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 2017

FINANCIAL HIGHLIGHTS

1. Revenue amounted to RMB2,303.6 million (2016: RMB940.8 million), representing an increase of approximately 144.9% as compared with 2016.

2. Rental income and hotel operation income amounted to RMB193.6 million (2016: RMB146.3 million), representing an increase of approximately 32.3% as compared with 2016.

3. Contracted sales amounted to RMB2,536.0 million (2016: RMB2,359.0 million).

4. Gross profit margin for property sales and property leasing amounted to 36.4% (2016: 32.1%) and 74.0% (2016: 71.9%) respectively.

5. Profit attributable to shareholders increased by approximately 82.9% to RMB485.5 million (2016: RMB265.4 million) as compared with 2016. Basic earnings per share increased by approximately 83.0% to RMB26.9 cents (2016: RMB14.7 cents).

6. Total investment properties as at 31 December 2017 amounted to RMB5,213.9 million (2016: RMB5,028.6 million).

7. As of 31 December 2017, the Group had total cash and bank deposits of approximately RMB1,159.2 million. Net gearing ratio increased to 56.6% (2016: 26.2%). [Note 1]

8. Net asset value per share amounted to RMB2.41 per share (2016: RMB2.18 per share) as at 31 December 2017. [Note 2]

9. The Board proposed a final dividend of RMB2.80 cents per share. Together with the interim dividend of RMB1.88 cents per share, the total dividend for the financial year ended 31 December 2017 is RMB4.68 cents per share.

Notes:

1 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.

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

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 2017, 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 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**2,303,555**	940,765
Cost of sales		**(1,405,241)**	(580,770)
Gross profit		**898,314**	359,995
Other income, expenses, gains and losses	*5*	**158,071**	(47,199)
Selling and marketing expenses		**(29,405)**	(39,374)
Administrative expenses		**(172,504)**	(117,862)
Finance costs	*6*	**(126,904)**	(51,039)
Share of losses of associates		**(3,619)**	–
Share of profits of joint ventures		**2,190**	82,832
Changes in fair value of investment properties		**133,259**	264,368
Profit before tax	*7*	**859,402**	451,721
Taxation	*8*	**(373,941)**	(186,345)
Profit for the year		**485,461**	265,376

	NOTES	2017 RMB'000	2016 RMB'000
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**51**	–
Fair value change on available-for-sale investments		**922**	–
Other comprehensive income for the year, net of income tax		**973**	–
Profit for the year and attributable to owners of the Company		**486,434**	265,376
Total comprehensive income attributable to owners of the Company		**486,434**	265,376
EARNINGS PER SHARE			
– Basic *(RMB per share)*	*9*	**0.269**	0.147
– Diluted *(RMB per share)*	*9*	**0.269**	0.147

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	11	**461,416**	75,427
Investment properties	12	**5,213,906**	5,028,622
Goodwill		**29,686**	–
Interests in associates		**342,281**	–
Interests in joint ventures		**275,928**	278,600
Deferred tax assets		**85,174**	41,617
Available-for-sale investments		**157,400**	108,400
		6,565,791	5,532,666
Current assets			
Properties under development for sale		**1,686,308**	1,518,783
Completed properties for sale		**984,315**	701,029
Trade and other receivables	13	**147,967**	335,189
Prepayments for leasehold land held for development for sale		**326,578**	81,249
Amount due from a joint venture and an associate		**26,832**	16,164
Land appreciation tax and income tax prepaid		**4,229**	40,102
Held-for-trading investments		**4,098**	3,697
Available-for-sale investments		**–**	14,088
Structured bank deposits		**182,000**	325,911
Restricted bank deposits		**312,694**	678,457
Cash and cash equivalents		**664,519**	791,238
		4,339,540	4,505,907
Current liabilities			
Trade and other payables	14	**515,724**	418,660
Rental received in advance		**27,907**	38,264
Deposits and prepayments received from pre-sale of properties		**675,766**	1,532,996
Amount due to a joint venture and an associate		**169,806**	–
Land appreciation tax and income tax liabilities		**503,427**	269,780
Derivative financial liabilities		**–**	51,266
Bank borrowings – due within one year		**1,171,865**	872,400
Senior notes – due within one year		**–**	918,905
Bonds		**18,216**	–
		3,082,711	4,102,271
Net current assets		**1,256,829**	403,636
Total assets less current liabilities		**7,822,620**	5,936,302

	NOTES	2017 RMB'000	2016 RMB'000
Non-current liabilities			
Bank borrowings – due after one year		**489,294**	175,365
Rental received in advance		**17,010**	12,700
Senior notes		**1,935,389**	682,668
Bonds		**–**	176,175
Deferred tax liabilities		**1,043,793**	959,976
		3,485,486	2,006,884
Net assets		**4,337,134**	3,929,418
Capital and reserves			
Share capital		**113,099**	113,099
Share premium and reserves		**4,224,035**	3,816,319
Total equity		**4,337,134**	3,929,418

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 "**Stock Exchange**") on 16 January 2013 (the "**Listing**").

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

2. 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 (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.

