GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED
金輪天地控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1232)

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

- Revenue increased by 371.2% to RMB606.4 million for the six months ended 30 June 2014 (30 June 2013: RMB128.7 million).
- Profit attributable to owners of the Company increased by 29.5% to RMB91.2 million for the six months ended 30 June 2014 (30 June 2013: RMB70.4 million) with earnings per share amounted to RMB0.051 per share for the six months ended 30 June 2014 (30 June 2013: RMB0.040 per share).
- Net core profit increased by 76.9% to RMB64.4 million for the six months ended 30 June 2014 (30 June 2013: RMB36.4 million). [Note 1]
- Shareholders' funds amounted to RMB3,551.5 million as at 30 June 2014 (31 December 2013: RMB3,524.3 million) with net asset value per share amounted to RMB2.0 per share (31 December 2013: RMB2.0 per share). [Note 2]
- Net gearing ratio was 27.9% as at 30 June 2014 (31 December 2013: 10.0%). [Note 3]

Notes:

1. Net core profit is calculated by deducting changes in fair value of investment properties and derivative contracts (after tax effect) from the profit and total comprehensive income for the period
2. Net asset value per share is calculated by dividing the shareholders' funds by weighted average number of shares
3. Net gearing ratio is calculated by dividing the total borrowings net of total bank deposits and cash by total equity

The board of directors (the "**Board**") of Golden Wheel Tiandi Holdings Company Limited (the "**Company**") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014, together with the comparative figures for the corresponding period of 2013 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended	
		30 June	30 June
	NOTES	**2014**	2013
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	*3*	**606,389**	128,695
Cost of sales		**(372,684)**	(42,888)
Gross profit		**233,705**	85,807
Other income, expenses, gains and losses	*4*	**(11,163)**	(16,130)
Selling and marketing expenses		**(4,998)**	(8,531)
Administrative expenses		**(57,460)**	(49,613)
Finance costs	*5*	**(34,273)**	(12,359)
Share of loss of an associate		**–**	(1,082)
Changes in fair value of investment properties	*10*	**80,164**	52,325
Profit before tax	*6*	**205,975**	50,417
Taxation (charge)/credit	*7*	**(114,793)**	19,972
Profit and total comprehensive income for the period and attributable to owners of the Company:		**91,182**	70,389
EARNINGS PER SHARE			
– Basic (RMB per share)	*8*	**0.051**	0.040
– Diluted (RMB per share)	*8*	**0.051**	0.040

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Non-current assets			
Property, plant and equipment	*10*	**125,847**	125,035
Investment properties	*10*	**3,821,680**	3,699,850
Interest in joint ventures		**190,935**	6,000
Deferred tax assets		**24,680**	12,569
Derivative financial assets		**–**	12,984
Bank deposits:			
– Restricted bank deposits		**120,656**	298,185
		4,283,798	4,154,623
Current assets			
Properties under development for sale		**467,575**	554,862
Completed properties for sale		**491,114**	208,944
Leasehold land held for development for sale		**–**	325,875
Trade and other receivables	*11*	**52,650**	92,652
Amount due from an associate		**600**	–
Prepayment for leasehold land held for development for sale		**645,615**	487,347
Tax prepaid		**2,473**	28,766
Derivative financial assets		**10,249**	11,448
Available-for-sale investments		**37,772**	47,697
Bank deposits and cash:			
– Structured bank deposits		**116,000**	215,000
– Restricted bank deposits		**266,314**	168,436
– Bank balances and cash		**271,925**	790,635
		2,362,287	2,931,662

	NOTES	As at 30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Current liabilities			
Trade and other payables	*12*	**228,558**	356,671
Rental received in advance		**17,427**	14,405
Deposits and prepayments received from pre-sale of properties		**44,051**	395,951
Land appreciation tax and income tax liabilities		**224,983**	197,884
Bank borrowings – due within one year		**685,395**	475,187
		1,200,414	1,440,098
Net current assets		**1,161,873**	1,491,564
Total assets less current liabilities		**5,445,671**	5,646,187
Non-current liabilities			
Bank borrowings – due after one year		**492,149**	765,205
Rental received in advance		**20,000**	20,000
Senior notes		**586,537**	583,241
Deferred tax liabilities		**776,372**	753,408
Derivative financial liabilities		**19,085**	–
		1,894,143	2,121,854
Net assets		**3,551,528**	3,524,333
Capital and reserves			
Share capital		**113,099**	113,099
Share premium and reserves		**3,438,429**	3,411,234
Equity attributable to owners of the Company		**3,551,528**	3,524,333
Total equity		**3,551,528**	3,524,333

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements are presented in Renminbi ("**RMB**") except otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except for the application of new and revised accounting standards as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("**IFRSs**") issued by the IASB:

– Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
– Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
– Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
– Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
– IFRIC 21 Levies.

