, was RMB120,342,000 (2018: RMB109,580,000). Notwithstanding that the management employs independent professional qualified valuers to perform fair value assessments based on these assumptions, the fair values of these investment properties may be higher or lower depending on the future market conditions.

Estimated net realisable value on properties for/under development/properties for sale

In determining whether allowances should be made to the Group's properties for/under development/ properties for sale, the Group takes into consideration the current market conditions to estimate the net realisable value (i.e. the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations). An allowance is made if the estimated net realisable value is less than the carrying amount. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, a further loss will be recognised on the properties for/under development/properties for sale in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2019, the carrying amount of the properties held for sale was approximately RMB739,715,000 (2018: RMB690,043,000).

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant estimates is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates and the amount of the land appreciation was determined by subtracting the related deductible amounts, including the property development expenditures which require accounting estimation of the total budget of the property development project, from the sales revenue. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the years in which such tax is finalised with local tax authorities. As at 31 December 2019, the carrying amount of the land appreciation tax payable was approximately RMB1,296,000 (2018: RMB657,000).

5. 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.

(i) Disaggregation of revenue from contracts with customers

	2019	2018
	RMB'000	*RMB'000*
Sales of properties		
Residential units in the Binjiang International Project*	**9,609**	15,643
Residential units in The Cullinan Bay Project**	**174,473**	144,316
	184,082	159,959

* 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.

(ii) Performance obligations for contracts with customers

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point of time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group averagely receives 35% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

The Group considers the advance payment schemes contains significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

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

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	2019	2018
	RMB'000	*RMB'000*
Sales of properties		
Within one year	**305,387**	333,143
More than one year but not more than two years	**200,625**	165,148
	506,012	498,291

Segment Information

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. Approximately 95% (2018: 90%) of revenue for the year ended 31 December 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 consolidated statement of profit or loss and other comprehensive income. The accounting policies of the operating segment are the same as the Group's accounting policies described in note 3.

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

Entity-wide disclosures

Revenue from major products

Revenue during the years ended 31 December 2019 and 2018 represents sales of residential properties in property development projects as mentioned above in the PRC.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from the PRC based on the location of property development projects and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

There is no single customer or a group of customers under common control which contributed over 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**13,464**	15,933
PRC Land Appreciation Tax ("**LAT**")	**699**	1,361
Withholding PRC EIT	**600**	–
	14,763	17,294
(Over)underprovision in prior years:		
EIT	**–**	(16,673)
LAT	**–**	29,750
	–	13,077
Deferred tax *(note 17)*	**1,662**	(8,498)
	16,425	21,873

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

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

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.

On 28 December 2006, the State Administration of Taxation of the PRC (the "**SAT**") issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on 1 February 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值稅清算管理規程》), effective on 1 June 2009, which further clarifies the specific conditions and procedures for the settlement of LAT.

For the year ended 31 December 2018, the Group completed the settlement of LAT and EIT of the Group's Binjiang International Project in Quanzhou, Fujian province, the PRC with the relevant tax authority. The Group agreed with the relevant tax authority to assess the LAT on deemed basis (核定徵收), instead of on an actual basis (查賬徵收), to determine the LAT on the Binjiang International Project. As agreed with the relevant tax authority, LAT of the Binjiang International Project is determined based on 5% to 6% (depending on the nature of the properties) of properties sales revenue. The Group previously estimated the LAT provision of the Binjiang International Project by applying the actual basis. As a result of the change in the LAT determination methodology, the Group recorded an under provision of LAT in prior year for the year ended 31 December 2018 amounting to RMB29,750,000. In addition to the increase in LAT expenses in the Binjiang International Project, the Group resulted an over provision of EIT of RMB16,673,000 in respect of the Binjiang International Project for the year ended 31 December 2018.

