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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 2020

FINANCIAL HIGHLIGHTS

1. Total contracted sales increased by 17.2% to RMB4,081.0 million (2019: RMB3,481.0 million).
2. Revenue amounted to RMB1,389.1 million (2019: RMB1,605.4 million), representing a decrease of approximately 13.5% as compared with 2019.
3. Overall gross profit margin was approximately 16.8% (2019: 33.1%).
4. Profit for the year decreased by approximately 80.1% to RMB50.2 million (2019: RMB252.5 million) as compared with 2019.
5. Total assets as at 31 December 2020 amounted to RMB17.2 billion (2019: RMB16.2 billion).
6. Total investment properties as at 31 December 2020 amounted to RMB6,628.6 million (2019: RMB6,258.9 million).
7. As of 31 December 2020, the Group had total cash and bank deposits of approximately RMB1,413.3 million (2019: RMB1,753.6 million).
8. Net asset value per share amounted to RMB2.73 per share (2019: RMB2.68 per share) as at 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Golden Wheel Tiandi Holdings Company Limited (the “**Company**”) is pleased to announce the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the preceding year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

		For the year ended 31 December	
		2020	2019
	NOTES	RMB'000	RMB'000
Revenue	3	1,389,119	1,605,448
Cost of sales		<u>(1,155,977)</u>	<u>(1,074,088)</u>
Gross profit		233,142	531,360
Changes in fair value of investment properties		91,971	171,958
Other income, expenses, gains and losses	4	318,124	66,069
Selling and marketing expenses		(81,415)	(66,068)
Administrative expenses		<u>(155,686)</u>	<u>(175,291)</u>
Profit from operations		406,136	528,028
Finance costs	5(a)	(233,545)	(186,273)
Share of (losses)/profits of associates		(46,930)	105,050
Share of profits of joint ventures		<u>1,105</u>	<u>6,070</u>
Profit before taxation	5	126,766	452,875
Income tax	6	<u>(76,521)</u>	<u>(200,347)</u>
Profit for the year		<u>50,245</u>	<u>252,528</u>
Attributable to:			
Equity shareholders of the Company		34,788	252,561
Non-controlling interest		<u>15,457</u>	<u>(33)</u>
Profit for the year		<u>50,245</u>	<u>252,528</u>

		For the year ended	
		31 December	
		2020	2019
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income for the year			
(after tax and reclassification adjustments):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of the entities with functional currencies other than Renminbi		<u>1,149</u>	<u>14,635</u>
Other comprehensive income for the year		<u>1,149</u>	<u>14,635</u>
Total comprehensive income for the year attributable to equity shareholders of the Company		<u>51,394</u>	<u>267,163</u>
Attributable to:			
Equity shareholders of the Company		<u>35,937</u>	267,196
Non-controlling interest		<u>15,457</u>	<u>(33)</u>
Total comprehensive income for the year		<u>51,394</u>	<u>267,163</u>
EARNINGS PER SHARE			
– Basic (<i>RMB per share</i>)	7	<u>0.019</u>	<u>0.140</u>
– Diluted (<i>RMB per share</i>)	7	<u>0.019</u>	<u>0.140</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at	
		31 December 2020	31 December 2019
	NOTES	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	9	266,713	260,699
Investment properties	10	6,628,565	6,258,897
Interests in associates		204,233	468,999
Interests in joint ventures		413,064	419,231
Other financial assets		289,529	221,667
Restricted bank deposits		181,011	170,000
Deferred tax assets		143,629	154,324
		8,126,744	7,953,817
Current assets			
Properties under development for sale		5,254,447	5,157,894
Completed properties for sale		1,903,760	1,145,750
Contract costs		15,205	6,473
Trade and other receivables	11	534,943	348,773
Land appreciation tax and income tax prepaid		51,929	28,075
Other financial assets		39,966	5,525
Restricted bank deposits		383,182	604,359
Cash and cash equivalents		849,120	979,208
		9,032,552	8,276,057
Current liabilities			
Trade and other payables	12	2,175,139	1,808,858
Contract liabilities		1,881,711	971,179
Rental received in advance		32,106	31,342
Lease liabilities		45,862	43,298
Bank loans		1,831,855	2,393,017
Current taxation		556,871	683,578
Senior notes		1,221,429	185,149
		7,744,973	6,116,421
Net current assets		1,287,579	2,159,636
Total assets less current liabilities		9,414,323	10,113,453

	As at	
	31 December 2020	31 December 2019
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Lease liabilities	215,188	249,169
Bank loans	979,651	1,348,776
Deferred tax liabilities	1,200,435	1,180,961
Rental received in advance	15,647	2,549
Senior notes	2,083,456	2,501,362
	<u>4,494,377</u>	<u>5,282,817</u>
 NET ASSETS	 <u><u>4,919,946</u></u>	 <u><u>4,830,636</u></u>
 CAPITAL AND RESERVES		
Share capital	113,099	113,099
Reserves	4,713,951	4,704,098
	<u>4,827,050</u>	<u>4,817,197</u>
Total equity attributable to equity shareholders of the company	4,827,050	4,817,197
Non-controlling interests	92,896	13,439
	<u>4,919,946</u>	<u>4,830,636</u>
 TOTAL EQUITY	 <u><u>4,919,946</u></u>	 <u><u>4,830,636</u></u>

NOTES

1 GENERAL AND BASIS OF PREPARATION

Golden Wheel Tiandi Holdings Company Limited (the “**Company**”) was incorporated as an exempted Company with limited liability in the Cayman Islands on 26 April 2012 and its shares are listed on The Stock Exchange of Hong Kong Limited with effect from 16 January 2013.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in property development, property leasing and hotel operation.

The consolidated financial statements for the year ended 31 December 2020 comprise the Group and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as set out in the accounting policies hereunder the consolidated financial statements.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated. RMB is also the functional currency of the Company and the presentation currency of the Group.

