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 2015

FINANCIAL HIGHLIGHTS

- Revenue from property development decreased by 91.3% to RMB47.9 million for the six months ended 30 June 2015 (30 June 2014: RMB549.5 million).
- Revenue from property leasing increased by 21.8% to RMB69.3 million for the six months ended 30 June 2015 (30 June 2014: RMB56.9 million).
- Change in fair value of investment properties increased by 66.7% to RMB133.6 million for the six months ended 30 June 2015 (30 June 2014: RMB80.2 million)
- Profit attributable to owners of the Company increased by 12.3% to RMB102.4 million for the six months ended 30 June 2015 (30 June 2014: RMB91.2 million) with earnings per share amounted to RMB0.057 per share for the six months ended 30 June 2015 (30 June 2014: RMB0.051 per share).
- Total equity amounted to RMB3,778.9 million as at 30 June 2015 with net asset value per share amounted to RMB2.1 per share. [Note 1]
- Net gearing ratio was 38.1% as at 30 June 2015 (31 December 2014: 33.7%). [Note 2]

Notes:

1 Net asset value per share is calculated by dividing the total equity by the weighted average number of shares

2 Net gearing ratio is calculated by dividing the total borrowings net of total bank deposits and cash by the 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 2015, together with the comparative figures for the corresponding period of 2014 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Six months ended 30 June 2015 (unaudited)** *RMB'000*	Six months ended 30 June 2014 (unaudited) *RMB'000*
Revenue	*3*	**117,150**	606,389
Cost of sales		**(58,642)**	(372,684)
Gross profit		**58,508**	233,705
Other income, expenses, gains and losses	*4*	**41,055**	(11,163)
Selling and marketing expenses		**(5,645)**	(4,998)
Administrative expenses		**(69,663)**	(57,460)
Finance costs	*5*	**(28,205)**	(34,273)
Share of profit of joint ventures		**7,891**	–
Changes in fair value of investment properties	*10*	**133,616**	80,164
Profit before tax	*6*	**137,557**	205,975
Taxation	*7*	**(35,141)**	(114,793)
Profit for the period		**102,416**	91,182
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**22,175**	–
Deferred tax liability on recognition of revaluation of properties		**(5,544)**	–
		16,631	–
Profit for the period and attributable to: owners of the Company		**102,416**	91,182

	NOTES	Six months ended 30 June 2015 (unaudited) RMB'000	30 June 2014 (unaudited) RMB'000
Total comprehensive income attributable to:			
owners of the Company		**119,047**	91,182
EARNINGS PER SHARE			
– Basic (RMB per share)	*8*	**0.057**	0.051
– Diluted (RMB per share)	*8*	**0.057**	0.051

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
	NOTES	**2015**	2014
		(unaudited)	(audited)
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*10*	**82,265**	98,093
Investment properties	*10*	**4,418,680**	4,159,500
Interests in joint ventures		**191,716**	183,825
Available-for-sale investments, at cost		**12,400**	–
Deferred tax assets		**26,679**	24,880
		4,731,740	4,466,298
Current assets			
Properties under development for sale		**1,430,327**	1,272,163
Completed properties for sale		**306,445**	394,683
Trade and other receivables	*11*	**117,928**	145,983
Amount due from an associate		**–**	247
Land appreciation tax and income tax prepaid		**4,527**	2,099
Derivative financial assets		**15,088**	12,351
Available-for-sale investments		**19,544**	24,420
Bank deposits and cash:			
– Structured bank deposits		**95,000**	83,476
– Restricted bank deposits		**767,330**	503,032
– Bank balances and cash		**352,693**	250,597
		3,108,882	2,689,051

		As at	
		30 June	31 December
	NOTES	**2015**	2014
		(unaudited)	(audited)
		RMB'000	*RMB'000*
Current liabilities			
Trade and other payables	*12*	**181,533**	202,518
Rental received in advance		**25,620**	26,846
Deposits and prepayments received from pre-sale of properties		**1,247**	1,062
Amount due to a joint venture		**72,197**	13,064
Land appreciation tax and income tax liabilities		**195,099**	237,711
Bank borrowings – due within one year		**1,326,113**	1,102,529
Senior notes – due within one year		**593,826**	–
		2,395,635	1,583,730
Net current assets		**713,247**	1,105,321
Total assets less current liabilities		**5,444,987**	5,571,619
Non-current liabilities			
Derivative financial liabilities		**34,284**	38,338
Bank borrowings – due after one year		**442,591**	99,525
Rental received in advance		**33,000**	33,439
Senior notes – due after one year		**291,829**	880,382
Deferred tax liabilities		**864,352**	825,017
		1,666,056	1,876,701
Net assets		**3,778,931**	3,694,918
Capital and reserves			
Share capital		**113,099**	113,099
Share premium and reserves		**3,665,832**	3,581,819
Equity attributable to owners of the Company		**3,778,931**	3,694,918
Total equity		**3,778,931**	3,694,918