7. PROFIT FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,999**	1,556
Depreciation of plant and equipment	**88**	110
Depreciation of right-of-use assets *(note 13)*	**97**	–
Total depreciation	**185**	110
Gross rental income from investment properties	**(859)**	(662)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**66**	83
	(793)	(579)
Cost of properties held for sale recognised as an expense	**123,236**	111,087
Directors' emoluments	**2,583**	2,528
Other staff costs		
— salaries and allowances	**3,742**	3,907
— retirement benefits scheme contributions	**641**	728
Total staff costs	**6,966**	7,163

8. EARNINGS PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**33,144**	10,954
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,837,990**	5,837,990

The weighted average number of shares used for the purpose of calculating basic earnings per share for both years are determined by reference to the number of ordinary shares outstanding during the year.

No diluted earnings per share for the year ended 31 December 2019 and 2018 were presented as there were no potential ordinary shares in issue during both years.

9. INVESTMENT PROPERTIES

	Completed investment properties *RMB'000*
FAIR VALUE	
At 1 January 2018	112,827
Net fair value change recognised in profit or loss	751
Disposals	(3,477)
Reclassified as held for sale *(note 14)*	(521)
At 31 December 2018	109,580
Net fair value change recognised in profit or loss	4,991
Transfer from properties held for sale	8,680
Disposals	(1,989)
Reclassified as held for sale *(note 14)*	(920)
At 31 December 2019	120,342

The Group leases out car parking spaces, a kindergarten property and a retail store property under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 months to 3 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

10. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

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

	2019 *RMB'000*	2018 *RMB'000*
Properties held for sale		
Properties for development	**134,299**	–
Properties under development	**92,642**	399,621
Completed properties	**512,774**	290,422
	739,715	690,043

Analysis of leasehold lands:

	RMB'000
As at 1 January 2019	
Carrying amount	–
As at 31 December 2019	
Carrying amount	134,299
For the year ended 31 December 2019	
Total cash outflow	134,299
Additions	134,299

Effective from 1 January 2019, the carrying amount of leasehold lands is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge on the leasehold lands taking into account the estimated residual values as at 31 December 2019.

All of the properties for development, properties under development and completed properties are located in Fujian Province, Jiangsu Province and Henan Province of the PRC. All the properties for/under development/properties for sale are stated at lower of cost and NRV on an individual property basis.

At 31 December 2019, properties for development of RMB134,299,000 (2018: Nil) and properties under development of RMB92,642,000 (2018: RMB184,628,000) are not expected to be realised within one year.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
— Sale of properties	**16**	517
Less: allowance for credit losses	**(16)**	(30)
	–	487
Other receivables *(note a)*	**7,505**	7,680
Less: allowance of credit losses	**(4,505)**	(3,836)
	3,000	3,844
Receivables from disposal of investment properties	**289**	1,241
Prepaid taxes other than income tax and land appreciation tax	**19,185**	20,235
Advance to suppliers *(note b)*	**28,748**	30,180
Other deposits and prepayments	**4,730**	3,376
	55,952	58,876
Total trade and other receivables	**55,952**	59,363

Notes:

(a) The amount 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.

(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.

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB67,000.

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

	2019	2018
	RMB'000	*RMB'000*
181–365 days	**–**	487

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB487,000 which are past due over 90 days as at the reporting date is 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. There is no trade receivables past due but not impaired at 31 December 2019.

12. CONTRACT COSTS

	2019	2018
	RMB'000	*RMB'000*
Incremental costs to obtain contracts *(Note)*	**3,275**	2,712

Note: Contract costs capitalised as at 31 December 2019 and 2018 relate to the incremental commissions expenses to intermediaries/employees in connection with obtaining sales of properties contracts with customers which are still under construction or not yet delivered at the reporting date.

Contract costs are recognised as part of selling expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB1,059,000 (2018: RMB895,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised in both years.

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

13. RIGHT-OF-USE ASSETS

	Leased properties *RMB'000*
As at 1 January 2019	
Carrying amount	–
As at 31 December 2019	
Carrying amount	1,181
For the year ended 31 December 2019	
Depreciation charge	97
Expense relating to short-term leases and other lease with lease terms end within 12 months of the date of initial application of HKFRS 16	60
Expense relating to lease of low value assets, excluding short-term leases of low value assets	48
Total cash outflow for leases	673
Additions to right-of-use accounts	1,278

In current year, the Group leases various offices and showrooms for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of the lease maturity analysis of lease liabilities are set out in note 15.

