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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

1. Revenue amounted to RMB229.5 million (2014: RMB831.1 million), representing a decrease of 72.4% as compared with 2014. Although there was a significant decrease in revenue, the Group recorded a significant increase in contracted sales in 2015 which was in line with the internal target. The Group's contracted sales for 2015 amounted to RMB922.9 million, including RMB268.1 million contributed by the joint venture entities. These contracted sales will be recognized as revenue once the properties are completed and delivered which is expected to be in 2016 and 2017.
2. Rental income from property leasing amounted to RMB129.2 million (2014: RMB106.1 million), representing an increase of 21.8% as compared with 2014.
3. Profit attributable to shareholders decreased by 94.5% to RMB13.0 million (2014: RMB234.4 million). The decrease was mainly because in 2015, the Group did not have new properties completed and delivered, thus contracted sales that could be recognized had reduced significantly. Furthermore, due to the unexpected significant depreciation of RMB in the second half of 2015, the Group recorded a high fair value loss from cross currency rate swap contracts and unrealized exchange loss.
4. Net asset value per share amounted to RMB2.05 per share as at 31 December 2015. [Note1]
5. As of 31 December 2015, the Group had total cash and bank deposits of approximately RMB1,466.0 million. Net gearing ratio maintained at a low level of 42.4%. [Note2]
6. The Board did not recommend the payment of a final dividend for the year ended 31 December 2015.

Notes:

1 Net asset value per share is calculated by shareholders' funds divided by weighted average number of shares

2 Net gearing ratio is calculated by aggregated bank borrowings, senior notes and bonds net of cash and bank balances, and structured and restricted bank deposits over the total equity

The board of directors (the "**Board**") of Golden Wheel Tiandi Holdings Company Limited (the "**Company**") is pleased to announce that the audited annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the preceding year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**229,514**	831,116
Cost of sales		**(119,147)**	(526,942)
Gross profit		**110,367**	304,174
Other income, expenses, gains and losses	*4*	**(72,589)**	16,144
Selling and marketing expenses		**(18,579)**	(10,990)
Administrative expenses		**(119,560)**	(103,309)
Finance costs	*5*	**(65,173)**	(56,041)
Share of profits (losses) of joint ventures		**11,943**	(4,969)
Changes in fair value of investment properties		**229,738**	271,585
Profit before tax	*6*	**76,147**	416,594
Taxation	*7*	**(63,168)**	(182,199)
Profit for the year		**12,979**	234,395
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**22,175**	–
Income tax relating to items that will not be reclassified		**(5,544)**	–
		16,631	–

	NOTES	**2015** RMB'000	2014 RMB'000
Items that may be reclassified to profit or loss:			
Fair value loss on available-for-sale financial assets		**(922)**	–
Income tax relating to items that may be reclassified subsequently		**–**	–
		(922)	–
Other comprehensive income for the year, net of income tax		**15,709**	–
Profit for the year and attributable to owners of the Company		**12,979**	234,395
Total comprehensive income attributable to owners of the Company		**28,688**	234,395
EARNINGS PER SHARE			
– Basic *(RMB per share)*	*8*	**0.007**	0.130
– Diluted *(RMB per share)*	*8*	**0.007**	0.130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	10	**79,101**	98,093
Investment properties	11	**4,568,422**	4,159,500
Interest in an associate		**–**	–
Interests in joint ventures		**195,768**	183,825
Deferred tax assets		**30,419**	24,880
Available-for-sale investments		**12,400**	–
Restricted bank deposits		**65,850**	–
		4,951,960	4,466,298
Current assets			
Properties under development for sale		**1,707,204**	1,272,163
Completed properties for sale		**271,257**	394,683
Trade and other receivables	12	**120,934**	145,983
Amount due from a joint venture		**–**	247
Land appreciation tax and income tax prepaid		**6,616**	2,099
Derivative financial assets		**2,161**	12,351
Held-for-trading investments		**18,262**	–
Available-for-sale investments		**14,088**	24,420
Structured bank deposits		**81,707**	83,476
Restricted bank deposits		**523,784**	503,032
Cash and cash equivalents		**794,629**	250,597
		3,540,642	2,689,051
Current liabilities			
Trade and other payables	13	**287,710**	202,518
Rental received in advance		**35,049**	26,846
Deposits and prepayments received from pre-sale of properties		**175,286**	1,062
Amount due to a joint venture		**69,161**	13,064
Land appreciation tax and income tax liabilities		**185,306**	237,711
Derivative financial liabilities		**71,510**	–
Bank borrowings – due within one year		**974,532**	1,102,529
Senior notes – due within one year		**558,922**	–
		2,357,476	1,583,730
Net current assets		**1,183,166**	1,105,321
Total assets less current liabilities		**6,135,126**	5,571,619

	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Derivative financial liabilities	**31,549**	38,338
Bank borrowings – due after one year	**402,914**	99,525
Rental received in advance	**28,594**	33,439
Senior notes	**866,041**	880,382
Bonds	**228,544**	–
Deferred tax liabilities	**888,797**	825,017
	2,446,439	1,876,701
Net assets	**3,688,687**	3,694,918
Capital and reserves		
Share capital	**113,099**	113,099
Share premium and reserves	**3,575,588**	3,581,819
Equity attributable to owners of the Company	**3,688,687**	3,694,918
Total equity	**3,688,687**	3,694,918

NOTES

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 16 January 2013.