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The Group has not early applied the following new and revised International Financial Reporting Standard(s) ("**IFRS(s)**") that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

3 Effective for annual periods beginning on or after 1 January 2016.

The directors anticipate that the adoption of IFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets. The Group is still in the process of assessing the impact and such impact will be disclosed in the future consolidated financial statements upon the completion of a detailed review.

Other than disclosed above, the directors of the Company do not anticipate that the application of these standards and amendments will have a material impact on the Group's results and financial position.

3. REVENUE AND SEGMENT INFORMATION

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

The Group's operating and reportable segments are property development and property leasing (including both lease of self-owned properties and sub-lease of rented properties).

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 2015 (unaudited)			
Segment revenue	47,895	69,255	117,150
Segment results	7,044	15,134	22,178
Other income, expenses, gains and losses			41,055
Finance costs			(28,205)
Unallocated corporate expenses			(38,978)
Changes in fair value of investment properties			133,616
Share of profit of joint ventures			7,891
Profit before tax			137,557
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

(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 2015	31 December 2014
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Segment assets		
Property development	**1,805,016**	1,776,666
Property leasing	**4,488,874**	4,243,186
Total segment assets	**6,293,890**	6,019,852
Unallocated	**1,546,732**	1,135,497
Total consolidated assets	**7,840,622**	7,155,349
Segment liabilities		
Property development	**110,768**	135,259
Property leasing	**66,336**	60,927
Total segment liabilities	**177,104**	196,186
Unallocated	**3,884,587**	3,264,245
Total consolidated liabilities	**4,061,691**	3,460,431

4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

i) Other income

	Six months ended 30 June 2015 (unaudited) *RMB'000*	30 June 2014 (unaudited) *RMB'000*
Interest income from bank deposits	**16,230**	12,811
Interest income from derivative financial instruments	**7,403**	5,162
Interest income from available-for-sale investments	**871**	1,964
Others	**1,221**	–
	25,725	19,937

ii) Other gains and losses

	Six months ended 30 June 2015 (unaudited) *RMB'000*	30 June 2014 (unaudited) *RMB'000*
Gain on disposal of property, plant and equipment	**62**	–
Loss on disposal of available-for-sale investments	**(159)**	–
Net foreign exchange gains	**8,881**	7,582
Changes in fair value of derivative financial instruments	**6,791**	(33,268)
	15,575	(25,686)

iii) Other expenses

	Six months ended	
	30 June	30 June
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Others	**(245)**	(5,414)
	(245)	(5,414)

5. FINANCE COSTS

	Six months ended	
	30 June	30 June
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**28,753**	32,797
Interest on senior notes wholly repayable within five years	**54,546**	33,750
	83,299	66,547
Less: Amount capitalized to properties under development for sale and investment properties under development	**(55,094)**	(32,274)
	28,205	34,273

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 June 2015 (unaudited)	30 June 2014 (unaudited)
	RMB'000	*RMB'000*
Rental income in respect of investment properties	**(54,983)**	(47,959)
Less: Direct operating expenses of investment properties that generated rental income	**7,777**	6,640
	(47,206)	(41,319)
Rental income from sub-lease of rented properties	**(14,272)**	(8,901)
Less: Rental expenses of properties under operating lease	**16,535**	2,900
	2,263	(6,001)
Cost of properties sold	**31,256**	332,461
Depreciation of property, plant and equipment	**3,776**	3,709

7. TAXATION

	Six months ended	
	30 June 2015 (unaudited)	30 June 2014 (unaudited)
	RMB'000	*RMB'000*
Current tax:		
– PRC enterprise income tax ("**EIT**")	**2,293**	48,947
– Land appreciation tax ("**LAT**")	**856**	54,993
	3,149	103,940
Deferred tax charge	**31,992**	10,853
	35,141	114,793

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.