The application of the above new Interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the gross proceeds from sale of properties and gross rental income received and receivable.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Total** *RMB'000*
For the six months ended 30 June 2014 *(unaudited)*			
Segment revenue	549,529	56,860	606,389
Segment results	168,884	32,340	201,224
Other income, expenses, gains and losses			(11,163)
Finance costs			(34,273)
Unallocated corporate expenses			(29,977)
Changes in fair value of investment properties			80,164
Profit before tax			205,975

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Total** *RMB'000*
For the six months ended 30 June 2013 *(unaudited)*			
Segment revenue	71,855	56,840	128,695
Segment results	16,927	29,310	46,237
Other income, expenses, gains and losses			(16,130)
Finance costs			(12,359)
Unallocated corporate expenses			(18,574)
Share of loss of an associate			(1,082)
Changes in fair value of investment properties			52,325
Profit before tax			50,417

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at	
	30 June 2014 (unaudited)	31 December 2013 (audited)
	RMB'000	*RMB'000*
Segment assets		
Property development	**1,608,859**	1,630,725
Property leasing	**3,927,510**	3,805,042
Total segment assets	**5,536,369**	5,435,767
Unallocated	**1,109,716**	1,650,518
Total consolidated assets	**6,646,085**	7,086,285
Segment liabilities		
Property development	**205,834**	614,750
Property leasing	**40,700**	90,156
Total segment liabilities	**246,534**	704,906
Unallocated	**2,848,023**	2,857,046
Total consolidated liabilities	**3,094,557**	3,561,952

4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

i) Other income

	Six months ended 30 June 2014 (unaudited) *RMB'000*	30 June 2013 (unaudited) *RMB'000*
Interest income from bank deposits	**12,811**	6,945
Interest income from derivative financial instruments	**5,162**	–
Interest income from available-for-sale investments	**1,964**	–
Others	**–**	348
	19,937	7,293

ii) Other gains and losses

	Six months ended 30 June 2014 (unaudited) *RMB'000*	30 June 2013 (unaudited) *RMB'000*
Loss on disposal of property, plant and equipment	**–**	(771)
Net foreign exchange gains or losses	**7,582**	(13,027)
Changes in fair value of derivative financial instruments	**(33,268)**	(5,225)
	(25,686)	(19,023)

iii) Other expenses

	Six months ended	
	30 June	30 June
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Listing expenses	**–**	(4,400)
Others	**(5,414)**	–
	(5,414)	(4,400)

5. FINANCE COSTS

	Six months ended	
	30 June	30 June
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**32,797**	19,391
Interest on senior notes wholly repayable within five years	**33,750**	12,359
	66,547	31,750
Less: Amount capitalized to properties under development for sale and investment properties under development	**(32,274)**	(19,391)
	34,273	12,359

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Six months ended	
	30 June	30 June
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Rental income in respect of investment properties	**(47,959)**	(51,833)
Less: Direct operating expenses of investment properties that generated rental income	**6,640**	3,214
	(41,319)	(48,619)
Cost of properties sold	**332,461**	31,417
Depreciation of property, plant and equipment	**3,709**	2,791
Rental expenses of properties under operating lease	**2,900**	2,900

7. TAXATION

	Six months ended	
	30 June	30 June
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax:		
– PRC enterprise income tax ("**EIT**")	**48,947**	7,468
– Land appreciation tax ("**LAT**")	**54,993**	8,036
– Over provision of land appreciation tax in prior years *(note)*	**–**	(67,324)
	103,940	(51,820)
Deferred tax charge	**10,853**	31,848
	114,793	(19,972)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit in Hong Kong.

Under the Law of the 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%.

The Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects, and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated. The EIT and LAT liabilities are recorded in the "land appreciation tax and income tax liabilities" of the condensed consolidated financial statements.

Note: During the six-month period ended 30 June 2013, the Group reversed LAT provision of approximately RMB67,324,000 overprovided in previous periods in relation to two property projects and credited the same amount to profit or loss in the six-month period ended 30 June 2013, which has been agreed by the respective local tax bureau (the "**Local Tax Bureau**"). As it is not certain whether such basis would be acceptable to the Local Tax Bureau for other projects or to other tax bureau in different tax justifications, the Group has not reversed LAT provision for other projects.

8. EARNINGS PER SHARE

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

	Six months ended	
	30 June 2014	30 June 2013
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**91,182**	70,389
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,802,456**	1,764,553
Effect of dilutive potential ordinary shares attributable to over-allotment option	**–**	122
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,802,456**	1,764,675

The calculation of the weighted average number of ordinary shares for the purpose of basic earnings per share has taken into account the new shares issued and outstanding during the previous interim period.

The diluted earnings per share were the same as basic earnings per share as no diluted potential ordinary shares were outstanding during the current interim period.

9. DIVIDENDS

During the current interim period, a final dividend to shareholders of RMB0.0355 per share, approximately amounted to RMB63,987,000, in respect of the year ended 31 December 2013 was declared to the owners of the Company (six months ended 30 June 2013: RMB0.0555 per share in respect of the year ended 31 December 2012, approximately amounted to RMB100,000,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (interim dividends for six months ended 30 June 2013: Nil).

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The Group's investment properties at the end of the current interim period were fair valued by external valuers. For completed investment properties, valuation was arrived at by making reference to the market transactions of comparable properties and on the basis of capitalization of the rental income derived from existing tenancies with due allowance for reversionary income potential of the properties, where appropriate. The valuation of investment properties under development was arrived by making reference to the market transactions of comparable properties. The resulting increase in fair value of investment properties of RMB80,164,000 has been recognized directly in profit or loss for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB52,325,000).

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2014 (unaudited)	31 December 2013 (audited)
	RMB'000	*RMB'000*
Trade receivables	**6,779**	54,938
Other receivables	**38,534**	12,536
Advances to contractors	**2,487**	960
Other taxes prepaid	**4,850**	24,218
	52,650	92,652

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of properties/date of rendering of services which approximated the respective dates on which revenue was recognized.

	As at	
	30 June	31 December
	2014	2013
	(unaudited)	(audited)
	RMB'000	*RMB'000*
0 to 30 days	**2,662**	54,440
181 to 365 days	**4,117**	–
Over 1 year	**–**	498
	6,779	54,938

12. TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2014	2013
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Trade payables		
0 to 60 days	**144,571**	191,845
61 to 180 days	**–**	13,165
181 to 365 days	**226**	–
Over 1 year	**20,259**	69,541
	165,056	274,551
Deposits	**7,273**	34,594
Other taxes payable	**23,499**	19,289
Other payables and accrued expenses	**32,730**	28,237
	228,558	356,671

BUSINESS REVIEW

Projects completed

Two projects have been completed in the first half of 2014, namely, Golden Wheel Star Plaza and Phase III of Golden Wheel Star City, with a total gross floor area ("**GFA**") of approximately 103,480 sq.m.. Golden Wheel Star Plaza is located in Nanjing within the walking distance to the Nanjing Metro Line No. Three. The average selling price was approximately RMB18,200 per sq.m. for commercial units and approximately RMB11,000 per sq.m. for residential units, with gross profit margin of approximately 35.5%. Golden Wheel Star City is located in Yangzhou. The average selling price was approximately RMB8,900 per sq.m. with gross profit margin of approximately 34.0%.

As at 30 June 2014 a total GFA of approximately 34,899 sq.m. of these two newly completed projects have been sold and delivered.

New land acquired and land bank of the Group

In January 2014, the Group acquired a piece of land in Wuxi, Jiangsu Province, China with a total GFA of approximately 70,357 sq.m.. The newly acquired land is for the development of a residential, office and retail complex. This is the Group's first property development project in Wuxi. With this project, the Group currently has six projects under development in four cities in China, namely, Nanjing, Zhuzhou, Changsha and Wuxi, with a total undeveloped GFA of approximately 571,240 sq.m..