The financial information relating to the financial year ended 31 December 2020 that is included in this preliminary annual results announcement does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- *Amendments to IFRS 3, Definition of a Business*
- *Amendment to IFRS 16, Covid-19-Related Rent Concessions*

Amendments to IFRS 3, Definition of a Business does not a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, Covid-19-Related Rent Concessions, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. Impacts of the adoption of the amended IFRSs are discussed below:

Amendment to IFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the Covid-19 pandemic (“**Covid-19-related rent concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying Covid-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property development, property leasing and hotel operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three operating and reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by business lines and geographical location of customers is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Property development	1,144,467	1,328,197
Property leasing	207,594	209,592
Hotel operation	37,058	67,659
	<u>1,389,119</u>	<u>1,605,448</u>
Total revenue	<u>1,389,119</u>	<u>1,605,448</u>
Disaggregated by geographical location of customers		
Mainland China	1,387,245	1,586,404
Hong Kong	1,874	19,044
	<u>1,389,119</u>	<u>1,605,448</u>
	<u>1,389,119</u>	<u>1,605,448</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below. No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	Property development		Property leasing		Hotel operation		Total	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Disaggregated by timing of revenue recognition								
Point in time	1,144,467	1,328,197	-	-	-	-	1,144,467	1,328,197
Over time	-	-	207,594	209,592	37,058	67,659	244,652	277,251
	<u>1,144,467</u>	<u>1,328,197</u>	<u>207,594</u>	<u>209,592</u>	<u>37,058</u>	<u>67,659</u>	<u>1,389,119</u>	<u>1,605,448</u>
Reportable segment revenue	<u>1,144,467</u>	<u>1,328,197</u>	<u>207,594</u>	<u>209,592</u>	<u>37,058</u>	<u>67,659</u>	<u>1,389,119</u>	<u>1,605,448</u>
Reportable segment profit before tax	<u>(75,373)</u>	<u>236,605</u>	<u>119,682</u>	<u>101,026</u>	<u>(7,609)</u>	<u>11,086</u>	<u>36,700</u>	<u>348,717</u>

(c) **Reconciliations of reportable segment profit or loss**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Reportable segment profit	36,700	348,717
Changes in fair value of investment properties	91,971	171,958
Other income, expenses, gains and losses	318,124	66,069
Unallocated head office and corporate expenses	(40,659)	(58,716)
Finance costs	(233,545)	(186,273)
Share of (losses)/profits of associates	(46,930)	105,050
Share of profits of joint ventures	1,105	6,070
	<u>126,766</u>	<u>452,875</u>
Consolidated profit before taxation	<u><u>126,766</u></u>	<u><u>452,875</u></u>

4 OTHER INCOME, EXPENSES, GAINS AND LOSSES

(a) **Other income**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income from bank deposits	31,503	18,035
Interest income from financial assets measured at fair value through profit or loss (“FVTPL”)	–	1,554
Interest income from financial assets measured at fair value through other comprehensive income (“FVTOCI”)	878	523
Dividend income from financial assets measured at FVTPL	6,267	5,968
Disposal income from financial assets measured at FVTPL	2,956	3,579
Compensation income from early termination of leasing contracts	7,776	5,134
Government grants (<i>Note</i>)	869	1,242
Others	2,699	3,504
	<u>52,948</u>	<u>39,539</u>
	<u><u>52,948</u></u>	<u><u>39,539</u></u>

Note: 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) **Other gains and losses**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net foreign exchange gains/(losses)	231,650	(39,092)
Gain on changes in fair value of financial assets measured at FVTPL	368	32,548
Gain on disposal of a subsidiary	–	63,918
Gains/(losses) on repurchase/redemption of senior notes	36,970	(20,236)
	<u>268,988</u>	<u>37,138</u>
	<u><u>268,988</u></u>	<u><u>37,138</u></u>

(c) **Other expenses**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Donation	(126)	(10,340)
Others	<u>(3,686)</u>	<u>(268)</u>
	<u>(3,812)</u>	<u>(10,608)</u>
Total	<u><u>318,124</u></u>	<u><u>66,069</u></u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2020 <i>RMB'000</i>	2019 <i>(Note)</i> <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans	199,010	165,187
Interest on lease liabilities	16,530	18,547
Interest on senior notes	487,480	320,069
Less: Interest expense capitalised into properties under development for sale and investment properties under development*	<u>(469,475)</u>	<u>(317,530)</u>
Total	<u><u>233,545</u></u>	<u><u>186,273</u></u>

* The borrowing costs have been capitalised at a rate of 11.02% per annum (2019: 7.8%).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(b) Staff costs		
Salaries, bonuses and other benefits	127,054	129,777
Contributions to retirement benefit schemes	3,558	15,065
Equity-settled share-based payments	229	229
Less: Amount capitalised to properties under development for sale and investment properties under development	<u>(34,446)</u>	<u>(36,432)</u>
	<u><u>96,395</u></u>	<u><u>108,639</u></u>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(c) Other items		
Depreciation	36,680	31,044
Auditors' remuneration	1,400	1,300
Cost of properties	1,102,025	1,011,883

6 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
– PRC corporate income tax (“CIT”)	64,970	86,250
– Land appreciation tax (“LAT”)	(21,479)	98,120
– Hong Kong profits tax	2,861	–
	<u>46,352</u>	<u>184,370</u>
Deferred tax		
– CIT	13,268	40,507
– LAT	16,901	(24,530)
	<u>30,169</u>	<u>15,977</u>
	<u><u>76,521</u></u>	<u><u>200,347</u></u>

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

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2019: 16.5%) to the year ended 31 December 2020.

The provision for PRC income tax is calculated based on the respective corporate income tax rates of 25% (2019: 25%) applicable to the subsidiaries located in the PRC.

The LAT is levied 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.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before taxation	<u>126,766</u>	<u>452,875</u>
Tax at PRC CIT rate of 25%	31,692	113,219
Tax effect of expenses not deductible for tax purpose	45,845	71,329
Tax effect of income not taxable for tax purpose	(1,786)	(25,006)
Tax effect of share of results of associates	11,733	(26,263)
Tax effect of share of results of joint ventures	(276)	(1,517)
LAT	(21,479)	98,120
Tax effect of LAT	5,370	(24,530)
Tax effect of tax losses not recognised	13,154	3,239
Tax effect of previous unrecognised tax losses now recognised	(5,052)	(10,719)
Effect of withholding tax on undistributed profit from PRC subsidiaries	<u>(2,680)</u>	<u>2,475</u>
Actual tax expense	<u>76,521</u>	<u>200,347</u>

7 **EARNINGS PER SHARE**

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB34,788,000 (2019: RMB252,561,000) and the weighted average of 1,802,456,000 ordinary shares (2019: 1,802,456,000 shares) in issue during the year.

Weighted average number of ordinary shares:

	2020	2019
Issued ordinary shares and weighted average number of ordinary shares at 1 January and 31 December	<u>1,802,456</u>	<u>1,802,456</u>

(b) **Diluted earnings per share**

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 reporting periods. Accordingly, the diluted earnings per share was same as the basic earnings per share for both periods.

8 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company in respect of the year:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim dividend declared and paid is nil (2019: nil per share)	–	–
Final dividend proposed after the end of the reporting period is nil per share (2019: RMB0.014 per share)	–	25,834
	<u>–</u>	<u>25,834</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.014 per share (2019: RMB0.017 per share)	<u>26,313</u>	<u>30,120</u>

The calculation of dividend per share is based on 1,802,456,000 ordinary shares in issue.