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 2015 (unaudited)	30 June 2014 (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)	**102,416**	91,182
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,802,456**	1,802,456
Effect of dilutive potential ordinary shares attributable to over-allotment option	**–**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,802,456**	1,802,456

The diluted earnings per share for the six months ended 30 June 2014 were the same as basic earnings per share as no diluted potential ordinary shares were outstanding during the current interim period.

The computation of diluted earnings per share for the current interim period did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of shares during this interim period.

9. DIVIDENDS

During the current interim period, a final dividend of RMB0.0195 per share, approximately amounted to RMB35,148,000, in respect of the year ended 31 December 2014 was declared and paid to the owners of the Company (six months ended 30 June 2014: RMB0.0355 per share in respect of the year ended 31 December 2013, approximately amounted to RMB63,987,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (interim dividends for six months ended 30 June 2014: 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 valuer. 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 at by making reference to the market transactions of comparable properties.

During the six months ended 30 June 2015, the Group transferred certain of its property interests held under operating leases with carrying values of approximately RMB11,639,000 (six months ended 30 June 2014: Nil) from property, plant and equipment to investment properties. The resulting revaluation surplus of approximately RMB22,175,000 (six months ended 30 June 2014: Nil) relating to such property interests as at the date of transfer had been credited to the properties revaluation reserve in equity.

The fair values of the Group's investment properties were valued by Crowe Horwath (HK) Consulting &Valuation Limited, independent qualified professional valuer not related to the Group, at the date of change of intention of the use of the property interests and 30 June 2015.

The resulting increase in fair value of investment properties of RMB133,616,000 was recognized directly in profit or loss and other comprehensive income for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB80,164,000).

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2015 (unaudited)	31 December 2014 (audited)
	RMB'000	*RMB'000*
Trade receivables	**16,209**	38,680
Other receivables	**32,461**	26,078
Receivables from the government *(Note)*	**63,270**	73,270
Advances to contractors	**1,908**	7,955
Other taxes prepaid	**4,080**	–
	117,928	145,983

Note: At 31 December 2014, the amount of RMB73,270,000 represents receivables of RMB40,000,000 from the local government in respect of returning the prepayments for leasehold land held for development for sale and compensation receivable of RMB33,270,000, which represented compensation income recognized from the local government as a result of failure to delivery of land use rights according to the agreed period as specified in the land use rights purchase agreement. The amounts is calculated in accordance with the terms of the land use rights purchase agreement and recorded as other receivables. During the current interim period, RMB10,000,000 had been collected in respect of the prepayments.

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 2015 (unaudited)	31 December 2014 (audited)
	RMB'000	*RMB'000*
0 to 30 days	**16,209**	37,863
31 to 60 days	**–**	370
Over 1 year	**–**	447
	16,209	38,680

12. TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2015	2014
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Trade payables:		
0 to 60 days	**93,647**	86,079
61 to 180 days	**2,667**	14
181 to 365 days	**8,947**	30,861
Over 1 year	**11,976**	17,907
	117,237	134,861
Deposits	**30,637**	32,840
Other taxes payable	**5,008**	5,719
Other payables and accrued expenses	**28,651**	29,098
	181,533	202,518

BUSINESS REVIEW

Property development

During the six-month period ended 30 June 2015, the Group concentrated on the development of the seven projects acquired during 2013 and 2014. Development progress of these projects were in line with the planned schedule. There were total saleable GFA of 831,887 sq.m. currently under development. Pre-sale activities of two projects, namely Zhuzhou Golden Wheel Jade Garden and Yangzhou Powerlong Golden Wheel Plaza, have commenced during the period and contracted sale amounted to RMB190 million as at 30 June 2015.

Marketing activities of another four projects, namely Golden Wheel JinQiao Huafu (Nanjing), Golden Wheel Star-cube (Nanjing), Wuxi Golden Wheel Star Plaza and Changsha Golden Wheel Star Plaza were carried out during the period and pre-sales are expected to commence in the last quarter of 2015.

As at 30 June 2015, the Group has a total land bank of GFA of 956,316 sq.m.

Property Leasing

As at 30 June 2015, the Group had completed investment properties with a total GFA of approximately 108,700 sq.m.. The Golden Wheel New Metro Mall, which had commenced operation in September 2014, ran well during the period with an occupancy rate of over 75% as at 30 June 2015. As at 30 June 2015, the occupancy rate of the Group's all other investment properties was over 90%.