The principal activities of the Group are property development and property leasing in the People's Republic of China (the "**PRC**"). The Group is an integrated commercial and residential property developer, owner and operator, including leasing of self-owned properties and sub-lease of rented properties, in the PRC, and focuses on developing projects in Jiangsu and Hunan provinces that are physically connected or in close proximity to metro stations or other transportation hubs.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 APPLICATION OF NEW AND REVISED IFRSs

New and revised IFRSs adopted during the year

The Group has applied for the first time in the current year the following amendments to IFRSs.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs 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 disclosure set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
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 Amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
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]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

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

2 *Effective for annual periods beginning on or after 1 January 2019*

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

4 *Effective for annual periods beginning on or after a date to be determined*

5 *Effective for annual periods beginning on or after 1 January 2017*

3. REVENUE AND SEGMENT INFORMATION

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

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, the chief operating decision maker (the "CODM"), in order to allocate resources to the segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. The Group's operating and reportable segments are as follows:

Property development	–	Development and sale of properties
Property leasing	–	Property leasing (including lease of self-owned properties and sub-lease of rented properties)

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

Segment revenue and results

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2015			
Segment revenue	**100,319**	**129,195**	**229,514**
Segment gross profit	**27,625**	**82,742**	**110,367**
Allocated corporate expenses	**(16,084)**	**(46,277)**	**(62,361)**
Segment results	**11,541**	**36,465**	**48,006**
Other income, expenses, gains and losses			**(72,589)**
Finance costs			**(65,173)**
Unallocated corporate expenses			**(75,778)**
Share of profits of joint ventures			**11,943**
Changes in fair value of investment properties			**229,738**
Profit before tax			**76,147**

	Property development *RMB'000*	Property leasing *RMB'000*	Total *RMB'000*
For the year ended 31 December 2014			
Segment revenue	725,025	106,091	831,116
Segment gross profit	220,965	83,209	304,174
Allocated corporate expenses	(40,846)	(44,470)	(85,316)
Segment results	180,119	38,739	218,858
Other income, expenses, gains and losses			16,144
Finance costs			(56,041)
Unallocated corporate expenses			(28,983)
Share of losses of joint ventures			(4,969)
Changes in fair value of investment properties			271,585
Profit before tax			416,594

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the reporting year.

The accounting policies of the operating and reportable segments information are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administration costs, changes in fair value of investment properties, other income, expenses, gains and losses, share of results of joint ventures and finance costs. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

Other segment information

Depreciation of property and equipment included in the measurement of segment profit or loss

	2015	2014
	RMB'000	*RMB'000*
Property leasing	**3,170**	3,530
Unallocated	**7,395**	4,385
Total	**10,565**	7,915

No single customer of the Group contributed 10% or more to the Group's revenue for both years.

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are substantially located in the PRC.

4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

(1) Other income

	2015	2014
	RMB'000	*RMB'000*
Interest income from bank deposits	**27,611**	13,804
Interest income from derivative financial assets/liabilities	**17,810**	10,884
Interest income from available-for-sale investments	**1,137**	2,274
Dividend income from available-for-sale investments	**583**	–
Compensation income from not delivery of land use rights *(note a)*	**–**	33,270
Compensation income from early termination of leasing contract	**3,739**	1,271
Others	**2,278**	1,290
	53,158	62,793

(2) Other gains and losses

	2015	2014
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**(254)**	(3,394)
Changes in fair value of held-for-trading investments	**(1,037)**	–
Gain on deemed disposal of subsidiaries	**–**	391
Net changes in fair value of derivative financial assets/liabilities	**(74,911)**	(50,419)
Net foreign exchange (losses) gains	**(46,391)**	13,686
	(122,593)	(39,736)

(3) Other expenses

	2015	2014
	RMB'000	*RMB'000*
Penalty expense incurred on late delivery of properties *(note b)*	**(816)**	(4,816)
Loss on repurchase of senior notes	**(260)**	–
Others	**(2,078)**	(2,097)
	(3,154)	(6,913)
Total	**(72,589)**	16,144

Note a: The amount for the year ended 31 December 2014 represented compensation income recognized from the 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 amount was calculated in accordance with the terms of the land use rights purchase agreement and was mutually agreed by both parties. The negotiation for the compensation income for the year 2015 is still in progress and final conclusion has yet to be made. In the opinion of the directors, as the negotiation has not been concluded there is uncertainty as to the amount of the compensation income for the year ended 31 December 2015. Accordingly, no compensation income has been recognised in 2015.

Note b: The amount represented compensation paid to customers as a result of delivery of properties after the agreed period as specified in the sales and purchase agreements. The amount was calculated in accordance with the terms of the sales and purchase agreements.

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on bank loans	**50,762**	61,341
Interests on senior notes	**119,706**	75,221
Interests on bonds	**3,150**	–
Less: Amount capitalized to properties under development for sale and investment properties under development	**(108,445)**	(80,521)
	65,173	56,041

6. PROFIT BEFORE TAX

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

	2015	2014
	RMB'000	*RMB'000*
Directors' remunerations	**13,682**	15,351
Other staff costs:		
– Salaries and other benefits	**43,216**	33,546
– Retirement benefit scheme contributions	**7,403**	5,529
Total staff costs	**64,301**	54,426
Less: Amount capitalized to properties under development for sale and investment properties under development	**(9,260)**	(10,286)
	55,041	44,140
Rental income in respect of investment properties	**(104,651)**	(92,329)
Less: Direct operating expenses of investment properties that generated rental income	**17,130**	12,807
	(87,521)	(79,522)
Rental income from sub-lease of rented properties	**(24,544)**	(13,762)
Less: Rental expenses of properties under sub-lease	**23,152**	9,527
Less: Rental expenses of properties subject to sub-lease	**6,171**	548
	4,779	(3,687)
Cost of properties sold	**72,694**	463,274
Auditor's remuneration	**1,150**	1,150
Depreciation of property, plant and equipment	**10,565**	7,915