In respect of the final dividend for the year ended 31 December 2019, there is a difference of RMB479,000 (2018: nil) between the final dividend disclosed in the 2019 annual financial statements and the amount approved and paid during the year, which is mainly due to the RMB/HKD exchange rate difference between the fixed middle average exchange rate on the date of the 2019 annual results announcement and the actual exchange rate applied on the date of payment.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and hotel property RMB'000	Land and buildings held for own use RMB'000	Motor vehicles RMB'000	Computers and office equipment RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost							
At 1 January 2019	480,601	88,028	9,096	13,218	48,088	42,722	681,753
Additions	15,402	7,903	498	4,574	19,042	17,902	65,321
Transfer from properties under development for sale	4,358	4,148	-	-	-	-	8,506
Exchange differences	4,479	-	39	23	7	-	4,548
Disposals	(405,320)	-	-	(1,327)	(607)	-	(407,254)
At 31 December 2019 and 1 January 2020	99,520	100,079	9,633	16,488	66,530	60,624	352,874
Additions	3,910	-	593	2,534	44,425	-	51,462
Transfer from properties under development for sale	-	-	-	-	-	-	-
Exchange differences	-	-	(107)	(48)	-	-	(155)
Disposals	-	(9,639)	(195)	(334)	-	-	(10,168)
At 31 December 2020	103,430	90,440	9,924	18,640	110,955	60,624	394,013
Accumulated depreciation							
At 1 January 2019	(9,449)	(27,345)	(6,565)	(8,330)	(22,880)	-	(74,569)
Charge for the year	(7,942)	(4,794)	(1,170)	(731)	(10,911)	(5,496)	(31,044)
Exchange differences	(106)	-	(39)	(19)	(2)	-	(166)
Disposals	12,398	-	-	840	366	-	13,604
At 31 December 2019	(5,099)	(32,139)	(7,774)	(8,240)	(33,427)	(5,496)	(92,175)
At 1 January 2020	(5,099)	(32,139)	(7,774)	(8,240)	(33,427)	(5,496)	(92,175)
Charge for the year	(7,815)	(4,402)	(1,035)	(3,110)	(14,877)	(5,441)	(36,680)
Exchange differences	-	-	107	38	-	-	145
Disposals	-	895	195	320	-	-	1,410
At 31 December 2020	(12,914)	(35,646)	(8,507)	(10,992)	(48,304)	(10,937)	(127,300)
Net book value							
At 31 December 2020	90,516	54,794	1,417	7,648	62,651	49,687	266,713
At 31 December 2019	94,421	67,940	1,859	8,248	33,103	55,128	260,699

As at 31 December 2020, leasehold land and hotel property and land and buildings with carrying amount of approximately RMB59,388,000 (2019: RMB6,956,000) were pledged to banks to secure certain banking facilities granted to the Group.

10 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Completed investment properties <i>RMB'000</i>	Investment properties under development <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2019	5,062,769	645,300	211,084	5,919,153
Additions	–	190,117	6,994	197,111
Transfer from completed properties for sale	54,893	–	–	54,893
Transfer	914,447	(914,447)	–	–
Disposals	(84,218)	–	–	(84,218)
Net change in fair value recognised in profit or loss	<u>65,797</u>	<u>133,430</u>	<u>(27,269)</u>	<u>171,958</u>
At 31 December 2019 and 1 January 2020	<u>6,013,688</u>	<u>54,400</u>	<u>190,809</u>	<u>6,258,897</u>
Additions	19,406	297,795	2,901	320,102
Transfer from completed properties for sale	19,900	–	–	19,900
Transfer	(49,994)	–	(12,311)	(62,305)
Disposals	–	–	–	–
ROU Change	–	–	–	–
ROU Termination	–	–	–	–
Net change in fair value recognised in profit or loss	<u>(38,432)</u>	<u>157,305</u>	<u>(26,902)</u>	<u>91,971</u>
At 31 December 2020	<u>5,964,568</u>	<u>509,500</u>	<u>154,497</u>	<u>6,628,565</u>

Note: As at 31 December 2020, investment properties with carrying amount of approximately RMB3,102,778,000 (2019: RMB3,865,200,000) were pledged to banks to secure certain banking facilities granted to the Group.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2020 RMB'000	Fair value measurements as at 31 December 2020 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Mainland China:				
– Commercial properties	6,399,380	–	–	6,399,380
– Car park	74,688	–	–	74,688
– Right-of-use assets	154,497	–	–	154,497
Total	<u>6,628,565</u>	<u>–</u>	<u>–</u>	<u>6,628,565</u>

	Fair value at 31 December 2019 RMB'000	Fair value measurements as at 31 December 2019 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Mainland China:				
– Commercial properties	5,992,600	–	–	5,992,600
– Car park	75,488	–	–	75,488
– Right-of-use assets	190,809	–	–	190,809
Total	<u>6,258,897</u>	<u>–</u>	<u>–</u>	<u>6,258,897</u>

During the year ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's completed investment properties, investment properties under development and right-of-use assets were revalued as at 31 December 2020. The valuations were carried out by CHFT Advisory And Appraisal Ltd., a firm of independent qualified valuers in Hong Kong with relevant experience in the valuation of properties. The Group's chief financial officer has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the annual reporting date.

(ii) *Information about Level 3 fair value measurements*

	Property category	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	Commercial properties	Level 3	Direct comparison	(1) Adjusted market price (RMB/square meter)	7,970 to 109,200 (2019: 10,179 to 80,183)	The higher the adjusted market price, the higher the fair value.
				(2) Level adjustment	0% to 65% (2019: 0% to 65%)	The lower the level adjustment, the higher the fair value.
		Level 3	Income method	(1) Capitalisation rate	4% to 6% (2019: 4% to 5.5%)	The higher the capitalisation rate, the lower the fair value.
				(2) Daily unit rent (RMB/square meter)	2 to 17 (2019: 1 to 17)	The higher the daily unit rent, the higher the fair value.
	Car park	Level 3	Direct comparison	Adjusted market price (RMB/per car park)	158,730 to 316,667 (2019: 158,730 to 350,769)	The higher the adjusted market price, the higher the fair value.
Investment properties under development		Level 3	Residual approach	(1) Adjusted market price (RMB/square meter)	11,045 to 22,582 (2019: 13,561 to 22,801)	The higher the adjusted market price, the higher the fair value.
				(2) Budgeted cost (RMB/square meter)	4,973 to 7,736 (2019: 5,651 to 7,981)	The higher the budgeted cost, the lower the fair value.
				(3) Anticipated developer's profit margin	10% to 20% (2019: 10% to 20%)	The higher the anticipated developer's profit margin, the lower the fair value.
Right-of-use assets	Sub-leased properties	Level 3	Income method	(1) Capitalisation rate	6.5% to 6.75% (2019: 6.5% to 6.75%)	The higher the capitalisation rate, the lower the fair value.
				(2) Daily unit rent (RMB/square meter)	1 to 16 (2019: 1 to 27)	The higher the daily unit rent, the higher the fair value.