For its leasing and operational management business, the Group has fourteen metro station shopping malls' leasing, operating and management rights, and a number of those malls have been handed over to us during the period. As at 30 June 2015, the Group had seven metro station shopping malls in operation with total leasable GFA of 18,723 sq.m.. Overall occupancy rate of these shopping malls was 85% as at 30 June 2015. Another seven metro station shopping malls were expected to be handed over to the Group in the second half of 2015 or 2016. Once all the metro station shopping malls are in operation, the Group will have a total leasable GFA of over 70,000 sq.m.. 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 had also invested in corporate high yield bonds with good credit ratings. As at 30 June 2015, the Group had bond investments amounting to RMB19.5 million. The coupon rates ranged between 4.95% and 11.86%. These investments facilitate the preservation of the Group's liquidity while enhancing interest yields.

OUTLOOK

During the first half of 2015, China's property market has gradually recovered especially in Tier 1 and Tier 2 cities. Looking forward to the second half of the year, it is expected that China's property market will remain on a track of stable growth as a result of the easing policies made by the government in 2014 and the reduction in interest rate in May and June 2015 by the People's Bank of China. As such, we believe our scheduled pre-sale timetable in the last quarter of 2015 is an appropriate time so as to capture market opportunities. Due to the good locations of our projects as well as the improving market sentiment, we are confident that we will achieve a high contracted sales in 2015.

In order to achieve continuous growth, the Group has been actively identifying potential projects during the period. However, due to the change in market environment as well as the prudent approach adopted by the Group, no new land acquisition was made by the Group since January 2014. With the continued improvement in the market conditions, the Group considers that the second half of 2015 or early 2016 will be a right time for new land acquisitions. We have already identified a few targets and all of them are located in Nanjing.

To meet the changes in the market conditions, the Group has refined its strategy to focus more on the leasing business especially on the metro station leasing and operational management business as this business is less capital intensive and has high profit margin. In July and August 2015, the Group signed two memoranda of understanding, one with Changsha Metro Company Limited and the other with Wuhan Metro Company Limited, under which a number of metro stations shopping malls in Changsha city and Wuhan city with a total leasable area of over 70,000 sq.m. will be managed by the Group. The Group is now actively negotiating with other metro companies in different cities with a target to expand the leasable area under management to over 300,000 sq.m. in the next two to three years. The Group is also in the process of appointing professional advisers to advise on the process of applying for a potential quotation of the shares of the subsidiary that managing this business on the National Equities Exchange and Quotations System in China.

In view of the above, the Group is optimistic about the development of the PRC property market. The Group will continue to focus on the segments that it specialized in and cautiously expand its market share.

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 2015		30 June 2014	
	(unaudited)		(unaudited)	
	RMB'000	*%*	*RMB'000*	*%*
Property development	**47,895**	**40.9**	549,529	90.6
Property leasing	**69,255**	**59.1**	56,860	9.4
Total	**117,150**	**100.0**	606,389	100.0

The Group's revenue was primarily generated from its sale of developed properties, which accounted for 40.9% of its revenue for the six months ended 30 June 2015 (30 June 2014: 90.6%), and rental income from property leasing, which accounted for 59.1% of its revenue for the six months ended 30 June 2015 (30 June 2014: 9.4%). Revenue decreased by 80.7% from RMB606.4 million for the six months ended 30 June 2014 to RMB117.2 million for the six months ended 30 June 2015, primarily due to the decrease in revenue derived from property development business.

Property development

Revenue derived from the property development business decreased by 91.3% from RMB549.5 million for the six months ended 30 June 2014 to RMB47.9 million for the six months ended 30 June 2015. This decrease was primarily due to the significant decrease in the total GFA sold and delivered during the first half of 2015. Due to our project development cycle, the Group had no new project completed and delivered during the first half of 2015.

Property leasing

Revenue derived from property leasing increased by 21.8% from RMB56.9 million for the six months ended 30 June 2014 to RMB69.3 million for the six months ended 30 June 2015. The increase was primarily due to the recent launch of five metro station shopping malls and the Golden Wheel New Metro Mall in the second half of 2014 and early 2015. Total leasable GFA increased from 49,785 sq.m. as at 30 June 2014 to 80,254 sq.m. as at 30 June 2015.