3. APPLICATION OF NEW AND REVISED IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to International Accounting Standard ("IAS") 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014-2016 Cycle

New and revised IFRSs and amendments to IFRSs in issue 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 and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle[2]

[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 a date to be determined*

[4] *Effective for annual periods beginning on or after 1 January 2021*

4. REVENUE AND SEGMENT INFORMATION

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

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**"), for the purpose of resources allocation and performance assessment. Prior to the Group's acquisition of 100% interest in Double Advance Group Limited ("**Double Advance**") which is engaged in hotel operation, and the commencement of operation of Nanjing Golden Wheel Xingzhi Hotel Co., Ltd.("**Nanjing Golden Wheel Xingzhi Hotel**") in the current year, the Group has two operating segments, namely, property development and property leasing. As a result of the completion of the acquisition of the Double Advance and the commencements of operation of Silka West Kowloon Hotel, Hong Kong and Nanjing Golden Wheel Atour Hotel, the Group now has three operating segments, (1) property development, (2) property leasing and (3) hotel operation. These segments are the basis on which the Group reports its segment information. 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)
Hotel operation	–	Rendering of hotel services

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*	Hotel operation *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017				
Segment revenue	**2,109,976**	**166,343**	**27,236**	**2,303,555**
Segment gross profit	**768,602**	**123,051**	**6,661**	**898,314**
Allocated corporate expenses	**(55,514)**	**(66,376)**	**(6,032)**	**(127,922)**
Segment results	**713,088**	**56,675**	**629**	**770,392**
Other income, expenses, gains and losses				**158,071**
Finance costs				**(126,904)**
Unallocated corporate expenses				**(73,987)**
Share of losses of associates				**(3,619)**
Share of profits of joint ventures				**2,190**
Changes in fair value of investment properties				**133,259**
Profit before tax				**859,402**
For the year ended 31 December 2016				
Segment revenue	**794,446**	**146,299**	**–**	**940,765**
Segment gross profit	**254,860**	**105,135**	**–**	**359,995**
Allocated corporate expenses	**(35,598)**	**(48,254)**	**–**	**(83,852)**
Segment results	**219,262**	**56,881**	**–**	**276,143**
Other income, expenses, gains and losses				**(47,199)**
Finance costs				**(51,039)**
Unallocated corporate expenses				**(73,384)**
Share of profits of joint ventures				**82,832**
Changes in fair value of investment properties				**264,368**
Profit before tax				**451,721**

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

The accounting policies for 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 associates, 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.

Segment information reported to CODM of the Company for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Other segment information

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

	2017	2016
	RMB'000	*RMB'000*
Property leasing	**4,952**	4,400
Hotel operation	**6,063**	–
Unallocated	**3,954**	4,064
Total	**14,969**	8,464

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 substantially from its operations in mainland China, and non-current assets of the Group are also substantially located in mainland China, except for the hotel property and goodwill, which are located in Hong Kong.

The following is an analysis of the Group's non-current assets other than deferred tax assets, interests in associates, interests in joint ventures, and available-for-sale investments by geographical location of assets.

	Non-current assets	
	2017	2016
	RMB'000	*RMB'000*
Mainland China	**5,296,584**	5,102,665
Hong Kong	**408,424**	1,384
	5,705,008	5,104,049

5. OTHER INCOME, EXPENSES, GAINS AND LOSSES

(1) Other income

	2017	2016
	RMB'000	*RMB'000*
Interest income from bank deposits	**41,129**	24,141
Interest income from derivative financial liabilities	**1,009**	7,741
Interest income from available-for-sale investments	**1,464**	909
Dividend income from available-for-sale investments	**3,830**	624
Investment income from held-for-trading investments	**16**	817
Compensation income from early termination of leasing contracts	**1,486**	2,596
Government grants *(note a)*	**1,721**	7,420
Others	**1,007**	1,593
	51,662	45,841

(2) Other gains and losses

	2017	2016
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**(60)**	–
Gain on disposal of investment properties	**6,025**	–
Gain on disposal of a joint venture	**418**	–
Changes in fair value of held-for-trading investments	**442**	(2,834)
Net changes in fair value of derivative financial liabilities	**31,080**	6,204
Allowance for receivables from the land administration authority in the PRC in respect of the refund of the prepayment for leasehold land	**(27,714)**	–
Net foreign exchange gains/(losses)	**101,210**	(95,213)
	111,401	(91,843)

(3) Other expenses

	2017	2016
	RMB'000	*RMB'000*
Penalty expense incurred on late delivery of properties *(note b)*	**–**	(952)
Loss on repurchase of senior notes	**(4,929)**	–
Others	**(63)**	(245)
	(4,992)	(1,197)
Total	**158,071**	(47,199)

Notes:

a. The amount mainly represented the unconditional subsidies received from the local governments where the Group entities were located for encouragement of business development activities in the local areas.

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.

6. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interests on bank loans	**33,476**	57,423
Interests on senior notes	**207,027**	128,236
Interests on bonds	**6,353**	25,558
Less: Amount capitalized to properties under development for sale and investment properties under development	**(119,952)**	(160,178)
	126,904	51,039

Borrowing cost capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.60% (2016: 8.09%) per annum to expenditure on qualifying assets.

7. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Directors' remunerations	**14,577**	6,717
Other staff costs:		
– Salaries and other benefits	**76,220**	54,799
– Retirement benefit scheme contributions	**10,047**	8,296
Total staff costs	**100,844**	69,812
Less: Amount capitalized to properties under development for sale and investment properties under development	**(24,272)**	(20,485)
	76,572	49,327
Rental income in respect of investment properties	**(127,631)**	(110,915)
Less: Direct operating expenses of investment properties that generated rental income	**12,488**	10,877
	(115,143)	(100,038)
Rental income from sub-lease of rented properties	**(38,712)**	(35,384)
Less: Rental expenses of properties under sub-lease	**29,813**	26,644
Less: Rental expenses of properties subject to sub-lease	**991**	3,643
	(7,908)	(5,097)
Cost of properties sold	**1,341,374**	539,606
Auditor's remuneration	**1,200**	1,130
Depreciation of property, plant and equipment	**14,969**	8,464

8. TAXATION

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
– PRC enterprise income tax ("**EIT**")	**205,937**	63,511
– Land appreciation tax	**163,813**	62,853
– Hong Kong profits tax	**429**	–
	370,179	126,364
Deferred tax	**3,762**	59,981
	373,941	186,345

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands ("**BVI**") as they were not subject to any tax during both years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

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:

	2017	2016
	RMB'000	*RMB'000*
Profit before tax	**859,402**	451,721
Tax at PRC EIT rate of 25%	**214,851**	112,930
Tax effect of expenses not deductible for tax purpose	**63,324**	48,193
Tax effect of income not taxable for tax purpose	**(32,844)**	(6,297)
Tax effect of share of results of joint ventures	**(548)**	(20,708)
Tax effect of share of loss of associates	**905**	–
LAT	**163,814**	62,853
Tax effect of LAT	**(40,954)**	(15,713)
Tax effect of tax losses not recognised	**(8,612)**	–
Withholding tax on undistributed profit of PRC subsidiaries	**14,005**	5,087
	373,941	186,345

9. 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	**2017** ***RMB'000***	2016 *RMB'000*
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**485,461**	265,376

Number of shares	**2017** ***'000***	2016 *'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 2017 and 2016. Accordingly, the diluted earnings per share was the same as the basic earnings per share for both years.

10. DIVIDENDS

	2017 ***RMB'000***	2016 *RMB'000*
Dividends recognised as distribution during the year:		
Final dividend for the year ended 31 December 2016 of RMB0.025 (2016: final dividend for the year ended 31 December 2015: nil) per share	**45,061**	**–**
Interim dividend in respect of the six months ended 30 June 2017 of RMB0.0188 (2016: interim dividend for the six months ended 30 June 2016: RMB0.0138) per share	**33,886**	**24,874**
	78,947	24,874

Subsequent to 31 December 2017, a final dividend of RMB0.028 per share in respect of the year ended 31 December 2017 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and hotel property	Land and buildings	Motor vehicles	Computers and office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2016	–	81,096	8,781	8,728	15,407	114,012
Additions	–	–	1,769	367	2,739	4,875
Disposals	–	–	(2,139)	(86)	–	(2,225)
At 31 December 2016	–	81,096	8,411	9,009	18,146	116,662
Additions	–	2	521	2,587	14,932	18,042
Acquisition of a subsidiary	404,606	–	–	89	681	405,376
Exchange differences	(22,357)	–	–	(5)	(38)	(22,400)
Disposals	–	–	–	(243)	–	(243)
At 31 December 2017	382,249	81,098	8,932	11,437	33,721	517,437
Depreciation						
At 1 January 2016	–	15,596	5,041	4,738	9,536	34,911
Provided for the year	–	5,001	1,567	935	961	8,464
Eliminated on disposals	–	–	(2,055)	(85)	–	(2,140)
At 31 December 2016	–	20,597	4,553	5,588	10,497	41,235
Provided for the year	3,511	3,652	1,232	999	5,575	14,969
Eliminated on disposals	–	–	–	(183)	–	(183)
At 31 December 2017	3,511	24,249	5,785	6,404	16,072	56,021
Carrying Value						
At 31 December 2016	–	60,499	3,858	3,421	7,649	75,427
At 31 December 2017	378,738	56,849	3,147	5,033	17,649	461,416

The leasehold land and hotel property of the Group comprises a leasehold land and a hotel property in Hong Kong where the cost of leasehold land cannot be separated reliably. The entire lease is classified as a finance lease, and the leasehold land and the hotel property are amortized and depreciated between 50 to 75 years using straight-line method.

The land and buildings of the Group comprises land use rights and buildings in the PRC where the cost of land use rights cannot be separated reliably. The entire lease 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 2017, leasehold land and hotel property, and land and buildings with carrying amount of approximately RMB388,126,000 (2016: RMB9,753,000) were pledged to banks to secure certain banking facilities granted to the Group.

12. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under development**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016	3,994,822	573,600	4,568,422
Additions	5,932	170,368	176,300
Transfer from completed properties for sale	19,532	–	19,532
Transfer	226,882	(226,882)	–
Net change in fair value recognised in profit or loss	238,013	26,355	264,368
At 31 December 2016	4,485,181	543,441	5,028,622
Additions	8,146	52,637	60,783
Transfer from completed properties for sale	2,690	–	2,690
Transfer	112,260	(112,260)	–
Disposals	(11,448)	–	(11,448)
Net change in fair value recognised in profit or loss	97,077	36,182	133,259
At 31 December 2017	4,693,906	520,000	5,213,906

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 period by CHFT Advisory And Appraisal Limited (the "**Property Valuer**"), who is a firm of independent valuer qualifications including member 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 8/F Carfield Commercial Building, 75-77 Wyndham Street, Central, 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 capitalisation 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 carried at by making reference to the current or recent prices of investment properties and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation.