7. TAXATION

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
– PRC enterprise income tax ("**EIT**")	**6,765**	65,005
– Land appreciation tax	**3,706**	57,896
	10,471	122,901
Deferred tax	**52,697**	59,298
	63,168	182,199

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group does not have assessable profit which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% for both years.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995 (collectively referred to the "LAT Regulation"), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

During the year, 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 consolidated financial statements.

The tax charge for the both years can be reconciled to the profit before tax as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**76,147**	416,594
Tax at PRC EIT rate of 25%	**19,037**	104,149
Tax effect of expenses not deductible for tax purpose	**51,388**	40,581
Tax effect of income not taxable for tax purpose	**(7,852)**	(10,909)
Tax effect of share of results of joint ventures	**(2,986)**	1,242
LAT	**3,706**	57,896
Tax effect of LAT	**(926)**	(14,474)
Withholding tax on undistributed profit of PRC subsidiaries	**801**	3,714
	63,168	182,199

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:

Earnings	**2015** ***RMB'000***	2014 *RMB'000*
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**12,979**	234,395

Number of shares	**2015** ***'000***	2014 *'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,802,456**	1,802,456

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both 2015 and 2014. Accordingly, the diluted earnings per share was same as the basic earnings per share for both years.

9. DIVIDENDS

	2015 ***RMB'000***	2014 *RMB'000*
Dividends recognized as distribution during the year:		
Final dividend for the year ended 31 December 2014 of RMB0.0195 (2014: final dividend for the year ended 31 December 2013: RMB0.0355) per share	**35,148**	63,987

The Board of directors did not recommend a final dividend for the year ended 31 December 2015.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Motor vehicles RMB'000	Computers and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2014	76,929	4,564	3,260	11,224	48,999	144,976
Transfer to cost of investment property under development *(note a)*	–	–	–	–	(11,373)	(11,373)
Transfer to cost of properties under development for sale *(note a)*	–	–	–	–	(11,563)	(11,563)
Additions	–	4,122	1,627	3,438	2,432	11,619
Transfer	28,495	–	–	–	(28,495)	–
Disposals	(7,688)	–	(477)	–	–	(8,165)
At 31 December 2014	97,736	8,686	4,410	14,662	–	125,494
Additions	–	109	4,406	745	–	5,260
Transfer to investment properties *(note b)*	(14,582)	–	–	–	–	(14,582)
Disposals	(2,058)	(14)	(88)	–	–	(2,160)
At 31 December 2015	81,096	8,781	8,728	15,407	–	114,012
Depreciation						
At 1 January 2014	8,133	2,893	1,358	7,557	–	19,941
Provided for the year	3,530	1,212	1,510	1,663	–	7,915
Eliminated on disposals	–	–	(455)	–	–	(455)
At 31 December 2014	11,663	4,105	2,413	9,220	–	27,401
Provided for the year	6,980	942	2,327	316	–	10,565
Transfer to investment properties *(note b)*	(2,943)	–	–	–	–	(2,943)
Eliminated on disposals	(104)	(6)	(2)	–	–	(112)
At 31 December 2015	15,596	5,041	4,738	9,536	–	34,911
Carrying Value						
At 31 December 2014	86,073	4,581	1,997	5,442	–	98,093
At 31 December 2015	65,500	3,740	3,990	5,871	–	79,101

Note a: In prior years, the Group allocated the cost of the properties under construction between property, plant and equipment, investment properties under development and properties under development using the estimated gross floor areas ("GFA") before completion. During the year ended 31 December 2014, certain properties under construction are completed and the actual GFA of each type of properties are different with the estimation, which resulted in a reallocation of development cost on these properties upon completion (the "Cost Adjustment"). The Cost Adjustment reallocated RMB22,936,000 of construction in progress to cost of investment properties under development by RMB11,373,000 and to cost of properties under development for sale by RMB11,563,000 during the year ended 31 December 2014.

Note b: During the year ended 31 December 2015, the Group transferred certain of its property interests held for short term leasing with carrying values of approximately RMB11,639,000 (2014: Nil) from property, plant and equipment to investment properties. The resulting revaluation surplus of approximately RMB22,175,000 with the deferred tax liabilities RMB5,544,000 (2014: Nil) relating to such property interests as at the date of transfer had been credited to the property revaluation reserve in equity.

The land and buildings of the Group comprising land use rights and buildings in the PRC where the cost of land use rights cannot be separated reliably. The land use rights is classified as a finance lease, and the land and buildings are amortized and depreciated between 20 to 36 years using straight-line method.

The following useful lives are used in the calculation of depreciation of other property, plant and equipment:

Motor vehicles	–	4 or 10 years
Computers and office equipment	–	3 years
Leasehold improvements	–	over the lease period or 5 years, whichever is shorter

As at 31 December 2015, land and buildings with carrying amount of approximately RMB10,119,000 (2014: RMB10,484,000) were pledged to banks to secure certain banking facilities granted to the Group.