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 2015		**30 June 2014**	
	RMB'000	*%*	*RMB'000*	*%*
Property development				
– Land acquisition costs	**6,583**	**11.2**	99,326	26.7
– Construction costs	**21,767**	**37.1**	181,839	48.8
– Capitalized finance costs	**2,906**	**5.0**	47,296	12.7
– Tax expenses	**2,683**	**4.6**	30,665	8.2
– Fair value adjustment on the Acquisition *(note 1)*	**–**	**–**	4,000	1.0
Subtotal	**33,939**	**57.9**	363,126	97.4
Property leasing *(note 2)*	**24,703**	**42.1**	9,558	2.6
Total	**58,642**	**100.0**	372,684	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 Mall, 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 the Acquisition, the properties for sale held by Golden Wheel New Metro Mall were stated at fair value with an approximately RMB73 million fair value upward adjustment. During the previous 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. The amount included rental expense of RMB16.5 million (six months ended 30 June 2014: RMB2.9 million) for the metro station shopping malls for the six months ended 30 June 2015.

Cost of sales decreased by 84.3% from RMB372.7 million for the six months ended 30 June 2014 to RMB58.6 million in for the six months ended 30 June 2015, primarily due to the decrease in the sales of properties.

Gross profit and gross profit margin

Gross profit decreased by 75.0% from RMB233.7 million for the six months ended 30 June 2014 to RMB58.5 million for the six months ended 30 June 2015, primarily due to the decrease in the sales of properties.

Gross profit margin of the Group increased from 38.5% for the six months ended 30 June 2014 to 49.9% for the six months ended 30 June 2015, primarily due to the increase in the proportion of revenue from property leasing which has a higher gross profit margin than property development.

The gross profit margin for property development reduced from 33.9% for the six months ended 30 June 2014 to 29.1% for the six months ended 30 June 2015. The decrease was mainly due to the comparatively higher cost of the properties sold in 2015.

The gross profit margin for property leasing decreased from 83.2% for the six months ended 30 June 2014 to 64.3% for the six months ended 30 June 2015. The decrease was mainly due to the launch of six new metro station shopping malls during the period which has a lower margin generated from the operation in the first few years.

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 66.7% from RMB80.2 million for the six months ended 30 June 2014 to RMB133.6 million for the six months ended 30 June 2015. The increase was primarily due to the addition of new investment properties during the period.

Other income, expenses, gains and losses

The Group had a net gain of RMB41.1 million for the six months ended 30 June 2015, as compared to a net loss of RMB11.2 million for the six months ended 30 June 2014. The net gain for the six months ended 30 June 2015 mainly consisted of interest income of RMB24.5 million, net foreign exchange gains of RMB8.9 million and the fair value gain of RMB6.8 million on cross currency rate swap contracts.

Selling and marketing expenses

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

Selling and marketing expenses increased from RMB5.0 million for the six months ended 30 June 2014 to RMB5.6 million for the six months ended 30 June 2015, mainly due to the increase in advertising and promotional expenses as a result of the commencement of operations for six metro station shopping malls during the 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 RMB57.5 million for the six months ended 30 June 2014 to RMB69.7 million for the six months ended 30 June 2015, 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 decreased from RMB34.3 million for the six months ended 30 June 2014 to RMB28.2 million for the six months ended 30 June 2015, primarily due to the increase in capitalized finance cost. During the six months ended 30 June 2015, all of the property development projects had commenced construction and as a result, more direct finance costs were capitalized.

Tax expenses

Tax expenses decreased by RMB79.7 million from RMB114.8 million for the six months ended 30 June 2014 to RMB35.1 million for the six months ended 30 June 2015. The decrease was mainly due to the decrease in property sales.

Profit attributable to owners of the Company

Net profit attributable to owners of the Company was RMB102.4 million, representing an increase of 12.3% from RMB91.2 million for the corresponding period in 2014.

Liquidity, financial and capital resources

Cash position

As at 30 June 2015, the Group's cash and bank balances was RMB1,215.0 million (31 December 2014: RMB837.1 million), including restricted cash of RMB767.3 million (31 December 2014: RMB503.0 million) and structured bank deposits of RMB95 million (31 December 2014: RMB83.5 million). The increase in cash and bank balances was mainly due to the proceeds received from property sale and rental income as well as the new bank borrowings raised.