The Group has completed the design phase of all these six projects and expects to commence the construction in the last quarter of 2014 or the first quarter of 2015 after it receives the land certificates from the local authorities. The Group also expects to start pre-sale of all these six projects between December 2014 and September 2015.

In April 2014, the Company has set up a joint venture company (the "**JV Company**") with Powerlong Real Estate Holdings Limited (stock code: 1238) (the "**Powerlong Group**"), a company listed on the Main Board of The Hong Kong Stock Exchange Limited, to jointly develop a piece of land parcel which the Group acquired in Yangzhou city in 2013. The Group believes that the cooperation with Powerlong Group will bring synergy and facilitate the Group to achieve better results.

As at 30 June 2014, taking into account of the 49% interest in the JV Company, the Group has a land bank of a total GFA of approximately 892,000 sq.m..

Investment properties

As at 30 June 2014, the Group has investment properties with a total GFA of approximately 101,894 sq.m.. The Golden Wheel New Metro Mall, the construction of which was completed in 2013, is scheduled to open for business in September 2014. As at 30 June 2014, around 70% of the units in this shopping mall have been leased out with an estimated annual rental income of approximately RMB20 million. Except this new shopping mall, the investment properties held by Group maintained an occupancy rate close to 100% as at 30 June 2014.

Metro leasing and operational management business

Leveraging on its rich experience in Nanjing Xinjiekou Metro Mall over the years, strong professional operation team and extensive client base, the Group has obtained leasing and operational management contracts in three more cities in China, namely, Suzhou, Wuxi and Changsha, in 2013. These metro station shopping malls are scheduled to commence operation in the last quarter of 2014. Taking into account of Nanjing Xinjiekou Metro Mall, the Group had a total leasable GFA of over 70,000 sq.m. in the metro station shopping malls for which it has obtained lease management contracts as at 30 June 2014. It is expected that the metro leasing and operational management business will substantially increase the Group's recurring leasing rental income in the coming years.

Investments

In addition to placing surplus funds as time deposits in banks in Hong Kong and China, the Group has also invested in corporate high yield bonds with good credit rating. As at 30 June 2014, the Group is bond investments amounted to RMB37.8 million. These bonds bear coupon rates ranging between 4.75% and 10.63%. These investments could facilitate to preserve the Group's liquidity while enhance interest yields.

FUTURE OUTLOOK

The property market in China has been confronted with severe challenges since the beginning of 2014. Property prices have been declining as a result of over-supply in various cities, in particular, in the second and third tier cities. The impact of market correction and industry consolidation is expected to last for a longer time. Small-sized market players and high gearing developers will be faced with difficulties in maintaining liquidity and raising funds due to the weakening market conditions and may be even forced to unload their stocks at a higher discount.

Nonetheless, the Group sees more opportunities than risks even under the difficult market environment as the Group has a strong financial position and lower gearing. The Group has adjusted its development strategy by taking a more cautious approach in the acquisition of land as well as slowing down its construction pace so that new projects would be launched when the property market picks up.

As at 30 June 2014, the Group had completed but unsold properties with a total GFA of approximately 82,000 sq.m.. More marketing activities will be launched to boost the sale in the second half of 2014.

On the leasing business, the Golden Wheel New Metro Mall with a total leasable area of 18,000 sq.m. is scheduled to commence operation in September 2014 and the leasing and operational management of the metro stations in Wuxi, Suzhou and Changsha will commence in the last quarter of 2014. As such, the Group expects a further increase in the recurring rental income for the whole year of 2014. In view of its potential higher growth, the Group will continue to actively bid for more leasing and operational management contracts of metro station shopping malls in different cities and has confidence in obtaining more such contracts in the second half of 2014.

A number of local governments have recently relaxed the restrictions on property market. The Group expects that the central government will have less administrative intervention in the property market and its future policy will be more market-oriented. Together with the accelerated urbanization process, the second-child policy and the GDP target, the Group believes that the property market in China will still have a stable growth in the long term.