11. INVESTMENT PROPERTIES

	Completed investment properties *RMB'000*	Investment properties under development *RMB'000*	Leasehold land held for development into investment properties *RMB'000*	Total *RMB'000*
Fair Value				
At 1 January 2014	3,097,200	407,000	195,650	3,699,850
Transfer from property, plant and equipment	–	11,373	–	11,373
Additions	–	154,267	–	154,267
Transfer from completed properties for sale	22,425	–	–	22,425
Transfer	439,933	(244,283)	(195,650)	–
Net change in fair value recognised in profit or loss	209,942	61,643	–	271,585
At 31 December 2014	3,769,500	390,000	–	4,159,500
Additions	–	79,747	–	79,747
Transfer from completed properties for sale	65,623	–	–	65,623
Transfer from property, plant and equipment	11,639	–	–	11,639
Transfer	6,524	(6,524)	–	–
Net change in fair value recognised in profit or loss	119,361	110,377	–	229,738
Net change in fair value upon transfer from property, plant and equipment recognised in other comprehensive income	22,175	–	–	22,175
At 31 December 2015	3,994,822	573,600	–	4,568,422

The fair values of the Group's investment properties were arrived at on the basis of a valuation carried out at the end of the reporting by Crowe Horwath (HK) Consulting & Valuation Limited (the "Property Valuer"), who is a firm of independent valuer qualifications such as members of The Hong Kong Institute of Surveyors. The Group's investment properties have been valued individually, on market value basis. The address of the Property Valuer is 9/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

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 and leasehold land held for development into investment properties was carried at by making reference to the market transactions of comparable properties.

The following table gives information about how the fair values of these investment properties are determined at 31 December 2015 and 31 December 2014 (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment property	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Golden Wheel International Plaza – Completed Investment property ("IP")	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition of 5% (2014: 5.5%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions	Daily unit rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB26/sq.m./day (2014: RMB27/sq.m/day) for the base level.	The higher the daily unit rent, the higher the fair value.
		Income method based on discounted cash flows with the following key input: (1) Capitalization rate (2) Daily unit rent; and (3) Level adjustment	Level adjustment on individual floors of the property range from 45% to 75% (2014: from 45% to 75%) on specific levels.	The higher the level adjustment, the higher the fair value.
Zhuzhou Golden Wheel Time Square – Completed IP	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation nature of the property prevailing market condition of 5% (2014: 5.25%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions	Daily unit rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB27/sq.m./day (2014: RMB27/sq.m./day) for the base level.	The higher the daily unit rent, the higher the fair value.
		Income method based on discounted cash flows with the following key input: (1) Capitalization rate (2) Daily unit rent; and (3) Level adjustment	Level adjustment on individual floors of the property range from 35% to 60% (2014: 35% to 60%) on specific levels.	The higher the level adjustment, the higher the fair value.

Investment property	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Golden Wheel New Metro in Nanjing-Completed IP	Level 3	A combination of direct comparison approach and income method. Direct comparison approach which is based on prices realized on actual transactions Income method based on discounted cash flows with the following key input: (1) Capitalization rate (2) Daily unit rent; and (3) Level adjustment	Capitalisation rate, taking into account of the capitalisation nature of the property prevailing market condition of 5.25% (2014: 5.5%). Daily unit rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB5/sq.m./day (2014: RMB7/sq.m./day) Level adjustment on individual floors of the property range from 50% to 70% (2014: 50% to 70%) on specific levels.	The higher the capitalization rate, the lower the fair value. The higher the daily unit rent, the higher the fair value. The higher the level adjustment, the higher the fair value.
Other properties completed in Nanjing	Level 3	A combination of direct comparison approach and income method. Direct comparison approach which is based on prices realized on actual transactions Income method based on discounted cash flows with the following key input: Capitalization rate	Capitalisation rate, taking into account of the capitalisation of nature of the properties, prevailing market condition of 5% to 5.75% (2014: 5.25% to 5.75%).	The higher the capitalization rate, the lower the fair value.
Other properties under development development into investment properties	Level 3	Direct comparison approach which is based on asking prices of comparable properties with location adjustments.	Locations adjustment on individual locations of the properties range from 10% to 20% (2014: 10% to 20%) on special locations	The higher the locations adjustment, the higher the fair value.

At the end of the reporting period, the Group's investment properties with a carrying amount of approximately RMB3,883,880,000 (2014: RMB2,479,000,000) were pledged to banks to secure certain banking facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**21,554**	38,680
Other receivables	**31,682**	26,078
Receivables from the land administration authority *(note)*	**56,270**	73,270
Advances to contractors	**2,146**	7,955
Other taxes prepaid	**9,282**	–
	120,934	145,983

Note: The amount of RMB56,270,000 represented RMB23,000,000 receivables from the land administration authority in respect of returning the prepayment for leasehold land held for development for sale and RMB33,270,000 compensation receivable. In the opinion of directors, the entire amount will be settled within the next twelve months.

Trade receivables mainly comprises certain consideration for sale of properties and rental receivable in respect of self-owned investment properties and sub-leased properties. Consideration in respect of sale of properties is receivable in accordance with the terms of related sale and purchase agreements. Rental is usually received in advance, and a credit period of 30 days, or more are granted to certain customers in a discretions basis.

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.

	2015	2014
	RMB'000	*RMB'000*
0 to 30 days	**20,754**	37,863
31 to 60 days	**79**	370
61 to 180 days	**215**	–
Over 1 year	**506**	447
	21,554	38,680

At the end of the reporting period, included in the Group's accounts receivables are debtors with the following carrying amounts which are past due for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience of the management. The Group does not hold any collateral over these balances.