The following table sets out information about how the fair values of these investment properties are determined at 31 December 2017 and 31 December 2016 (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 located in Nanjing – 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 5.25% (2016: 5.25%)	The higher the capitalisation 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 RMB22/sq.m./day (2016: RMB29/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) Capitalisation rate (2) Daily unit rent; and (3) Level adjustment	Level adjustment on individual floors of the property range from 45% to 75% (2016: from 45% to 75%) 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
Zhuzhou Golden Wheel Time Square located in Zhuzhou – 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 5.25% (2016: 5.25%)	The higher the capitalisation rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions Income method based on discounted cash flows with the following key input:	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 RMB23/sq.m./day (2016: RMB27/sq.m./day) for the base level	The higher the daily unit rent, the higher the fair value.
		(1) Capitalisation rate (2) Daily unit rent; and (3) Level adjustment	Level adjustment on individual floors of the property range from 35% to 60% (2016: 35% to 60%) on specific levels.	The higher the level adjustment, the higher the fair value.
Golden Wheel New Metro located in Nanjing – 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 5.25% (2016: 5.25%)	The higher the capitalisation rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions Income method based on discounted cash flows with the following key input:	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 RMB7/sq.m./day (2016: RMB6/sq.m./day)	The higher the daily unit rent, the higher the fair value.
		(1) Capitalisation rate (2) Daily unit rent; and (3) Level adjustment	Level adjustment on individual floors of the property range from 55% to 75% (2016: 50% to 75%) 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
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: (1) Capitalisation rate (2) Daily unit rent; and (3) Level adjustment	Capitalisation rate, taking into account of the capitalisation of nature of the properties, prevailing market condition of 5% to 6.5% (2016: 5% to 5.75%) 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 RMB3-28/sq.m./day (2016: RMB3-21/sq.m./day) Level adjustment on individual floors of the property range from 45% to 100% (2016: 45% to 100%) on specific levels	The higher the capitalisation rate, the lower the fair value. The higher the daily unit rent, the the lower the fair value. The higher the level adjustment, the higher the fair value.
Other properties under development	Level 3	Residual approach which is based on gross development value and taken into account the construction costs to completion, developer's profit, and marketing costs.	Locations adjustment on individual locations of the properties range from –5% to 10% (2016: –5% to 10%) 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 carrying amount of approximately RMB4,314,106,000 (2016: RMB4,430,122,000) were pledged to banks to secure certain banking facilities granted to the Group.

13. TRADE AND OTHER RECEIVABLES

	2017 *RMB'000*	2016 *RMB'000*
Trade receivables	**80,173**	95,227
Other receivables	**34,766**	143,656
Advances to contractors	**12,180**	5,140
Amount due from an associate	**–**	910
Receivables from the Land administration authority in the PRC in respect of the refund of the prepayment for leasehold land	**–**	33,270
Other taxes prepaid	**20,848**	56,986
	147,967	335,189

Trade receivables mainly comprises of 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 received 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.

	2017 *RMB'000*	2016 *RMB'000*
0 to 30 days	**80,088**	95,020
31 to 60 days	**–**	23
61 to 180 days	**–**	97
181 to 365 days	**–**	87
Over 1 year	**85**	–
	80,173	95,227

At the end of the reporting period, included in the Group's trade 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:

	2017	2016
	RMB'000	*RMB'000*
31 to 60 days	**–**	23
61 to 180 days	**–**	97
181 to 365 days	**–**	87
Over 1 year	**85**	–
	85	207

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. After reassessment, the directors believe that no allowance is required.

14. 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	**2017**	2016
	RMB'000	*RMB'000*
0 to 60 days	**336,387**	286,752
61 to 180 days	**7,774**	668
181 to 365 days	**1,271**	376
Over 1 year	**14,706**	47,830
Total trade payables	**360,138**	335,626

At 31 December 2017, trade payables include retention money of approximately RMB79,436,000 (2016: RMB70,909,000), which relates to 5% to 10% of the contract prices.

Other payables	**2017**	2016
	RMB'000	*RMB'000*
Rental deposits received	**56,430**	37,847
Other taxes payable	**24,465**	13,836
Interest payable	**34,379**	16,435
Staff cost payable	**26,601**	1,975
Other payables and accrued expenses	**13,711**	12,941
Total other payables	**155,586**	83,034

BUSINESS REVIEW

Overview

Contracted sales

The Group and its joint ventures and associates achieved a contracted sales value and contracted sales area amounted to approximately RMB2.54 billion (2016: RMB2.36 billion) and approximately 186,000 sq.m. (2016: 197,000 sq.m.) for the year ended 31 December 2017 respectively.

Projects completed during 2017

Two projects were completed during 2017, namely Nanjing Golden Wheel Jinqiao Huafu and Changsha Golden Wheel Star Plaza with an aggregate saleable gross floor area (the "**GFA**") of approximately 302,674 sq.m.. As at 31 December 2017, an aggregate GFA of approximately 132,337 sq.m. of these two newly completed projects were sold and delivered.

New land acquired during 2017

In January 2017, the Group acquired a piece of land in Nanjing City, Jiangsu Province, the PRC with a site area of approximately 7,593 sq.m.. The newly acquired land is located at Xiao Fen Qiao, Gulou District close to a metro station and transportation hub and the land is for commercial development purpose.

In March 2017, the Group acquired a piece of land in Wuxi City, Jiangsu Province, the PRC with a site area of approximately 70,989 sq.m.. The newly acquired land is located at Northwest to the intersection between Shili Mingzhudi and Xiaguang Road, Binhu District and the land is for mixed residential and commercial development purpose.