FINANCIAL REVIEW

Results of operation

Revenue

The Group's revenue consists of revenue derived from (i) sale of the Group's developed properties; and (ii) rental income from property leasing. The following table sets forth a breakdown of the Group's revenue and the percentage of total revenue for the periods indicated:

	For the six months ended			
	30 June 2014 (unaudited)		30 June 2013 (unaudited)	
	RMB'000	*%*	*RMB'000*	*%*
Property development	**549,529**	**90.6**	71,855	55.8
Property leasing	**56,860**	**9.4**	56,840	44.2
Total	**606,389**	**100.0**	128,695	100.0

The Group's revenue was primarily generated from its sale of developed properties, which amounted to 90.6% of its revenue for the six months ended 30 June 2014 (30 June 2013: 55.8%), as compared to 9.4% for revenue from its property leasing business (30 June 2013: 44.2%). Revenue increased by 371.2% from RMB128.7 million for the six months ended 30 June 2013 to RMB606.4 million for the six months ended 30 June 2014, primarily due to the increase in revenue derived from property development business.

Property development

Revenue derived from property development business increased by 664.3% from RMB71.9 million for the six months ended 30 June 2013 to RMB549.5 million for the six months ended 30 June 2014. This increase was primarily due to the significant increase in the total GFA sold and delivered during the first half of 2014.

Property leasing

Revenue derived from property leasing remained stable as compared to the same period of 2013.

Cost of sales

The following table sets forth a breakdown of the Group's cost of sales for the periods indicated:

	For the six months ended			
	30 June 2014		30 June 2013	
	RMB'000	*%*	*RMB'000*	*%*
Property development				
– Land acquisition costs	**99,326.0**	**26.7**	4,676.1	10.9
– Construction costs	**181,839.3**	**48.8**	25,695.9	59.9
– Capitalized finance costs	**47,296.2**	**12.7**	1,319.1	3.1
– Tax expenses	**30,665.3**	**8.2**	3,987.9	9.3
– Fair value adjustment on the Acquisition *(note 1)*	**3,999.6**	**1.0**	–	–
Subtotal	**363,126.4**	**97.4**	35,679.0	83.2
Property leasing *(note 2)*	**9,557.8**	**2.6**	7,209.0	16.8
Total	**372,684.2**	**100.0**	42,888.0	100.0

Notes:

1. On 18 June 2012, the Group acquired the assets and assumed the liabilities of a property project, Golden Wheel New Metro, through the acquisition of 100% equity interest in Golden Wheel International Corporation Limited, which holds 100% equity interest in Nanjing Golden Wheel Real Estate Development Company Limited from the then shareholders (the "**Acquisition**"). This transaction had been accounted for as purchase of assets and assumption of liabilities and all identifiable assets and liabilities were stated at their respective fair value at the date of acquisition. Under this Acquisition, the properties for sale held by Golden Wheel New Metro were stated at fair value with an approximately RMB73 million fair value upward adjustment. During the period, part of these properties for sale was completed and sold, and accordingly the related fair value adjustment of RMB4 million was also included as its cost of sales and charged to profit or loss.

2. Amount included rental expense of RMB2.9 million (six months ended 30 June 2013: RMB2.9 million) for the Xinjiekou Metro Mall for the six months ended 30 June 2014.

Cost of sales increased by 768.8% from RMB42.9 million for the six months ended 30 June 2013 to RMB372.7 million in for the six months ended 30 June 2014, primarily due to the increase in the sales of properties.

Gross profit and gross profit margin

Gross profit increased from RMB85.8 million for the six months ended 30 June 2013 to RMB233.7 million for the six months ended 30 June 2014 was primarily due to the increase in the sales of properties.

Gross profit margin of the Group decreased from 66.7% for the six months ended 30 June 2013 to 38.5% for the six months ended 30 June 2014 was primarily due to the increase in the proportion of revenue from property development which has a lower gross profit margin than property leasing.

The gross profit margin for property leasing remained stable at 83.2% for the six months ended 30 June 2014 (six months ended 30 June 2013: 87.3%). The gross profit margin for property development was reduced from 50.3% for the six months ended 30 June 2013 to 33.9% for the six months ended 30 June 2014. The decrease was mainly due to the comparatively lower cost of the properties sold in 2013.

Changes in fair value of investment properties

The Group's investment properties are revaluated at the end of the relevant periods on an open market value or existing use basis by an independent property valuer.