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

	2015	2014
	RMB'000	*RMB'000*
31 to 60 days	**79**	370
61 to 180 days	**215**	–
Over 1 year	**506**	447
	800	817

In assessing the recoverability of trade receivables, the Group considers any change in the credit quality of the customers. The Group recognizes allowance for doubtful receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Movements in the allowance for doubtful receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
1 January	**–**	1,095
Written off	**–**	(1,095)
31 December	**–**	–

13. TRADE AND OTHER PAYABLES

Generally, the average granted credit period for trade payables and retention money payable to contractors is about 60 days and 1 to 3 years respectively. Details of the aging analysis of trade payables are presented below:

Trade payables	**2015**	2014
	RMB'000	*RMB'000*
0 to 60 days	**133,147**	86,079
61 to 180 days	**366**	14
181 to 365 days	**1,387**	30,861
Over 1 year	**77,327**	17,907
Total trade payables	**212,227**	134,861

At 31 December 2015, trade payables include retention money of approximately RMB56,262,000 (2014: RMB28,330,000), which relates to 5% to 10% of the contract prices.

Other payables	**2015**	2014
	RMB'000	*RMB'000*
Rental deposits received	**36,936**	32,840
Other taxes payable	**3,817**	5,719
Interest payable	**19,463**	13,707
Other payables and accrued expenses	**15,267**	15,391
Total other payables	**75,483**	67,657

BUSINESS REVIEW

Overview

Projects development

In 2015, the Group was focusing on the developments of the seven projects in five cities namely Nanjing, Wuxi, Zhuzhou, Changsha and Yangzhou. Their progresses were in line with our internal timetable. Pre-sales of five projects were started during the year. As at 31 December 2015, we achieved approximately RMB922.9 million contracted sales which included RMB268.1 million contributed by the joint-venture entities. Furthermore, for the two months ended 29 February 2016, we had achieved a record high contracted sales of RMB356.0 million. Due to the recent easing policies issued by the Chinese Government, the outcome was better than our expectation especially for our projects in Nanjing. The average selling price of one of our residential projects had increased from RMB11,000 per sq.m. since the date of its first launch to RMB14,000 per sq.m. in March 2016. These seven projects were scheduled to be completed and delivered in 2016 and 2017.

For our completed projects, the saleable GFA amounted to 52,170 sq.m., and based on their current market value, their total saleable value approximately amounted to RMB443.7 million. These properties were mainly office units and therefore the pace of sales was comparatively slow. Since these projects were situated in prime locations, we were confident in the sale of these properties at our target price, therefore, we did not carry out any large discount campaign to boost the sale.

As at 31 December 2015, a total GFA of approximately 9,057 sq.m. of completed projects were sold and delivered.

Land bank of the Group

As at 31 December 2015, the Group has a total land bank of 995,292 sq.m., including 52,170 sq.m. of completed but unsold properties, 2,535 sq.m. of own used properties, 108,700 sq.m. of completed investment properties, 615,205 sq.m. of properties under development and 216,682 sq.m. of properties under development by the joint-venture entities.

The following table sets forth an overview of the Group's property projects as at 31 December 2015:

Project	City	Site area	Actual/ estimated construction commencement date	Actual/ estimated construction completion date	Percentage of completion	Total unsold GFA/ Total GFA	GFA held for Company's own use	Investment properties GFA
		sq.m.	*month/year*	*month/year*		*sq.m.*	*sq.m.*	*sq.m.*
Completed properties								
Golden Wheel International Plaza	Nanjing	11,341	Jul-04	Jan-09	100%	2,022	2,535	33,197
Golden Wheel Waltz	Nanjing	2,046	Jan-08	Feb-10	100%	–	–	2,444
Golden Wheel Building	Nanjing	4,918	May-01	Feb-03	100%	–	–	1,454
Golden Wheel Green Garden	Nanjing	10,334	Aug-01	Sep-02	100%	–	–	1,021
Golden Wheel Star City (Phase I)	Yangzhou	42,803	Aug-08	Mar-12	100%	5,906	–	–
Golden Wheel Star City (Phase II)	Yangzhou	27,423	Oct-09	Aug-12	100%	7,929	–	–
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	3,588	–	45,105
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	3,657	–	2,677
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Dec-13	100%	–	–	18,437
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jun-14	100%	10,157	–	525
Golden Wheel Star City (Phase III)	Yangzhou	11,389	Jun-10	Mar-14	100%	18,911	–	3,840
Subtotal		169,725				52,170	2,535	108,700
Properties under development								
Golden Wheel JinQiao Huafu	Nanjing	46,228	Dec-14	Dec-17	40%	124,400	–	2,500
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	70%	29,938	–	9,000
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Dec-17	5%	14,586	–	41,168
Zhuzhou Golden Wheel Jade Garden	Zhuzhou	45,645	Dec-14	Dec-16	40%	132,588	–	4,000
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	20%	172,579	–	12,000
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	80%	60,446	–	12,000
Subtotal		188,894				534,537	–	80,668
Total		358,619				586,707	2,535	189,368
Yangzhou Powerlong Golden Wheel Plaza (49%) Note[1]	Yangzhou	30,025	Dec-14	Dec-16	50%	151,282	–	65,400

Notes: 1 The project is developed by a joint-venture company which the Group has 49% interest.