14. CONTRACT LIABILITIES

	2019 ***RMB'000***	2018 *RMB'000*
Pre-sales proceeds received on sales of properties	**474,287**	447,677

As at 1 January 2018, contract liabilities amounted to RMB224,134,000.

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Sales of properties	
	2019 ***RMB'000***	2018 *RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**88,139**	126,642

The Group averagely receives 35% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customers.

The directors of the Company considered that the balance of contract liabilities as at 31 December 2019 and 2018 will be recognised as revenue to profit or loss as follows:

	2019	2018
	RMB'000	*RMB'000*
Within one year	**310,488**	301,481
After one year	**163,799**	146,196
	474,287	447,677

15. LEASE LIABILITIES

	31 December 2019
	RMB'000
Lease liabilities payable	
Within one year	**356**
Within a period of more than one year	**373**
	729
Less: Amount due for settlement with 12 months shown under current liabilities	**(356)**
Amount due for settlement after 12 months shown under non-current liabilities	**373**

16. DEFERRED TAX ASSETS/LIABILITIES

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

	2019	2018
	RMB'000	*RMB'000*
Deferred tax assets	**10,967**	11,312
Deferred tax liabilities	**(20,717)**	(19,400)
	(9,750)	(8,088)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the years ended 31 December 2019 and 2018:

	Revaluation of investment properties *RMB'000*	Deferred tax on LAT payments on sales of properties deductible under EIT *RMB'000*	ECL provision *RMB'000*	Deferred tax on presales on sales of properties/ contract liabilities *RMB'000*	Deferred tax on contract costs *RMB'000*	Total *RMB'000*
At 1 January 2018	(23,684)	(2,116)	336	9,102	(224)	(16,586)
Credit (charge) to profit or loss *(note 6)*	3,980	(2,657)	–	7,629	(454)	8,498
At 31 December 2018	(19,704)	(4,773)	336	16,731	(678)	(8,088)
(Charge) credit to profit or loss *(note 6)*	(1,348)	(1,389)	161	1,054	(140)	(1,662)
At 31 December 2019	(21,052)	(6,162)	497	17,785	(818)	(9,750)

17. AMOUNT DUE TO A RELATED PARTY/A NON-CONTROLLING INTERESTS OF A SUBSIDIARY

		2019 ***RMB'000***	2018 *RMB'000*
Mr. Shie Tak Chung *(Note)*	Unsecured, non-interest bearing and repayable on demand	**–**	2,283
Shishi Qixin Trading Company Limited ("**Shishi Qixin**") (石獅市琦鑫貿易有限責任公司)	Unsecured, non-interest bearing and repayable when 息縣德建置業有限公司 consists of accumulated net cash inflow	**25,080**	–

Note: The amount due to a related party represented advances from Mr. Shie Tak Chung, the director of the Company.

18. SHARE CAPITAL

Share capital of the Company

	Number of shares *'000*	Amount of share capital *HK$'000*	Amount of share capital *RMB'000*
Authorised ordinary shares:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019 at HK$0.005 each	100,000,000	500,000	435,951
Issued and fully paid ordinary shares:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019 at HK$0.005 each	5,837,990	29,190	25,451

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

19. CONTINGENT LIABILITIES

	2019 ***RMB'000***	2018 *RMB'000*
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	**546,259**	574,143

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with the PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The outstanding financial guarantee providing with guarantee period up to the full settlement of mortgage loans as at 31 December 2019 amounted to RMB546,259,000 (2018: RMB574,143,000). Pursuant to terms of the guarantees, for a given mortgage loan, if there is any default of the mortgage payments by a property buyer, the Group is responsible to repay to the bank outstanding balance of the mortgage loans as well as 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 recover 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 consolidated financial statements for these guarantees.

20. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

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

21. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transaction with a related party during the year ended 31 December 2019 and 2018:

Name of related party	**Nature**	**2019** ***RMB'000***	2018 *RMB'000*
德泰物業管理有限公司揚州分公司 Detai Property Management Company Limited (Yangzhou Branch)* ("**Detai Property Management**")	Property management services fee paid	**–**	1,800

* 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. Mr. Tsoi Kin Sze resigned his position of executive Director and Chief Executive Officer on 22 November 2019.

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 December 2019 and 2018 was as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Short-term benefits	**3,084**	3,286
Post-employment benefits	**158**	181
	3,242	3,467

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.

22. SUBSEQUENT EVENTS

(1) Subsequent to the end of the reporting period, an indirectly wholly-owned subsidiary of the Company succeeded in a bid of the land use rights of a parcel of land located at South side of Zhucheng Highway, Wugang City, Hunan Province, the PRC at the auction of RMB94 million (the "**Land Acquisition**") on 28 February 2020. The land use right grant contract in related to the Land Acquisition is signed on 20 March 2020.

Details of the Land Acquisition are set out in the Company's announcement dated 28 February 2020.

(2) An outbreak of respiratory illness caused by novel coronavirus (the "**COVID-19**") has been expanded across the PRC and globally, certain measures have been undertaken by the PRC central government and various provincial or municipal governments including travel restrictions in an effort to contain the coronavirus outbreak. The Group have been directed by the local government to facilitate the prevention and control measures of the novel coronavirus pneumonia epidemic (the "**Epidemic**"), including expanding the Chinese New Year holidays, and adopted safety reparations for resuming operation under the guidance and approval of the local government.

The directors of the Company expected the progress of the sales of properties after Chinese New Year will result in a delay with the effect of the Epidemic. Pending of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated at the date of this report. The directors of the Company will continue to assess the impact of the Epidemic on the Group's operation and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the Epidemic.

INDUSTRY REVIEW

Looking back to 2019, the Chinese central government reiterated that "houses are for living in, not for speculation", stressing the need for property developers to guard against the potential impact of financial risks and tightening the capital regulations. With the implementation of "one city, one strategy", regional governments continuously optimised their adjusting and controlling policies based on the local situations, promoting the balance between supply and demand and facilitating the long-term stable and healthy development of property market. Despite reaching record high annual sales amount, the overall growth rate of real estate industry the PRC slowed down during 2019. According to the National Bureau of Statistics, the PRC sales of commodity properties for 2019 amounted to RMB15,972.5 billion, representing a year-on-year increase of 6.5%, and the gross floor area of commodity properties sold amounted to 1,715.58 million square meters, generally the same as 2018.

BUSINESS REVIEW AND PROSPECT

For the year ended 31 December 2019, the Group continued to generate revenue by selling the completed properties in the Binjiang International project in Quanzhou, Fujian Province and The Cullinan Bay project in Yangzhou, Jiangsu Province. In 2020, the Group will focus on the development of its two new residential property projects located in Xinyang, Henan Province and Wugang, Hunan Province respectively, in addition to ongoing construction of the remaining part of The Cullinan Bay project.

The COVID-19 outbreak since the beginning of 2020 in the PRC have affected the overall economy. Despite causing temporary closure of sales centres and suspension of site construction, the Group has performed strict control over its operation in response to the epidemic situation while steadily promoting the resumption of work and production. The management of the Company believes that the impact of the COVID-19 on the real estate industry is temporary but will closely monitor the development of the epidemic, making appropriate measures timely.

The management estimates that the situations are becoming more challenging in 2020. Tightened policies are not expected to be relaxed by the central government in the short term for the stabilisation of housing prices and the promotion of long-term stable and healthy development of real estate industry in the PRC.

The Group is dedicated to developing quality properties accompanied with a living community to customers, particularly in those cities in the PRC where the rigid demand for housing remain strong due to the continuous urbanization process. The Group will also aim at being customer-centred and innovating product functions to realise customers' pursuit for better lives.