The fair value of completed investment properties is determined by making reference to the market transactions or asking evidence, as the case may be, of comparable properties, and on the basis of capitalisation of the rental income derived from existing tenancies or market rental with due allowance for reversionary income potential of the properties, where appropriate.

The fair value of investment properties under development is determined by making reference to the current or recent prices of similar 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 in relation to, inter alia, the completion of the construction and marketability of proposed development, and in achieving the anticipated income or capital appreciation on the date of valuation.

The fair value of right-of-use assets is determined by discounting a projected cash flow series associated with the assets using risk-adjusted discount rates. The valuation takes into account capitalisation rate and rental rate of the respective assets. The discount rates used have been adjusted for the quality and location. The fair value measurement is positively correlated to the capitalisation rate and the rental rate, and negatively correlated to the risk-adjusted discount rates.

Fair value adjustment of investment properties is recognised in the line item "changes in fair value of investment properties" on the face of the consolidated statement of profit or loss.

(c) **Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Other properties leased for own use, carried at depreciated cost (<i>Note</i>)	49,687	55,128
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of between 4 and 10 years	154,497	190,809
	204,184	245,937

Note: The Group has obtained the right to use of other properties through tenancy agreements to operate hotels. The leases typically run for an initial period of 8 to 15 years. Lease payments are usually increased every 1 to 3 years to reflect market rentals.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets by class of other properties leased for own use	5,441	5,496
Fair value change of right-of-use assets by class of investment property	26,902	27,269
Interest on lease liabilities	16,530	18,547
COVID-19-related rent concessions received	5,545	–

During the year, additions to right-of-use assets were RMB2,901,000. This amount is all the capitalised lease payments payable under new tenancy agreements.

The group has early adopted the Amendment to IFRS 16, Leases, COVID-19-Related Rent Concessions, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the group during the period.

During the year 2020, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed lease payments for the year is RMB5,545,000 (2019: nil).

(d) Investment properties

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 10 years. Lease payments are usually increased every 1 to 4 years to reflect market rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	190,860	168,769
After 1 year but within 5 years	280,543	219,729
After 5 years	41,039	43,237
	<u>512,442</u>	<u>431,735</u>

11 TRADE AND OTHER RECEIVABLES

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. Rentals are usually received in advance. However, longer credit periods might grant to certain customers on a discretions basis.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	77,996	169,141
Amount due from associates and joint ventures	110,427	45,065
Other debtors	253,914	94,852
Less: Allowance for credit losses	<u>(27,714)</u>	<u>(27,714)</u>
Financial assets measured at amortised cost	414,623	281,344
Advances to contractors	12,023	19,933
Other taxes prepaid	<u>108,297</u>	<u>47,496</u>
	<u>534,943</u>	<u>348,773</u>

Notes:

- (i) The advances to associates, joint ventures and contractors are unsecured, interest-free and repayable on demand.
- (ii) Included in other taxes prepaid are value added tax receivables in PRC arising from the sales of property.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables net of allowance for credit losses, presented based on the date of delivery of properties/date of rendering of services, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 30 days	69,510	166,297
31 to 60 days	6,709	1,711
61 to 180 days	1,777	1,133
	<u>77,996</u>	<u>169,141</u>

12 TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	1,260,938	886,378
Other payables	654,058	483,621
Amounts due to associates and joint ventures	260,143	438,859
	<u>2,175,139</u>	<u>1,808,858</u>

As of the end of the reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 180 days	1,175,729	823,867
181 to 365 days	114	22,714
Over 1 year	85,095	39,797
	<u>1,260,938</u>	<u>886,378</u>

BUSINESS REVIEW

Since December 2019, the coronavirus outbreak has spread across China and worldwide. The Group's business, especially property leasing and hotel operation, has been significantly affected by the pandemic. During the first half of 2020, especially in the first quarter of 2020, China's property market suffered a critical setback as both construction activities and sales activities were required to be suspended in order to contain the spread of the pandemic.

Starting from the second quarter of 2020, after the successful containment of the pandemic in most of the cities in China, market sentiment has gradually improved, and the Group has accelerated the launch of its pre-sales projects. As a result, the Group has achieved a record high contracted sales during the year. For the year ended 31 December 2020, the Group and its joint ventures and associates achieved total contracted sales and attributable contracted sales amounting to RMB4,081.0 million and RMB3,234.4 million, respectively, which were 17.2% and 25.7% higher than the corresponding year of 2019, respectively.

Property leasing and hotel operation business of the Group have been largely affected by the outbreak of the COVID-19 pandemic in the first half of 2020. The Group has voluntarily granted rental waivers to its lessees and the Group's hotels in China were also temporarily closed for a few months as required by the local government authorities. Together with the disposal of the Silka West Kowloon Hotel in Hong Kong in December 2019, the Group's revenue in property leasing and hotel operation business had inevitably recorded a decrease of 11.7% when compared to the corresponding year of 2019. Fortunately, businesses have gradually resumed normal in the second half of 2020 and therefore, the Group believed that the impact of the COVID-19 pandemic is subsiding and our leasing and hotel businesses should be able to expand gradually in 2021 and beyond.

Contracted sales

The Group currently has 13 projects on sale. During the year, the Group has launched the pre-sale of three new projects, namely Wuxi Golden Wheel Starry Plaza, Yangzhou No. 1 Golden Bay and Nanjing Golden Wheel Galaxy Center. For the year ended 31 December 2020, the Group and its joint ventures and associates achieved total contracted sales value and contracted sales area of approximately RMB4.08 billion (2019: RMB3.48 billion) and approximately 327,204 sq.m. (2019: 288,574 sq.m.), respectively.

Projects completed during 2020

The Group originally planned to complete and deliver four new projects in 2020. Unfortunately, as affected by the COVID-19 pandemic, the Group had managed only to complete and deliver two projects, namely, Zhuzhou Golden Wheel Jinqiao Huafu Phase I and Golden Wheel Plaza in Hong Kong. Aggregate saleable gross floor area ("GFA") of the newly completed project amounted to approximately 124,219 sq.m. As at 31 December 2020, an aggregate GFA of approximately 99,891 sq.m. of this newly completed project was sold and delivered.

New land acquired during 2020 in mainland China

As affected by the COVID-19 pandemic, the Group adopted a more prudent approach in land acquisition during 2020. As a result, the Group did not acquire any new land but invested in five associates with a capital amount of approximately RMB350 million. These five associates all invested in residential projects with a total saleable GFA of 479,434 sq.m. The equity interests of the Group in these joint ventures ranged from 10% to 37%.