As at 31 December 2015, the Group had a land bank of 831,887 sq.m. under development. Among these lands, approximately 441,215 sq.m., 244,604 sq.m. and 146,068 sq.m. are for residential, commercial and office and investment properties purpose respectively.

Investment properties

As at 31 December 2015, the Group had completed investment properties with a total GFA of approximately 108,700 sq.m.. The investment properties held by the Group maintained an average occupancy rate close to 95% as at 31 December 2015.

Metro leasing and operational management business

Leveraging on its rich experience in the leasing and operational management of the Nanjing Xinjiekou Metro Mall over the years, strong professional operation team and extensive client base, the Group obtained leasing and operational management contracts of metro shopping malls in four cities in China, namely, Nanjing, Suzhou, Wuxi and Changsha. The Group had a total leasable GFA of over 70,000 sq.m. for its metro leasing and operational management business as at 31 December 2015. 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.

In view of its potential high growth, the Group will continue to actively bid for new leasing and operational management contracts of metro station shopping malls in different cities and has confidence in obtaining more contracts of similar nature in the future.

Investments

In addition to placing surplus funds as time deposits in banks in Hong Kong and China, the Group also invested in corporate high yield bonds with good credit rating. As at 31 December 2015, the Group had bond investments amounted to approximately RMB14.1 million. These bonds bear coupon rates ranging between 4.95% and 6.75%. These investments could facilitate the Group in preserving its liquidity while enhancing interest yields.

Also, invited by a commercial bank in China, the Group has subscribed the unlisted equity shares of this commercial bank with a cost of RMB12.4 million. The investment is for long term purpose and it can also further enhance the business relationship between the Group and the commercial bank.

Financing

In December 2015, the Group successfully issued senior notes of USD100 million and the notes are listed in Singapore. The new senior notes will be matured in 2 years with a coupon rate of 9.5% which is lower than our first and second senior notes with a coupon rate of 11.25% and 10.8%, respectively.

In the last quarter of 2015, the Group made a success in the issuance of private bonds of HKD285.5 million. The bonds will be matured in 3 years with an interest rate of 10.9% per annum.

Future Outlook

According to the data announced by National Bureau of Statistics, the China's GDP has slowed down to 6.9% in 2015. Stabilizing the property market has become a key objective of the PRC Government to reboot the mainland China economy. In 2015 and early 2016, the PRC Government had issued a number of policies to support the property market, which included lowering the deposit reserve ratio and benchmark RMB lending and deposit interest rates through 5 consecutive reductions, relaxing the down-payment requirement for the second property purchase to not less than 40%, and reduction or exemption of individual income tax for personal housing transaction to lower property purchases costs. All of these policies is expected to drive up market demand. We are optimistic that more property easing policies will be unveiled in 2016. The Group believes that by benefiting from a series of favorable policies, the sales volumes and average prices would be further increased and management is confident that the Group will achieve a record high contracted sales in 2016.

In order to achieve continuous growth, the Group has been actively identifying potential projects over the past two years. 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 property market in China and the commencement of pre-sales of our developing projects in 2015, the Group considered 2016 would be a right time for new land acquisitions. We have already identified a few targets and all of them are located in Nanjing.

For our leasing business, the Group will continue to retain our completed properties with good location and potential growth for long term leasing purpose in order to build up our investment property portfolio so as to maintain a stable return to our shareholders. The Group had already set aside certain portions of our projects under development as investment properties and once these projects are completed and put in operation, we are confident that our recurring rental income generated from these properties will increase substantially due to the good location they are situated at.

On the other hand, the Group is confident on the potential growth of metro leasing business as well as its less capital requirement, the Group will put more resources on this business and actively participate in the tender of projects in our target cities in the future, with an aim to further expand our geographic reach and market share in the metro station commercial property leasing and operational management business. The Group's target is to expand the leasable areas under management to over 300,000 sq.m. in the next two to three years. In 2015, the Group signed two memoranda with two metro companies which covered a total leasable area of over 70,000 sq.m. for leasing and operational management. The Group has also appointed professional advisors to commence the process on the application for a potential quotation of the shares of the subsidiary that managing this business on the National Equities Exchange and Quotation System in China. The listing, if successful, will provide this subsidiary with an independent platform to position itself as an independent listed group with direct access to the debt and equity capital markets to finance its future growth and enhancing financing flexibility for its future development and expansion of business operations.

FINANCIAL REVIEW

Results of Operations

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 years indicated:

	For the year ended 31 December			
	2015		2014	
	RMB'000	***%***	*RMB'000*	*%*
Property development	**100,319**	**43.7**	725,025	87.2
Property leasing	**129,195**	**56.3**	106,091	12.8
Total	**229,514**	**100.0**	831,116	100.0

Revenue decreased by 72.4% from RMB831.1 million for the year ended 31 December 2014 to RMB229.5 million for the year ended 31 December 2015, primarily due to a decrease in revenue derived from the property development business.

- *Property development*

  Revenue derived from property development decreased from RMB725.0 million for the year ended 31 December 2014 to RMB100.3 million for the year ended 31 December 2015. The main reason for the decrease was that the Group did not have new projects completed and delivered during the year ended 31 December 2015. In 2015, there were seven projects under development and five of them had started pre-sales. As at 31 December 2015, the Group achieved contracted sales of RMB922.9 million, including RMB268.1 million contributed by the joint-venture entities. The significant increase in contracted sales was in line with our internal target. These contracted sales will be recognized as revenue once the properties are completed and delivered which is expected to be in 2016 and 2017.