FINANCIAL PERFORMANCE

The Group's revenue for the year ended 31 December 2019 continued to be derived from the sale and delivery of properties in The Cullinan Bay and the Binjiang International projects to customers. Revenue rose 15.1% from RMB159,959,000 for the year ended 31 December 2018 to RMB184,082,000 for the year ended 31 December 2019, primarily attributable to the increase in delivery of the completed residential properties in The Cullinan Bay project during the year.

Along with the growth of revenue, gross profit of the Group increased by 21.8% from RMB48,164,000 for the year ended 31 December 2018 to RMB58,664,000 for the year ended 31 December 2019. Gross profit margin improved from 30.1% for the year ended 31 December 2018 to 31.9% for the year ended 31 December 2018, mainly due to the upward adjustment of average selling price of the properties in The Cullinan Bay project sold.

Selling expenses increased by 31.9% from RMB4,720,000 for the year ended 31 December 2018 to RMB6,226,000 for the year ended 31 December 2019, primarily attributable to the increase in agents' commission as a result of sales growth.

Administrative expenses increased by 1.4% from RMB15,909,000 for the year ended 31 December 2018 to RMB16,138,000 for the year ended 31 December 2019, mainly due to the additional costs incurred by the Group's operation in Xinyang, Henan Province for its new property development project subsequent to the acquisition of land use rights in July 2019.

Income tax expense, consisting of LAT, EIT and withholding PRC EIT in the PRC, decreased by 24.9% from RMB21,873,000 for the year ended 31 December 2018 to RMB16,425,000 for the year ended 31 December 2019, whereas effective income tax rate calculated based on income tax expense divided by profit before tax decreased from 66.1% for the year ended 31 December 2018 to 32.7% for the year ended 31 December 2019 as income tax expense for the year ended 31 December 2018 included the prior years' net under provision of RMB13,077,000 after the Group completed the settlement of LAT and EIT of its Binjiang International project with the relevant tax authority.

Profit attributable to owners of the Company for the year ended 31 December 2019 reached RMB33,144,000, representing a year-on-year increase of 202.6%, primarily due to the increase in revenue and gross profit from the Group's property development business and the decrease in income tax expense for the aforesaid reasons.

Liquidity and Financial Resources

As at 31 December 2019, the Group had total assets of RMB1,283,692,000 which were financed by total equity of RMB675,534,000 and total liabilities of RMB607,158,000.

The Group's working capital requirements were mainly financed by internal resources. As at 31 December 2019 the Group had time deposits, short-term financial products and bank balances and cash of RMB278,011,000 (2018: RMB255,122,000) and no bank borrowings (2018: Nil).

Current ratio of the Group was 1.93 times as at 31 December 2019 (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 year ended 31 December 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 arises.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had approximately 38 full-time employees, excluding the Directors, in the PRC. During the year ended 31 December 2019, the total staff costs, including Directors' remuneration, was RMB6,966,000 (2018: RMB7,163,000). 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 year ended 31 December 2019, except the deviation disclosed in the following paragraph:

With respect to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. After the resignation of the former chief executive officer of the Company ("**CEO**"), Mr. Shie held the offices of both chairman of the Board (the "**Chairman**") and CEO since 22 November 2019.

The Board believes that with support of the management, vesting the roles of both the Chairman and CEO in Mr. Shie could facilitate the execution of the Group's business strategies and boost effectiveness of its operation, and under the supervision of the Board (comprised of three executive Directors and three independent non-executive Directors), the present structure would not impair the balance of power and authority between the Board and the management and could protect the interests of the Company and its shareholders as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation

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.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in securities of the Company. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2019 (2018: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Thursday, 4 June 2020 in Hong Kong. The notice of AGM will be published and despatched to the Company's shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 1 June 2020 to Thursday, 4 June 2020 (both days inclusive) to facilitate the processing of proxy voting. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 29 May 2020.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises all independent non-executive Directors. The Audit Committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2019, including the accounting principles and practices adopted. The financial figures in this announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Company's auditors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.jiande-intl.com and the website of the Stock Exchange at www.hkexnews.hk. The 2019 annual report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2020.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Shie Tak Chung, 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.