In July 2017, the Group acquired a piece of land in Zhuzhou City, Hunan Province, the PRC with a site area of approximately 92,175 sq.m.. The newly acquired land is located at North of Yan Di Main Road, East of Xiangjiang Main Road, Wu Guang Area, Tianyuan District and the land is for mixed residential and commercial development purpose.

In November 2017, the Group acquired a piece of land in Nanjing City, Jiangsu Province, the PRC with a site area of approximately 22,739 sq.m.. The newly acquired land is located at north of Wutai Road, east of Xintang Road, in Gaochun District closed to a metro station and transportation hub and the land is for mixed residential and commercial development purpose.

New associates

In October 2017, the Group entered into a sale and purchase agreement to acquire 25% equity interest of a PRC company which owns a piece of land in Nanjing, Jiangsu Province, the PRC with a total saleable GFA of approximately 25,240 sq.m.. The land is mainly for the development of residential properties.

In December 2017, The Group entered into another sale and purchase agreement to acquire 13.33% equity interest of a PRC company which owns a piece of land in Changzhou, Jiangsu Province, the PRC with a total saleable GFA of approximately 187,275 sq.m.. The land is for the development of residential and commercial properties.

Land bank of the Group

As at 31 December 2017, the Group had a total land bank of approximately 1,382,612 sq.m., including approximately 218,210 sq.m. of completed but unsold properties, approximately 5,985 sq.m. of own used properties, approximately 148,948 sq.m. of completed investment properties, approximately 563,728 sq.m. of properties under development and approximately 445,741 sq.m. of properties developed by the joint venture and associates.

The following table sets forth an overview of the Group's property projects as at 31 December 2017:

Projects by subsidiaries of the Group	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%	5,685	–	–
Golden Wheel Star City (Phase II)	Yangzhou	27,423	Oct-09	Aug-12	100%	1,616	–	–
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	3,259	–	45,222
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	2,793	–	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%	5,523	–	525
Golden Wheel Star City (Phase III)	Yangzhou	11,389	Jun-10	Mar-14	100%	5,139	–	4,471
Zhuzhou Golden Wheel Jade Garden (Phase I)	Zhuzhou	23,530	Dec-14	Dec-16	100%	6,204	–	4,000
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	100%	24,314	–	12,000
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	100%	5,818	–	9,000
Silka West Kowloon Hotel	Hong Kong	427	N/A	N/A	100%	–	3,450	–
Golden Wheel JinQiao Huafu (plot B)	Nanjing	24,905	Dec-14	Jun-17	100%	15,114	–	2,500
Golden Wheel JinQiao Huafu (plot A)	Nanjing	21,323	Dec-14	Dec-17	100%	34,881	–	–
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	100%	105,842	–	12,000
Subtotal		327,343				218,210	5,985	148,948
Properties under development								
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Jun-19	40%	8,000	–	47,754
Zhuzhou Golden Wheel Jade Garden (Phase II)	Zhuzhou	22,115	Dec-14	Dec-18	80%	61,583	–	–
Yangzhou Lakeside Emerald House	Yangzhou	10,682	Jun-17	Jun-19	10%	37,390	–	–
Nanjing Golden Wheel Romantic Tower	Nanjing	7,593	Dec-17	Dec-19	0%	38,244	–	–
Wuxi Golden Wheel Lakeside Orchid Garden	Wuxi	70,989	Dec-17	Dec-19	0%	74,539	–	–
Zhuzhou Golden Wheel JinQiao Huafu	Zhuzhou	92,175	Mar-18	Mar-20	0%	258,089	–	–
Nanjing Gaochun parcel	Nanjing	22,739	Apr-18	Dec-19	0%	38,129	–	–
Subtotal		235,881				515,974	–	47,754
Total		563,224				734,184	5,985	196,702

Projects by joint venture and associates	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.*
Yangzhou Powerlong Golden Wheel Plaza (49%) Note[1]	Yangzhou	30,025	Dec-14	Dec-16	100%	95,060	–	65,400
Nanjing First City (33%) Note[2]	Nanjing	23,810	Jun-17	Dec-19	60%	52,539	–	20,227
Nanjing Luhe parcel (25%) Note [3]	Nanjing	14,338	Oct-17	Dec-20	0%	25,240	–	–
Changzhou Peiling parcel (13.33%) Note [4]	Changzhou	67,225	Dec-17	Feb-20	0%	187,275	–	–
Total		135,398				360,114	–	85,627

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

2 The project is developed by an associate company which the Group has 33% interest.

3 The project is developed by an associate company which the Group has 25% interest.

4 The project is developed by an associate company which the Group has 13.33% interest.

As at 31 December 2017, the Group had a land bank of approximately 563,728 sq.m. under development. Among these lands, approximately 415,261 sq.m., 69,945 sq.m., 30,768 sq.m. and 47,754 sq.m. are for residential, commercial and office, carpark and investment properties purpose respectively.

Property Leasing

Rental income arising from the Group's investment properties maintained a stable growth during the year. In October 2017, the Group opened a new shopping mall, namely Wuxi Golden Wheel Star Plaza in Wuxi, China. This is the fourth shopping mall of the Group in China. As at 31 December 2017, the Group had completed investment properties with a total GFA of approximately 148,948 sq.m.. The average occupancy rate of the Group's investment properties was close to 90%.