Land bank of the Group

As at 31 December 2020, the Group had a total land bank of approximately 1,825,912 sq.m., including approximately 115,246 sq.m. of completed but unsold properties, approximately 12,842 sq.m. of own used properties, approximately 189,204 sq.m. of completed investment properties, approximately 788,195 sq.m. of properties under development and approximately 720,425 sq.m. of properties developed by the joint ventures and associates.

The following table sets forth an overview of the Group's property projects as at 31 December 2020:

Projects by subsidiaries of the Group	City	Site area sq.m.	Actual/ estimated construction commencement date month/year	Actual/ estimated construction completion date month/year	Percentage of completion	Total unsold GFA/ Total GFA sq.m.	GFA held for Company's own use sq.m.	Investment properties GFA 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	Yangzhou	81,615	Aug-08	Mar-14	100%	5,985	–	3,995
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	185	–	32,903
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	–	–	3,436
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Dec-13	100%	243	–	18,357
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jun-14	100%	2,060	–	528
Zhuzhou Golden Wheel Jade Garden	Zhuzhou	45,645	Dec-14	Dec-18	100%	9,324	–	2,396
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	100%	4,841	–	20,153
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	100%	403	–	2,731
Golden Wheel JinQiao Huafu	Nanjing	46,228	Dec-14	Dec-17	100%	5,260	–	3,350
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	100%	21,884	10,307	18,233
Yangzhou Lakeside Emerald House	Yangzhou	10,682	Jun-17	May-19	100%	12,086	–	626
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Dec-19	100%	481	–	44,380
Wuxi Golden Wheel Lakeside Orchid Garden	Wuxi	70,989	Dec-17	Dec-19	100%	26,478	–	–
Golden Wheel Plaza	Hong Kong	322	May-18	Jul-20	100%	4,828	–	–
Zhuzhou Golden Wheel Jinqiao Huafu (Phase I)	Zhuzhou	54,793	Mar-18	Dec-20	100%	19,166	–	–
Subtotal		495,405				115,246	12,842	189,204

Projects by subsidiaries of the Group	City	Site area sq.m.	Actual/ estimated construction commencement date	Actual/ estimated construction completion date	Percentage of completion	Total unsold GFA/ Total GFA sq.m.	GFA held for Company's own use sq.m.	Investment properties GFA sq.m.
			month/year	month/year				
Properties under development								
Nanjing Golden Wheel Romantic Tower	Nanjing	7,593	Dec-17	Jun-21	95%	38,244	-	-
Zhuzhou Golden Wheel JinQiao Huafu (Phase II)	Zhuzhou	37,382	Mar-18	Jun-22	65%	170,596	-	-
Nanjing Golden Wheel Shuiying Hua Ting	Nanjing	32,927	Apr-18	Jan-21	99%	76,217	-	-
Nanjing Golden Wheel Cuiyong Hua Ting	Nanjing	59,722	Apr-19	Dec-21	80%	115,282	-	2,500
Wuxi Golden Wheel Starry Plaza	Wuxi	27,470	May-19	Jun-22	50%	99,039	-	15,097
Nanjing Golden Wheel Galaxy Center	Nanjing	101,845	Feb-20	Dec-22	10%	195,353	-	46,647
Yangzhou No. 1 Golden Bay	Yangzhou	19,890	Jan-20	Dec-22	60%	29,220	-	-
Subtotal		286,829				723,951	-	64,244
Total		782,234				839,197	12,842	253,448
Projects by joint ventures and associates								
Yangzhou Powerlong Golden Wheel Plaza (49%) <i>Note</i> ¹	Yangzhou	61,275	Dec-14	Dec-16	100%	44,404	-	65,400
Nanjing Shiguang Shanhu (25%) <i>Note</i> ²	Nanjing	14,338	Oct-17	Jul-19	100%	3,540	-	-
Changzhou Junwang Jia Di (13.33%) <i>Note</i> ³	Changzhou	67,225	Dec-17	May-20	100%	42,800	-	-
Vanke Future Light (20%) <i>Note</i> ⁴	Yangzhou	47,137	Jun-18	Apr-21	80%	84,847	-	-
Golden Wheel Shangdu Age City Mansion ⁵	Lianyungang	72,296	Jan-21	Dec-24	0%	158,695	-	-
Shangdu Fengjing ⁶	Lianyungang	17,605	Apr-20	Dec-23	20%	56,092	-	-
Ganglong Majestic Mansion ^{7,10}	Huangshan	46,780	Nov-20	Jun-24	1%	70,170	-	-
Galaxy Light ^{8,10}	Lianyungang	41,478	Jan-21	Jun-24	0%	99,651	-	-
Yangzhou Kaichen Mansion ⁹	Yangzhou	57,548	Feb-21	Dec-23	0%	94,826	-	-
Total		425,682				655,025	-	65,400

- Notes:*
- ¹ The project is developed by a joint venture company in which the Group has a 49% interest.
 - ² The project is developed by an associate company in which the Group has a 25% interest.
 - ³ The project is developed by an associate company in which the Group has a 13.33% interest.
 - ⁴ The project is developed by a joint venture company in which the Group has a 20% interest.
 - ⁵ The project is developed by an associate company in which the Group has a 37% interest.
 - ⁶ The project is developed by an associate company in which the Group has a 10% interest.
 - ⁷ The project is developed by an associate company in which the Group has a 20% interest.
 - ⁸ The project is developed by an associate company in which the Group has a 12.58% interest.
 - ⁹ The project is developed by an associate company in which the Group has a 24.5% interest.
 - ¹⁰ The associate company is in the process of changing its equity shareholding.

As at 31 December 2020, the Group had a land bank of approximately 788,195 sq.m. under development. Among these lands, approximately 285,687 sq.m., 283,707 sq.m., 154,557 sq.m. and 64,244 sq.m. are for residential, commercial and office, car park and investment properties purposes, respectively.

Property sales

For the year ended 31 December 2020, the Group's revenue from sales of properties amounted to approximately RMB1,144.5 million with an aggregate GFA of approximately 132,373 sq.m. being sold and delivered. The average selling price of these sold properties amounted to approximately RMB9,521 per sq.m.

As at 31 December 2020, there were total unrecognized contracted sales of RMB3.2 billion. The unrecognized contracted sales are expected to be recognized in 2021 and 2022 as and when the related projects are completed and delivered.

Property leasing

In the last quarter of 2020, a new shopping mall with a total GFA of 15,774 sq.m., namely, Golden Wheel Binary Star Plaza, was opened. As at 31 December 2020, this new shopping mall has already leased out over 90% of its total leasable area.

As a result of the outbreak of the COVID-19 pandemic, the Group had voluntarily granted rental waivers of around one to three months to its lessees with an aim to ease the financial pressure on the Group's customers and to maintain customer relationship.