- *Property leasing*

  Revenue derived from property leasing business increased from RMB106.1 million for the year ended 31 December 2014 to RMB129.2 million for the year ended 31 December 2015. The increase was due to firstly, we had one new shopping mall, namely Golden Wheel New Metro, which had started operation in the last quarter of 2014 and 6 metro station shopping malls which had started operation in the last month of 2014 and as a result, a full year rental income was contributed by these new shopping malls in 2015. Secondly, there was an increase of RMB11.0 million rental income from our shopping mall in Zhuzhou which was just completed its upgrade renovation work in 2014.

Cost of sales

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

	For the year ended 31 December			
	2015		2014	
	RMB'000	***%***	*RMB'000*	*%*
Property development				
Land acquisition costs	**15,122**	**12.7**	126,123	23.9
Construction costs	**43,997**	**36.9**	285,652	54.2
Capitalized finance costs	**8,015**	**6.7**	44,248	8.4
Tax expenses	**5,560**	**4.7**	40,786	7.8
Fair value adjustment on the Acquisition *Note 1*	**–**	**–**	7,251	1.4
Subtotal	**72,694**	**61.0**	504,060	95.7
Property leasing and operational management	**46,453** ***Note 2***	**39.0**	22,882 *Note 2*	4.3
Total	**119,147**	**100.0**	526,942	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 Co., Ltd. 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 2014, the remaining part of these properties for sale was sold, and accordingly the related fair value adjustment of RMB7.3 million was also included as its cost of sales and charged to profit or loss for the year ended 31 December 2014.

2. This amount includes rental expenses of RMB10.1 million and RMB29.3 million for the properties under operating lease for the year ended 31 December 2014 and 2015, respectively.

The Group's cost of sales decreased from RMB526.9 million for the year ended 31 December 2014 to RMB119.1 million for the year ended 31 December 2015. This decrease was primarily due to the decrease of revenue arising from sales of properties.

The Group's percentage of average land acquisition costs over average selling price decreased from 17.4% in 2014 to 15.1% in 2015.

Gross profit and gross profit margin

Gross profit decreased from RMB304.2 million for the year ended 31 December 2014 to RMB110.4 million for the year ended 31 December 2015. Gross profit margin increased from 36.6% for the year ended 31 December 2014 to 48.1% for the year ended 31 December 2015, primarily due to the proportion of rental income, which had a higher gross profit margin, to the total revenue, was increased.

The gross profit margin for property development business decreased from 30.5% in 2014 to 27.5% in 2015. The decrease was due to sales of property in 2015 composed of mainly office units which had a comparatively lower gross profit margin whereas in 2014, sales of property included also commercial units especially retail shops which had a higher gross profit margin.

Gross profit margin for property leasing reduced to 64.0% in 2015 from 78.4% in 2014. The decrease was due to a number of new metro station shopping malls has just commenced operations in December 2014, and these new shopping malls usually had a lower profit margin in its first and second years of operation. Therefore, this had reduced the overall gross profit margin.

Changes in fair value of investment properties

For the year ended 31 December 2015, the Group recorded a fair value gain on investment properties of RMB229.7 million (2014: RMB271.6 million). The revaluation gain was resulted from the increase of market value of the investment properties under development as well as the increase in average rental value of existing investment properties.

Other income, expenses, gains and losses

The Group had a net loss of RMB72.6 million arising from other income, expenses, gains and losses for the year ended 31 December 2015 as compared to a net gain of RMB16.1 million for the year ended 31 December 2014. The net loss was mainly due to the fair value loss of RMB74.9 million of cross currency rate swap contracts and net foreign exchange losses of RMB46.4 million which was partially off set by interest income of RMB46.6 million from bank deposits, bonds and derivative financial instruments.

The huge fair value loss of cross currency rate swap contracts and net foreign exchange losses were due to the unexpected significant depreciation of RMB at the second half of 2015.

Finance costs

Finance costs consist primarily of interest expenses on borrowings net of capitalized finance costs. Finance costs increased from RMB56.0 million for the year ended 31 December 2014 to RMB65.2 million for the year ended 31 December 2015 primarily due to the increase of average bank borrowings. As at 31 December 2015, the Group had total borrowings of RMB3,031.0 million, while as at 31 December 2014, the Group's total borrowings were RMB2,082.4 million. The increase of borrowings was mainly attributable to the funding of construction costs of all the projects under development by the Group in 2015.

Selling and marketing expenses

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

Selling and marketing expenses for the year ended 31 December 2015 amounted to approximately RMB18.6 million (2014: RMB11.0 million), representing an increase of about 69.1%. The increase was primarily due to the fact that there was several new projects launched for pre-sale activities during the year.

Administrative expenses

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

Administrative expenses for the year ended 31 December 2015 amounted to approximately RMB119.6 million (2014: RMB103.3 million), representing an increase of about 15.8%. This increase was primarily due to the expansion of business, an increase in staff salaries and benefits in connection with the continuing growth of the Group's property development business.

Taxation

The Group's income tax expenses decreased by RMB119.0 million, or 65.3% to RMB63.2 million for the year ended 31 December 2015 from RMB182.2 million for the year ended 31 December 2014. The decrease was primarily due to the decrease of revenue arising from the sale of properties.