Cost of borrowings

For the six months ended 30 June 2015, the Group's total cost of borrowings was RMB83.3 million, representing an increase of RMB16.8 million or 25.3% as compared to the corresponding period in 2014 which was RMB66.5 million. The increase was primarily due to the higher average debt balance in the period as compared to the same period in 2014. The Group's average cost of borrowings during the six months ended 30 June 2015 and 2014 was approximately 7.10% and 7.34%, respectively.

Bank and other borrowings

As at 30 June 2015, the Group's bank and other borrowings was RMB2,654.4 million, representing an increase of RMB572.0 million from RMB2,082.4 million as at 31 December 2014 (including the senior notes of RMB885.7 million). Of the bank borrowings, RMB1,326.1 million was repayable within one year and RMB442.6 million was repayable between two and five years. Senior notes of RMB593.8 million are repayable in April 2016 and senior notes of RMB291.8 million are repayable in December 2017.

As at 30 June 2015, the Group's bank borrowings of RMB1,455.3 million were secured by the properties, including land and buildings, investment properties, properties under development for sale and completed properties held for sale, and cash of the Group with total carrying value of RMB4,837.3 million. The senior notes are secured by the share pledge of a majority of the Group's subsidiaries incorporated outside the PRC.

Except for the senior notes, the majority of the Group's bank borrowings carries 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 borrowings (net of bank balances and cash and restricted bank deposits) by the total equity. As at 30 June 2015, the net gearing ratio was 38.1% (31 December 2014: 33.7%).

Exchange rate fluctuation exposures

The Group operates its businesses 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 the mortgage loan of such defaulting customer and any accrued interest thereon.

As at 30 June 2015, these mortgage loan guarantees provided by the Group to the banks in favor of its customers amounted to RMB312.7 million (31 December 2014: RMB527.3 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 2015, 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 and 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 2015, no share options were granted, exercised or cancelled by the Company under the Scheme. There was 8,700,000 share options outstanding under the Scheme as at 30 June 2015.

As at the date of this announcement and also the date of the Company's 2014 annual report, the total number of shares of the Company available for issue under the Scheme was 171,300,000 shares, representing 9.5% of the issued shares of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2015 and the year ended 31 December 2014, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the businesses of the Company and its subsidiaries.

Refer to the non-competition deed (the "**NCD**") dated 10 December 2012, the details of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Deed" of the prospectus issued by the Company dated 31 December 2012. Each of the covenanters of the NCD , being Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry, Ms. Hung So Ling, Mr. Sjaifudin Aman, Mr. Tjie Tjin Fung, Mr. Hafandi Lijaya, Mr. Lili Somantry, Mr. Jamin Haryanto, Mr. Kiky Gunawan, Mr. Janata Suwita, Mr. Hadi Gunaman, Mr. Atjen Tanuwidjaja, Mr. Bambang Trisna and Ms. Julia Oscar, Golden Wheel Realty Company Limited, Aman Atlantic Holdings Limited, Chun Hung Investments Limited, Kang Fu Ming Investment Limited, Green Paragon Investment Limited, Keita

International Limited, Fire Spark Holdings Limited, Golden Era Forever Holding Company Limited, Fa Xing Limited, Tien Shan Di Hai Limited, Propitious Winds Limited and Golden Joy Forever Holding Company Limited, declared that they have complied with the NCD. The Board has also reviewed the relevant undertakings and has not noticed any non-compliance incident.

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 2015, the Company has complied with the code provisions (the "**Code Provision**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and most of the recommended best practices contained therein, except for the following deviations: (i) under Code Provision E.1.3 of the CG Code, the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting but due to inadvertence in calculating clear business days, the notice of 2014 AGM of the Company had been sent to its shareholders more than 21 clear calendar days but less than 20 clear business days before the date of the 2014 AGM; and (ii) under Code Provision A.6.7 of the CG Code, independent non-executive Directors should attend general meetings and develop a balanced understanding of the view of shareholders but due to other business commitments, one of the independent non-executive directors did not attend the annual general meeting of the Company held on 15 May 2015.

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 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 2015 and discussed with the Company's management regarding risk management, 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 2015.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and the Company (www.gwtd.com.hk). The interim report of the Group for the six months ended 30 June 2015 containing all the information required by Listing Rules will be despatched to shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and the Company (www.gwtd.com.hk) in due course.

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

Hong Kong, 28 August 2015

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; and Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen as independent non-executive directors.