As at 31 December 2020, the Group had completed investment properties with a total GFA of approximately 189,204 sq.m. The average occupancy rate of the Group's investment properties as at 31 December 2020 was around 80%.

Metro leasing and operational management business

In March 2020, the Group has established a subsidiary, namely Wuxi Metro City Commercial Management Company Ltd, with Wuxi Metro Resource Development Company. The Group's equity interest in the subsidiary is 60%. During the reporting period, the subsidiary had signed a leasing and operational management contract with the local authority in relation to the underground commercial space in eight stations on Wuxi Metro Lines 3 and 4 for a term of 10 years. The total GFA of these eight stations amounted to approximately 45,500 sq.m.

In December 2020, the Group succeeded in the bidding for the leasing and operational management contract in relation to the ancillary commercial space in one station on Xuzhou Metro Line 1 for a term of 15 years. The total leasable GFA of the commercial space of this station amounted to 14,750 sq.m.

As at 31 December 2020, the Group had leasing and operational management contracts of 24 metro station shopping malls in five cities in China, namely, Nanjing, Suzhou, Wuxi, Changsha and Xuzhou. The Group had a total GFA of over 128,150 sq.m.

As at 31 December 2020, metro station shopping malls were under operations and the overall occupancy rate was over 90%.

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 the Group will obtain more contracts of this kind in the future.

Hotel operation

The Group completed the disposal of the Silka West Kowloon Hotel in Hong Kong in December 2019. During the year, the Group's hotel operation in China was temporarily closed for more than two months as required by the local government authorities as a result of the outbreak of the COVID-19 pandemic. As such, the Group's hotel income for year ended 31 December 2020 had reduced significantly.

The Group's new hotel, Golden Wheel Hampton by Hilton in Yangzhou, commenced operation in October 2020.

As at 31 December 2020, the Group had three hotels under operation, namely, Nanjing Golden Wheel Atour Hotel in Nanjing, Golden Wheel Hampton by Hilton in Changsha and Golden Wheel Hampton by Hilton in Yangzhou. The total number of rooms for these three hotels amounted to 445. The average room occupancy rate of these three hotels in 2020 was 80%. As the COVID-19 pandemic became more contained, such rate climbed up to 90% in December 2020.

Significant investments held

The Group considers desirable investment opportunities from time to time, which are in the interests of the Group and its shareholders as a whole. On 14 July 2020, the Group subscribed for 20,000,000 shares of Ganglong China Property Group Limited ("**Ganglong China Property**") (Stock Code: 6968) at the subscription price of HK\$3.93 per share in its global offering for the purpose of listing on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**"). The total consideration paid by the Group was approximately HK\$79,393,000. As Ganglong China Property is an established property developer in the People's Republic of China (the "**PRC**") and the Group is optimistic about the growth of the PRC property market, the Board believed that Ganglong China Property would have growth potential and prospects and considered that the investment represented a good opportunity for the Group to further invest in the PRC property market. On 3 December 2020 and 25 March 2021, the Group disposed 10,000,000 shares and 4,500,000 shares of Ganglong China Property at an average price of HK\$4.01 per share and HK\$4.48 per share, respectively. Details of the disposals are set out in the announcement of the Company dated 25 March 2021.

As at 31 December 2020, the Group had 34 million unlisted equity shares of Xiamen International Bank Co., Ltd with a carrying value of RMB192.4 million and 10 million listed equity shares of Ganglong China Property with a carrying value of RMB39.0 million.

First property development project in Hong Kong

The Group's first commercial project in Hong Kong has been completed and the occupancy permit was obtained in July 2020. The project is located near the Tin Hau MTR station in Hong Kong and is a commercial building with a total GFA of approximately 51,975 square feet.

The outbreak of the COVID-19 pandemic has caused severe disruptions to the economic and business activities in Hong Kong, resulting in an increase in vacancy of office buildings as well as a decrease in rental for offices and retail shops. As such, the project was launched in the second half of 2020, and the Group has faced much more difficulties in leasing out the units. Nevertheless, as a result of the hard work of the marketing team in Hong Kong, as of the date of this announcement, more than 60% of the project was leased out.

Financing

In January 2020, the Group issued senior notes in an aggregate principal amount of USD200 million, bearing coupon rate of 12.95% per annum and due in March 2022. Proceeds from this issue were applied in refinancing the existing indebtedness of the Group, including the repurchase of part of the senior notes in the principal amount of USD400 million issued by the Group, bearing coupon rate of 7% per annum and due in January 2021. Details of the note issuance are set out in the announcements of the Company dated 6 January 2020, 7 January 2020 and 14 January 2020, respectively.

In July 2020, the Group issued senior notes in an aggregate principal amount of USD170 million, bearing coupon rate of 14.25% per annum and due in January 2023. Proceeds from this issue were applied in refinancing the existing indebtedness of the Group, including the repurchase of part of the senior notes in the principal amount of USD400 million issued by the Group, bearing coupon rate of 7% per annum and due in January 2021. Details of the note issuance are set out in the announcement of the Company dated 30 June 2020.

Future outlook

The global economy in 2020 has been greatly hit by the COVID-19 pandemic. Although vaccines have come to the market since late 2020, the global economic environment in 2021 is still full of uncertainties. Fortunately, under the decisive control measures by the Chinese government, the epidemic has been largely contained since the second half of 2020 in mainland China. China was the only country that recorded a positive economic growth in 2020. In the 14th Five-Year Plan 2021 – 2025, China will stick to the general guideline that “houses are for living but not for speculation” when panning out its related rules and regulations regarding the economic sector. Based on Beijing's series of working plans for the next five years, China will keep a tab on the property prices while helping to maintain steady transaction for the sake of better living environment, consistent contribution to the national economy, urbanization, new jobs and the stability of the whole value chain. The GDP growth target of China in 2021 is 6% and since the property market is the backbone for the growth of China's economy, the Group is optimistic that China's property market will remain on track for a stable growth in 2021.

To ensure continuing growth in the Group's property development business, it is the strategy of the Group to have a land bank that can support the Group's stable growth for at least the next three years. As at 31 December 2020, the Group had a land bank with an aggregate GFA of approximately 1,825,912 sq.m., which should be able to meet the needs of the Group's new three-year development plan. In 2021, the Group will exercise extra caution when looking for good development opportunities. More co-operation with local major property developers will be expected. Moreover, the Group will also focus more on residential projects so as to achieve a faster capital turnover rate.

For leasing business, the Group will continue to retain its completed properties with attractive locations and potential growth for long-term leasing purposes. The Group's strategy is to continue to build up its investment property portfolio so as to maintain a stable return to its shareholders.