The change in fair value of investment properties increased by 53.3% from RMB52.3 million for the six months ended 30 June 2013 to RMB80.2 million for the six months ended 30 June 2014. The increase was primarily due to the addition of new investment properties.

Other income, expenses, gains and losses

The Group had a net loss of RMB11.2 million for the six months ended 30 June 2014, as compared to a net loss of RMB16.1 million for the six months ended 30 June 2013. The net loss for the six months ended 30 June 2014 was mainly due to the fair value loss of RMB33.3 million on cross currency rate swap contracts which was partially off set by interest income of RMB19.9 million from bank deposits, bonds and derivative financial instruments.

Selling and marketing expenses

Selling and marketing expenses primarily consist of advertising and promotional expenses.

Selling and marketing expenses decreased from RMB8.5 million for the six months ended 30 June 2013 to RMB5.0 million for the six months ended 30 June 2014, mainly due to decrease in advertising and promotional expenses as a results of absence of new project launched for pre-sale in this period.

Administrative expenses

Administrative expenses primarily consist of staff salaries and benefits, depreciation and amortization, office expenses, travelling expenses, professional fees, utilities and property tax, land use tax and stamp duty.

Administrative expenses increased from RMB49.6 million for the six months ended 30 June 2013 to RMB57.5 million for the six months ended 30 June 2014, primarily due to an increase in staff salaries and benefits in connection with the continued growth of the Group's business.

Finance costs

Finance costs increased from RMB12.4 million for the six months ended 30 June 2013 to RMB34.3 million for the six months ended 30 June 2014, primarily due to an increase in interest expenses on borrowings (net of capitalized finance cost) and an increase in the average outstanding bank and other borrowings during the period.

Tax expenses

Tax expense increased by RMB134.8 million from a tax credit of RMB20.0 million for the six months ended 30 June 2013 to a tax charge of RMB114.8 million for the six months ended 30 June 2014. The significant increase was primarily due to the increase of taxable profits for the period, as well as there was a reversal of an over-provision of LAT of RMB67.3 million in 2013 while there was no such reversal in 2014.

Profit attributable to owners of the Company

Net profit attributable to owners of the Company was approximately RMB91.2 million, representing an increase of 29.5% from RMB70.4 million for the corresponding period in 2013.

Liquidity, financial and capital resources

Cash position

As at 30 June 2014, the Group's cash and bank balances was RMB774.9 million (31 December 2013: RMB1,472.3 million), including restricted cash of RMB387.0 million (31 December 2013: RMB466.6 million) and structured bank deposits of RMB116.0 million (31 December 2013: RMB215.0 million). The decrease in cash and bank balances was mainly due to the payment of land premium.

Cost of borrowings

For the six months ended 30 June 2014, the Group's total cost of borrowings was RMB66.5 million, representing an increase of RMB31.8 million or 109.1% as compared to the corresponding period in 2013. The increase was primarily due to the higher average debt balance in the period as compared to the same period in 2013. The Group's average cost of borrowings during the six months ended 30 June 2014 and 2013 was approximately 7.34% and 5.84%, respectively.

Bank and other borrowings

As at 30 June 2014, the Group's bank and other borrowings (including the senior notes of RMB600 million issued in April 2013) was RMB1,764.0 million, representing a decrease of RMB59.6 million from RMB1,823.6 million as at 31 December 2013. Of the bank borrowings, RMB685.4 million was repayable within one year and RMB492.1 million was repayable between two and five years. The senior notes are repayable in April 2016.

As at 30 June 2014, the Group's bank borrowings of RMB663.7 million were secured by its properties, including land and buildings, investment properties, properties under development for sale, completed properties held for sale and cash of the Group with total carrying value of RMB2,811.4 million. The senior notes are secured by the share pledge of all the Group's subsidiaries incorporated outside the PRC.

Except for the senior notes, the majority of the Group's bank borrowings carried a floating interest rate linked with the base lending rate of the People's Bank of China, London Inter-bank offered rate or Hong Kong Inter-bank offered rate. The Group's interest rate risk is mainly associated with the floating interest rates of its bank borrowings.

Gearing ratio

The net gearing ratio was calculated by dividing the total bank borrowings (net of bank balances and cash and restricted bank deposits) by total equity. As at 30 June 2014, the net gearing ratio was 27.9% (31 December 2013: 10.0%).