Metro leasing and operational management business

Leveraging on its strong professional operation team and extensive client base, as well as its rich experience in the leasing and operational management of the Nanjing Xinjiekou Metro Mall over the years, 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 60,536 sq.m. for its metro leasing and operational management business as at 31 December 2017.

In view of its potential higher growth, the Group will continue to actively bid for more leasing and operational management contracts of metro station shopping malls in different cities and is optimistic that we will obtain more contracts of this kind in the future.

Hotel operation

In 2017, the Group has two hotels under operation, namely Silka West Kowloon Hotel in Hong Kong and Nanjing Golden Wheel Atour Hotel in Nanjing. Average room occupancy rate of these two hotels in 2017 was both over 95%.

Significant investments held

The Group's major investment was its equity investment in the share of Xiamen International Bank. As at 31 December 2017, the Group had 34 million unlisted equity shares of Xiamen International Bank with the consideration of RMB157.4 million. The investment is for long term purpose and it can also further enhance the business relationship between the Group and Xiamen International Bank.

Major acquisition

In March 2017, the Group entered into a sale and purchase agreement to acquire a company which carries on a hotel business at Silka West Kowloon Hotel, in Hong Kong. The acquisition was completed in May 2017. This is the first project of the Group in Hong Kong. The hotel is managed by a third party hotel management company with a guaranteed return of not less than 4% under a 6 years hotel management contract.

Financing

In April 2017, the Group further issued additional senior notes in an aggregate principal amount of USD200 million, which were listed on the Singapore Exchange Securities Trading Limited. The additional senior notes will mature in 2019 with a coupon rate of 8.25% per annum.

Future Outlook

A series of government measures adopted to cool the red-hot property market had proved to be effective in 2017. Home-sales in China continued to decline in 2017. In October 2017, President Xi Jinping signaled that Beijing would continue to manage capital flow into the property market. At the opening of National Congress of the Communist Party of China, Xi commented: "houses are for living in, not for speculation." It was therefore expected that China's property market should remain stable next year if there is no major policy shock. The Group anticipates that the market regulations and control over real estate in China will remain effective in 2018 and the Group is optimistic that China's property market will remain on track for stable growth.

All the six projects that the Group acquired since the Listing in 2013 have been completed. Since 2016, the Group has been actively participating in public auctions to acquire good quality land in order to replenish its land bank. By the end of 2017, the Group successfully acquired eight new projects with total GFA over 700,000 sq.m.. Our current total land bank, which is over GFA 1,300,000 sq.m. should be able to suit for the needs of the Group's new three-year development plan. In 2018, the Group will continue to look for good development opportunities but in a more prudent way. The Group will only invest in the areas that we are familiar as well as projects that can generate reasonable return.

For our leasing business, the Group will continue to retain our completed properties with attractive locations and potential growth for long term leasing purpose. A new shopping mall in Wuxi was opened in the second half of 2017. The Group's strategy is to continue to build up its investment property portfolio so as to maintain a stable return to its shareholders.

Joint development has become a new phenomenon over China due to the surge in land price. At present, the Group has one joint venture and three associates. All these joint venture and associates run very well so far. The Group will further cooperate with other developers who have large scale and good reputation in the future if there are good opportunities.

As at 31 December 2017, the Group has two hotels under operation. Both of them achieved over 95% occupancy rate. There are two more hotels under development, one is in Nanjing and the other one is in Changsha. It is expected that these two hotels will commence operation in either late 2018 or early 2019. Since all these two hotels are located in prime location, the Group is confident that they will further enhance the Group's recurring income.

Last but not the least, the Group signed a preliminary sale and purchase agreement to acquire a piece of land in Hong Kong in January 2018. This is the second project the Group invested in Hong Kong. This acquisition is expected to be completed in July 2018 and the Group will start its first development project in Hong Kong in 2018. The Group has already commenced to set up its property development team in Hong Kong to manage this Hong Kong project. With the operation of the local team, it is expected that more development opportunities will be captured in Hong Kong in the future. Therefore, other than the developments in Jiangsu and Hunan provinces in China, Hong Kong will became another important development place for the Group in the future.

Looking ahead, other than the property development business in China, the Group will continue to seize more property development opportunities outside mainland China, especially in Hong Kong. On the other hand, the Group will remain focus on building up our investment properties portfolio and expanding our hotel business in the future, which will not only enable the Group to generate a stable and sustainable recurring income, but also diversify its concentration risk in the PRC property development market.

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 and (iii) hotel operation. 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			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Property development	**2,109,976**	**91.6**	794,466	84.4
Property leasing	**166,343**	**7.2**	146,299	15.6
Hotel operation	**27,236**	**1.2**	–	–
Total	**2,303,555**	**100.0**	940,765	100.0

Revenue increased by approximately 144.9% from approximately RMB940.8 million for the year ended 31 December 2016 to approximately RMB2,303.6 million for the year ended 31 December 2017, primarily due to an increase in revenue derived from the property development business.

- *Property development*

  Revenue derived from property development increased from approximately RMB794.5 million for the year ended 31 December 2016 to approximately RMB2,110.0 million for the year ended 31 December 2017. The main reason for the increase was that the Group had two projects completed and delivered during the year, namely Nanjing Golden Wheel Jinqiao Huafu and Changsha Golden Wheel Star Plaza.

  As at 31 December 2017, the Group achieved contracted sales of approximately RMB2,536.0 million (2016: RMB2,359.0 million).