After the disposal of its entire interest in Double Advance Group Limited, which owns the Silka West Kowloon Hotel in Hong Kong, in 2019, the Group will focus its hotel business mainly in mainland China. As at 31 December 2020, the Group had three hotels under operation and two other hotels under development. The hotels under development are located in prime locations in Nanjing and are expected to commence operation in 2021.

Looking ahead, the Group will continue to carry out its core strategy, that is, "focusing on the development and operation of projects that are physically connected to metro stations or other transportation hub". Together with the Group's prudent financial management, the Group believes it could maintain its competitive edge for further development and expansion.

FINANCIAL REVIEW

Results of operations

Revenue

The Group's revenue consists of revenue derived from (i) sale of the Group's developed properties; (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			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property development	1,144,467	82.4	1,328,197	82.7
Property leasing	207,594	14.9	209,592	13.1
Hotel operation	37,058	2.7	67,659	4.2
Total	<u>1,389,119</u>	<u>100.00</u>	<u>1,605,448</u>	<u>100.0</u>

Revenue decreased by approximately 13.5% from approximately RMB1,605.4 million for the year ended 31 December 2019 to approximately RMB1,389.1 million for the year ended 31 December 2020, primarily due to the outbreak of the COVID-19 pandemic resulting in a decrease in revenue generated from all business segments of the Group for the year.

- *Property development*

Revenue derived from property development business decreased by 13.8% from approximately RMB1,328.2 million for the year ended 31 December 2019 to approximately RMB1,144.5 million for the year ended 31 December 2020. The decrease was primarily due to the decrease in the total GFA sold and delivered during the year as the constructions of the Group's property projects have been seriously affected during the first quarter of 2020 due to the outbreak of the COVID-19 pandemic. As a result, two projects which were originally scheduled to be completed in 2020 were delayed to 2021.

For the year ended 31 December 2020, the Group achieved contracted sales of approximately RMB4,081.0 million (2019: RMB3,481.0 million).

- *Property leasing*

Revenue derived from property leasing business decreased slightly by 1.0% from approximately RMB209.6 million for the year ended 31 December 2019 to approximately RMB207.6 million for the year ended 31 December 2020. During the year, although the Group had a new shopping mall with total GFA of 15,774 sq.m. launching operation, the effect was fully offset by the reduction in rental income due to the outbreak of the COVID-19 pandemic. During the year, the Group voluntarily granted rental waivers of around one to three months to its lessees in view of the on-going outbreak of the COVID-19 pandemic, with an aim to ease the financial pressure on the Group's customers and to maintain customer relationship.

- *Hotel operation*

Revenue derived from hotel operating business decreased by 45.2% to RMB37.1 million (2019: RMB67.7 million) for the year ended 31 December 2020. The decrease was primarily due to the disposal of the Silka West Kowloon Hotel in Hong Kong in December 2019 which had generated a revenue of approximately RMB25 million for the corresponding period last year. In addition, due to the outbreak of the COVID-19 pandemic, the Group's hotels in China were temporarily closed for more than two months as required by the local government authorities.

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			
	2020		2019	
	RMB'000	%	RMB'000	%
Property development				
Land acquisition costs	415,442	35.9	451,532	42.0
Construction costs	540,546	46.8	413,092	38.5
Capitalised finance costs	135,030	11.7	137,981	12.8
Tax expenses	11,007	1.0	9,278	0.9
Subtotal	<u>1,102,025</u>	<u>95.4</u>	<u>1,011,883</u>	<u>94.2</u>
Property leasing	21,234	1.8	22,020	2.1
Hotel operation	<u>32,718</u>	<u>2.8</u>	<u>40,185</u>	<u>3.7</u>
Total	<u><u>1,155,977</u></u>	<u><u>100.0</u></u>	<u><u>1,074,088</u></u>	<u><u>100.0</u></u>

The Group's cost of sales increased from RMB1,074.1 million for the year ended 31 December 2019 to RMB1,156.0 million for the year ended 31 December 2020. The increase was primarily due to the increase in cost of sales of the property development business which was mainly caused by the increase in construction costs.

The Group's percentage of average land acquisition costs over average selling price increased from 34.0% in 2019 to 36.3% in 2020.

Gross profit and gross profit margin

Gross profit decreased from RMB531.4 million for the year ended 31 December 2019 to RMB233.1 million for the year ended 31 December 2020, primarily due to the decrease in revenue generated from all the three business segments of the Group which was mainly caused by the outbreak of the COVID-19 pandemic.

Gross profit margin decreased from 33.1% for the year ended 31 December 2019 to 16.8% for the year ended 31 December 2020, primarily due to a decrease in gross profit margin from the sales of developed properties and hotel operation.

The gross profit margin for the sales of developed properties decreased from 23.8% in 2019 to 3.8% in 2020, mainly because the projects completed and delivered during the year had a lower gross profit margin due to their locations as well as their composition which mainly included residential units.

The gross profit margin for property leasing was 89.8% for the year ended 31 December 2020 (2019: 89.5%). Rental waivers were given to the lessees of the Group in the first quarter of 2020, resulted in a lesser amount of rental income received. Nevertheless, the effect was offset by the opening of new shopping mall during the year and as a result, the Group was able to maintain its leasing income.

The gross profit margin for hotel operation decreased from 40.6% in 2019 to 11.7% in 2020. The decrease was mainly due to the temporary closure of hotels of the Group in China for more than two months as a result of the COVID-19 pandemic.

Changes in fair value of investment properties

For the year ended 31 December 2020, the Group recorded a fair value gain on investment properties of RMB92.0 million (2019: RMB172.0 million). The fair value gain mainly arose from the addition of new investment properties. The decrease in fair value gain on investment properties was mainly caused by the outbreak of the COVID-19 pandemic which has adversely affected the rental income generated by the Group's existing operating investment properties.

The Group's investment properties were revaluated on market value basis by an independent property valuer.

Other income, expenses, gains and losses

The Group had a net gain of RMB318.1 million for other income, expenses, gains and losses for the year ended 31 December 2020 (2019: RMB66.1 million). The net gain in 2020 was mainly attributable to net foreign exchange gain of RMB231.7 million (2019: net foreign exchange loss of RMB39.1 million), interest income of RMB31.5 million (2019: RMB18.0 million) and gain on repurchase of senior notes of RMB37.0million (2019: loss on repurchase of senior notes of RMB20.2 million).

Finance costs

Finance costs consisted primarily of interest expenses on borrowings net of capitalised finance costs. Finance costs increased from RMB186.3 million for the year ended 31 December 2019 to RMB233.5 million for the year ended 31 December 2020 primarily due to an increase in the average cost of borrowings. During the year, the average cost of borrowings increased from 7.8% in 2019 to 11.0% in 2020.