Exchange rate fluctuation exposures

The Group operates its business mainly in China and the majority of the Group's bank deposits and bank and other borrowings are denominated in Renminbi. Certain bank deposits, available-for-sale investments and bank borrowings are denominated in Hong Kong dollars or US dollars. Fluctuations in the foreign currencies exchange rate have had and will continue to have an impact on the business, financial condition and results of operations of the Group. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

The Group typically provides guarantees to the banks in connection with its customers' mortgage loans to finance their purchase of the Group's properties. The Group's guarantees are released upon the banks receiving the individual property ownership certificate of the respective property from the customers as pledges for security to the mortgage loan granted. If any such customer defaults on the mortgage payment during the terms of the respective guarantee, the banks may demand the Group to repay the outstanding amount of such defaulting customer mortgage loan and any accrued interest thereon.

As at 30 June 2014, these mortgage loan guarantees provided by the Group to the banks in favour of its customers amounted to RMB602 million (31 December 2013: RMB372 million). In the opinion of the directors, the fair value of the financial guarantee contracts at initial recognition is not significant as the default rate is low.

Employees and remuneration policies

As at 30 June 2014, the Group had a total of approximately 400 full-time employees in Hong Kong and China. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonuses and share options. Remuneration is determined with reference to the performance, skills, qualifications and experience of the employee concerned and the prevailing industry practice.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period under review.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any director (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The Scheme became effective on 10 December 2012 and unless otherwise cancelled or amended, will remain in force for a period of 10 years to 10 December 2022.

During the six months ended 30 June 2014, no share options were granted, exercised or cancelled by the Company under the Scheme. There was no outstanding share options under the Scheme as at 30 June 2014.

The Group has subsequently granted a total of 8,700,000 share options under the Scheme on 23 July 2014 to a number of senior management.

CORPORATE GOVERNANCE PRACTICES

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of shareholders.

During the six months ended 30 June 2014, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules and most of the recommended best practices contained therein. The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors, Ms. Howe Sau Man (Chairwoman), Mr. Hui Yan Moon and Mr. Lie Tak Sen, who together have sufficient accounting and financial management expertise and business experience to carry out their duties.

The primary duties of Audit Committee are to review the Group's financial control, internal control and risk management, review and monitor the integrity of financial statements and to review annual and interim quarterly financial statements and report before submission to the Board. The Audit Committee meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The Audit Committee has reviewed the unaudited interim condensed financial statements for the six months ended 30 June 2014 and discussed with the Company's management regarding internal control and other important matters.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") with specific terms of reference which deals clearly with its authorities and duties. The Remuneration Committee currently consists of two independent non-executive Directors and an executive Director; Mr. Hui Yan Moon (Chairman), an independent non-executive Director, Mr. Wong Kam Fai, an executive Director, and Mr. Lie Tak Sen, an independent non-executive Director.

The primary duties of the Remuneration Committee are to make recommendations to the Directors on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; to assess performance of each executive Director; to determine the terms of the specific remuneration package of each executive Director and senior management; and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by Directors from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Nomination Committee currently consists of two independent non-executive Directors and an executive Director; Mr. Wong Yam Yin (Chairman), an executive Director, Mr. Wong Ying Loi, an independent non-executive Director, and Ms. Howe Sau Man, an independent non-executive Director.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis; to make recommendations to the Board regarding any proposed changes; to identify, select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment in case of the appointment of additional Director or at the first general meeting after his appointment in case of filling of casual vacancy.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code for securities transactions by the Directors. The Company has made specific enquiries with all the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the six months ended 30 June 2014.

By Order of the Board
Golden Wheel Tiandi Holdings Company Limited
Wong Yam Yin
Chairman

Hong Kong, 28 August 2014

This announcement is published on the designated issuer website of the Stock Exchange (www.hkexnews.com.hk) and the website of the Company (www.gwtd.com.hk). The Group's 2014 Interim Report containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

As at the date of this announcement, the Board comprises: Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry, Mr. Tjie Tjin Fung, and Mr. Janata David as executive Directors; Mr. Suwita Janata and Mr. Gunawan Kiky as non-executive Directors; Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen as independent non-executive Directors.