- *Property leasing*

  Revenue derived from property leasing business increased from RMB146.3 million for the year ended 31 December 2016 to RMB166.3 million for the year ended 31 December 2017. The increase was due to the increase of overall occupancy rate of our shopping malls and metro station malls, and the launching of a new shopping mall in Wuxi.

- *Hotel operation*

  Revenue derived from hotel operating business was RMB27.2 million for the year ended 31 December 2017. The revenue was due to the opening of Nanjing Golden Wheel Atour Hotel and the acquisition of Silka West Kowloon Hotel.

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			
	2017		2016	
	RMB'000	***%***	*RMB'000*	*%*
Property development				
Land acquisition costs	**566,038**	**40.3**	197,775	34.1
Construction costs	**634,457**	**45.1**	273,538	47.1
Capitalized finance costs	**124,174**	**8.8**	50,024	8.6
Tax expenses	**16,705**	**1.2**	18,269	3.1
Subtotal	**1,341,374**	**95.4**	539,606	92.9
Property leasing and operational management	**43,292** ***Note***	**3.1**	41,164 *Note*	7.1
Hotel operation	**20,575**	**1.5**	–	–
Total	**1,405,241**	**100.0**	580,770	100.0

Note: This amount includes rental expenses of RMB30.3 million and RMB30.8 million for the properties under operating lease for the year ended 31 December 2016 and 2017, respectively.

The Group's cost of sales increased from RMB580.8 million for the year ended 31 December 2016 to RMB1,405.2 million for the year ended 31 December 2017. The increase was primarily due to the increase of cost of sales of property development which was in line with the increase in revenue arising from sales of property.

The Group's percentage of average land acquisition costs over average selling price increased from 24.9% in 2016 to 26.8% in 2017.

Gross profit and gross profit margin

Gross profit increased from RMB360.0 million for the year ended 31 December 2016 to RMB898.3 million for the year ended 31 December 2017, primarily due to increase in the sales of properties.

Gross profit margin increased from 38.3% for the year ended 31 December 2016 to 39.0% for the year ended 31 December 2017, because both gross profit margins of property sales and property leasing increased in 2017.

The gross profit margin for property development business increased from 32.1% in 2016 to 36.4% in 2017. The increase was mainly due to the increase in average selling price of properties sold in 2017 as a result of the boom of the property market in China during the year.

Gross profit margin for property leasing increased to 74.0% in 2017 from 71.9% in 2016. The increase was mainly due to the increase of gross profit margin of our metro station shopping malls.

Changes in fair value of investment properties

For the year ended 31 December 2017, the Group recorded a fair value gain on investment properties of RMB133.3 million (2016: RMB264.4 million). The revaluation gain resulted from the increase of market value of the investment properties under development, the completed construction of certain investment properties as well as the increase in average rental value of existing investment properties. The Group's investment properties are revaluated on market value basis by an independent property valuer.

Other income, expenses, gains and losses

The Group had a net gain of RMB158.1 million for other income, expenses, gains and losses for the year ended 31 December 2017 as compared to a net loss of RMB47.2 million for the year ended 31 December 2016. The net gain was mainly a combination of interest income of RMB43.6 million, net foreign exchange gain of RMB101.2 million realized gain on changes in fair value of derivative financial assets/liabilities of RMB31.1 million and an allowance made for a receivable from the land administration authority in the PRC in respect of the refund of the prepayment for leasehold land of RMB27.7 million.

Finance costs

Finance costs consisted primarily of interest expenses on borrowings net of capitalized finance costs. Finance costs increased from RMB51.0 million for the year ended 31 December 2016 to RMB126.9 million for the year ended 31 December 2017 primarily because less finance costs were qualified to be capitalized to properties under development for sale and investment properties under development as more projects were completed in 2017. As at 31 December 2017, the Group had total borrowings of RMB3,614.8 million, while as at 31 December 2016, the Group's total borrowings were RMB2,825.5 million.

Selling and marketing expenses

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

Selling and marketing expenses for the year ended 31 December 2017 amounted to approximately RMB29.4 million (2016: RMB39.4 million), representing a decrease of about 25%. The decrease was primarily due to the fact that there were more sales activities carried out in 2016 as the Group launched a number of presale activities during that 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 2017 amounted to approximately RMB172.5 million (2016: RMB117.9 million), representing an increase of about 46.3% as compared to last year. The increase was primarily due to the Group's business expansion. In addition, since the average market wage has risen significantly as a result of the increase in the demand for administrative staff with experience in market of real estate, the Group had adjusted the wages of its administrative staff according to the market condition so as to reduce staff turnover. Last, since Group achieved a better result this year, performance bonus paid or payable to Directors, senior management and staff was also increased substantially.

Taxation

The Group's income tax expenses increased by RMB187.6 million or approximately 101% to RMB373.9 million for the year ended 31 December 2017 from RMB186.3 million for the year ended 31 December 2016. The increase was primarily due to the increase of revenue arising from the sales of properties.

Share of results of joint ventures

The Group's share of profits of joint ventures amounted to RMB2.2 million in 2017, compared with an amount of RMB82.8 million in 2016. The decrease was mainly because there was a decrease of revenue arising from the sales of properties by joint ventures during 2017.

Profit attributable to owners of the Company

Mainly due to the increase of revenue arising from sales of properties, profit for the year increased from RMB265.4 million for the year ended 31 December 2016 to RMB485.5 million for the year ended 31 December 2017, representing an increase of approximately 82.9%.