Profit for the year

Mainly due to the decrease of revenue arising from sales of properties, the fair value loss arising from the cross currency rate swap contracts as well as the net foreign exchange losses, profit for the year decreased from RMB234.4 million for the year ended 31 December 2014 to RMB13.0 million for the year ended 31 December 2015, representing a decrease of 94.5%.

Liquidity and Capital Resources

Cash Position

The Group had bank deposits and cash of approximately RMB1,466.0 million as of 31 December 2015 (2014: RMB837.1 million), including restricted cash of RMB589.6 million (2014: RMB503.3 million) and structured bank deposit of RMB81.7 million (2014: RMB83.5 million). The increase in cash and bank balances was due to the fact that the Group had issued senior notes of US$100 million and private bonds of HK$285.5 million in December 2015. The proceeds of the notes and the bonds were mainly used for the repayment of the RMB senior notes which would be matured in April 2016.

Bank and other borrowings

The Group had outstanding bank and other borrowings (including senior notes, bonds) of approximately RMB3,031.0 million as at 31 December 2015 (2014: RMB2,082.4 million).

As at 31 December 2015, the Group's net gearing ratio was 42.4% (2014: 33.7%). The net gearing ratio of the Group is calculated by the interest-bearing liabilities net of bank deposits and cash and then divided by total equity attributable to the owners of the Company.

Cost of Borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses paid and payable by the average total bank and other borrowings during the relevant year) was 7.2% in 2015 as compared with 7.0% in 2014.

Financial guarantees

The face value of the financial guarantees issued by the Group is analysed as below:

	2015	2014
	RMB'000	*RMB'000*
Mortgage loan guarantees provided by the Group to banks in favour of its customers	**296,329**	527,343

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

As of 31 December 2015, the Group had a total of approximately 470 (2014: 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 bonus, share options and other employee benefits. Remuneration is determined with reference to the performance, skills, qualifications, and experience of the employee concerned and the prevailing industry practice.

Furthermore, the Group adopted a Share Option Scheme on 10 December 2012 as incentives or rewards for the employees' contributions to the Group. Further information of the Share Option Scheme is available in the 2015 annual report of the Company. The Group's employee benefit expense will be set out in the notes to the consolidated financial statements in the 2015 annual report of the Company.

PROPOSED FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: RMB1.95 cents per share).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its Directors at the date of this announcement, 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**") throughout the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES AND SENIOR NOTES (THE "NOTES")

On 24 December 2015, the Company repurchased and cancelled part of the Notes in the amount of RMB65,000,000 (the "First Purchased Notes"), representing approximately 21.7% of the original principal amount of the Notes of RMB300,000,000. After cancellation of the First Purchased Notes, the aggregate principal amount of the Notes which remains outstanding and subject to the terms of the indenture governing the Notes was RMB235,000,000.

On 31 December 2015, the Company repurchased and cancelled part of the Notes in the amount of RMB33,800,000 (the "Second Purchased Notes"), representing approximately 5.63% of the original principal amount of the Notes of RMB600,000,000. After cancellation of the Second Purchased Notes, the aggregate principal amount of the Notes which remains outstanding and subject to the terms of the indenture governing the Notes was RMB566,200,000.

In February 2016, the Company had accumulatively repurchased part of the Notes in the amount of RMB86,000,000 (the "Third Purchased Notes"), representing approximately 14.3% of the original principal amount of the Notes of RMB600,000,000. The Third Purchased Notes has not been cancelled as at the date hereof.

Save for the redemption and cancellation as disclosed herein, there was no purchased, sold or redeemed any of the Company's listed securities by the Company or any of its subsidiaries since the listing date and up to the date hereof.

CORPORATE GOVERNANCE

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 an transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company during the financial year ended 31 December 2015, has adopted, applied and complied with most of the code provisions (the "Code Provision") contained in the Corporate Governance Code, except for the following deviations: (i) under Code E.1.3, 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 A.6.7, the independent non-executive Directors, as equal Board members, should attend the general meeting and develop a balanced understanding of the view of shareholders. However, due to other business commitment, one of the independent non-executive Director, did not attend the annual general meeting of the Company held on 15 May 2015.

The Stock Exchange published its Consultation Conclusions on Risk Management and Internal Control: Review of the Corporate Governance Code and Corporate Governance Report (the "Consultation Conclusion") on 19 December 2014, which requires the terms of reference of the audit committee of an issuer should be amended in accordance with code provision C.3.3 and an issuer may determine whether to establish a separate board risk committee taking into account its own circumstances and resources available. The Board meeting of the Company dated 9 November 2015 approved the amended version of the terms of reference of the audit committee of the Company to have risk management function and responsibility, according to the Consultation Conclusion. For further details of the terms of reference of the audit committee of the Company, please refer to the terms of reference of the audit committee of the Company published by the Company on 20 November 2015.

The Board will continue to review and monitor the practices of the Company with an aim to maintain and improve its high standard of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established an 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 the 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 had reviewed the Group's consolidated financial statements for the year ended 31 December 2015, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditors, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 May 2016 to Tuesday, 24 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 19 May 2016.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on Tuesday, 24 May 2016. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This result announcement is published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.gwtd.com.hk). The annual report of the Company for the year ended 31 December 2015 containing all information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to express heartfelt appreciation to shareholders and partners for their trust in and long-lasting support to the Group. I would also like to thank the management team, the Board of Directors and all the staff for their diligence, dedication and contribution over the past years. Looking forward, we will strive for taking us to a higher level of business performance, and rewarding our shareholders in a higher returns gradually over times.

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

Hong Kong, 29 March 2016

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.