Liquidity, financial and capital resources

Cash Position

The Group had bank deposits and cash of approximately RMB1,159.2 million as of 31 December 2017 (2016: RMB1,795.6 million), including restricted cash of approximately RMB312.7 million (2016: RMB678.5 million) and structured bank deposit of approximately RMB182.0 million (2016: RMB325.9 million). The decrease in cash and bank balances was mainly due to the fact that the Group had made several land acquisitions and investment in two associates during the year and the cash outflow has outweighted the cash inflow from the issuance of senior notes of US$200 million in April 2017 and the sales proceeds received from property sales during the year.

Bank and other borrowings

The Group had outstanding bank and other borrowings (including senior notes) of approximately RMB3,614.8 million as at 31 December 2017 (2016: RMB2,825.5 million).

As at 31 December 2017, the Group's net gearing ratio was approximately 56.6% (2016: 26.2%). 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 approximately 7.60% in 2017 as compared with approximately 8.09% in 2016.

Financial guarantees

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

	2017	2016
	RMB'000	*RMB'000*
Mortgage loan guarantees provided by the Group to banks in favour of its customers	**807,897**	1,101,024

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 POLICY

As of 31 December 2017, the Group had a total of approximately 537 (2016: 500) full-time employees in Hong Kong and China. The Group's employment contracts with its employees cover terms 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 2017 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 2017 annual report of the Company.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.80 cents per share (the "**Proposed Final Dividend**") in respect of the year ended 31 December 2017.

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 Listing Rules throughout the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

With respect to the senior notes in the principal amount of RMB300,000,000 with a coupon rate of 10.8% per annum, due 2017 (the "**RMB 2017 Notes**"), the Company repurchased and cancelled part of the RMB 2017 Notes in the amounts of RMB65,000,000 and RMB118,000,000 on 9 December 2015 and 1 June 2017, respectively. Pursuant to the terms of the RMB 2017 Notes, the Company has completed the redemption of the outstanding RMB 2017 Notes in full in an aggregate principal amount of RMB117,000,000 on 18 December 2017. The RMB 2017 Notes had been cancelled and delisted from the Stock Exchange. For details of the redemption, please refer to announcements dated 9 December 2015, 1 June 2017 and 18 December 2017.

With respect to the senior notes in the principal amount of USD100,000,000 with a coupon rate of 9.5% per annum, due 2017 (the "USD 2017 Notes"), the Company repurchased and cancelled part of the USD 2017 Notes in the amounts of USD19,100,000, USD21,200,000 and USD17,000,000 on 1 June 2017, 4 July 2017 and 25 July 2017, respectively. Pursuant to the terms of the USD 2017 Notes, the Company has completed the redemption of the outstanding USD 2017 Notes in full in an aggregate principal amount of USD 42,700,000 on 8 December 2017. The USD 2017 Notes had been cancelled and delisted from the List of Singapore Exchange Securities Trading Limited. For details of the redemption, please refer to announcements dated 2 June 2017, 5 July 2017, 25 July 2017 and 8 December 2017.

Save for the redemption and cancellation as disclosed herein, there was no purchase, sale or redemption of any of the Company's listed securities by the Company or any of its subsidiaries since the date of the Listing 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 a transparent and responsible manner and following good corporate governance practices will serve its long-term interests and those of the Shareholders of the Company. 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 has adopted, applied and complied with all code provisions contained in the Corporate Governance Code during the financial year ended 31 December 2017.

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 2017.

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, Mr. Li Yiu Fai (Chairman), Mr. Lie Tak Sen and Mr. Wong Cho Kei, Bonnie, 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 2017, including the accounting principles and practices adopted by the Group.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The following events occurred after the end of the reporting period:

1. On 11 January 2018, the Company issued senior notes in an aggregate principal amount of US$200,000,000 (the "**Fifth Senior Notes**"). The Fifth Senior Notes are US$ denominated and listed on the Singapore Exchange Securities Trading Limited. The Fifth Senior Notes carry interest at a nominal rate of 7% per annum, payable semi-annually in arrears, and will mature on 18 January 2021. The purpose of the Fifth Senior Notes is to refinance existing indebtedness, fund new projects and for general corporate purposes, details of which are set out in the announcements dated 11 January 2018.

2. On 5 February 2018, a subsidiary of the Company entered into an agreement with certain independent third parties, to acquire 100% of the issued share capital of Winner Year Limited and all shareholders' loan owned by Winner Year Limited, at a total consideration of HK$843,800,000. Winner Year Limited is the legal and beneficial owner of the land parcel which is situated at Nos. 68 and 70 Electric Road and Nos. 2C and 2D Lau Li Street, Hong Kong (the "**Land Parcel**"). The Land Parcel is planned to be re-developed into a commercial building, details of which are set out in the announcement dated 5 February 2018.

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 2017 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.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the "**AGM**") be held on Friday, 18 May 2018. Notice of the AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 May 2018 to 18 May 2018 (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 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 14 May 2018.

The register of members will be closed from Friday, 25 May 2018 to 29 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Proposed Final Dividend, all completed transfer forms 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, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 24 May 2018.

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 2017 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 to take us to a higher level of business performance and to reward 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, 23 March 2018

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. Wong Ying Loi, Mr. Lie Tak Sen, Mr. Li Yiu Fai and Mr. Wong Cho Kei Bonnie as independent non-executive Directors.

* *Denotes English translation of the name of a Chinese company or entity is provide for identification purpose only*