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 2020 amounted to approximately RMB81.4 million (2019: RMB66.1 million), representing an increase of approximately 23.1%. The increase was primarily due to the fact that there were more sales activities carried out in 2020 as the Group launched a number of pre-sale activities during the year.

Administrative expenses

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

Administrative expenses for the year ended 31 December 2020 amounted to approximately RMB155.7 million (2019: RMB175.3 million), representing a decrease of approximately 11.2% as compared to last year. During the year, the Group continued to maintain tight cost control policy. As a result, even though the Group has increased its operating scale, the Group was able to further reduce its overall administrative expenses.

Share of (losses)/profits of associates

The Group's share of losses of associates amounted to RMB46.9 million for the year ended 31 December 2020 (2019: profit of RMB105.1 million). In 2019, the Group shared the profits from its 33%-owned associate, which had completed and delivered a project in Nanjing with a gross profit margin of 33.0%. In 2020, the Group disposed the remaining equity interest of an associate with a loss of RMB62.2 million.

Taxation

The Group's income tax expenses decreased by 61.8% to RMB76.5 million for the year ended 31 December 2020 from RMB200.3 million for the year ended 31 December 2019. The decrease was mainly due to a decrease in PRC corporate income tax and land appreciation tax which resulted from a decrease in profit from the sales of developed properties.

Profit attributable to equity shareholders of the Company

Due to the decrease in gross profit and revaluation gain on investment properties which was mainly caused by the outbreak of the COVID-19 pandemic, profit for the year decreased from RMB252.5 million for the year ended 31 December 2019 to RMB50.2 million for the year ended 31 December 2020, representing a decrease of approximately 80.1%.

Liquidity, financial and capital resources

Cash position

The Group had bank deposits and cash of approximately RMB1,413.3 million as of 31 December 2020 (2019: RMB1,753.6 million), including restricted bank deposits of approximately RMB564.2 million (2019: RMB774.4 million). The decrease in cash and bank balances was mainly due to the decrease in cash collected from sales of properties as well as rental receivables as impacted by the COVID-19 pandemic.

Bank and other borrowings and gearing ratio

The Group had outstanding bank and other borrowings (including senior notes) of approximately RMB6,116.4 million as at 31 December 2020 (2019: RMB6,428.3 million).

As at 31 December 2020, the Group's net gearing ratio was approximately 95.6% (2019: 96.8%). The net gearing ratio of the Group is calculated by dividing the interest-bearing liabilities net of bank deposits and cash by the total equity of the Company.

The Group's debt-to-asset ratio (total indebtedness minus contract liabilities divided by total assets) was approximately 60.4% as at 31 December 2020 versus approximately 64.3% as at 31 December 2019.

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 11.0% in 2020 as compared to approximately 7.8% in 2019.

Foreign exchange rate risk

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

Financial guarantees

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

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

	2020	2019
	RMB'000	RMB'000
Mortgage loan guarantees provided by the Group to banks in favour of its customers	<u>268,605</u>	<u>317,790</u>

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 2020, the Group had a total of approximately 825 (2019: 688) 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, 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 will be available in the 2020 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 2020 annual report of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the 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 2020.

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 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 has adopted, applied and complied with all the code provisions contained in the Corporate Governance Code during the financial year ended 31 December 2020.

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.

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 Sze Keung (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 and supervise the Company's financial reporting process, half-yearly and annual results, risk management and internal control systems, effectiveness of the internal audit function performed by the internal audit department of the Group and provide advice and comments 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 2020, including the accounting principles and practices adopted by the Group, and discussed with the Company's management regarding risk management, internal control and other important matters.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) with specific terms of reference which deal clearly with its authorities and duties. The Remuneration Committee currently consists of two independent non-executive Directors and an executive Director: Mr. Wong Cho Kei, Bonnie (Chairman), an independent non-executive Director, Mr. Wong Kam Fai, an executive Director, and Mr. Lie Tak Sen, an independent non-executive Director.

The primary duties of the Remuneration Committee are: to make recommendations to the Directors on the Company’s policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; to assess the performance of each executive Director; to recommend to the Board on the terms of the specific remuneration package of each executive Director and senior management (adopted the approach under code provision B.1.2(c)(ii)); and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) with specific terms of reference explaining its role and authorities delegated by the Board. The Nomination Committee currently consists of two independent non-executive Directors and an executive Director: Mr. Wong Yam Yin (Chairman), an executive Director, Mr. Wong Ying Loi, an independent non-executive Director, and Mr. Li Sze Keung, an independent non-executive Director.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. The Company has made specific enquiries with all the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2020.

ISSUANCE OF SENIOR NOTES

In January 2020, the Company issued senior notes in an aggregate principal amount of USD200 million with a coupon rate of 12.95% per annum (the “**USD 2022 Notes**”). The USD 2022 Notes are denominated in United States dollars and were listed on the Stock Exchange and the Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**”) on 15 January 2020. The USD 2022 Notes carry interest at a coupon rate of 12.95% per annum, payable semi-annually in arrears, and will mature on 14 March 2022. The purpose of the issue of the USD 2022 Notes is to refinance the existing indebtedness of the Group, including payment in connection with the repurchase of part of the senior notes in the principal amount of USD400 million with a coupon rate of 7% per annum and due in January 2021 (the “**USD 2021 Notes**”) on 17 January 2020, 23 March 2020 and 17 June 2020, further details of which are described under the section headed “Purchase, sale or redemption of listed securities of the Company” in this announcement. Details of the USD 2022 Notes are set out in the announcements of the Company dated 6 January 2020 and 7 January 2020, respectively.

In July 2020, the Company issued senior notes in an aggregate principal amount of USD170 million with a coupon rate of 14.25% per annum (the “**USD 2023 Notes**”). The USD 2023 Notes are denominated in United States dollars and were listed on the Singapore Exchange on 13 July 2020. The USD 2023 Notes carry interest at a coupon rate of 14.25% per annum, payable semi-annually in arrears, and will mature on 9 January 2023. The purpose of the issue of the USD 2023 Notes is to refinance the existing indebtedness of the Group, including payment in connection with the repurchase of part of the USD 2021 Notes from July to December 2020 as described under the section headed “Purchase, sale or redemption of listed securities of the Company” in this announcement. Details of the USD 2023 Notes are set out in the announcement of the Company dated 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 17 January 2020 and 13 July 2020, the Company, through tender offers, successfully repurchased part of the USD 2021 Notes in an aggregate principal amount of USD43,353,000 and USD119,992,000, respectively. From January to December 2020, the Company also repurchased the USD 2021 Notes in the market in an aggregate principal amount of USD43,085,000, USD17,500,000, USD20,000,000 and USD18,496,000, respectively. After cancellation of all the repurchased USD 2021 Notes, the aggregate outstanding principal amount of the USD 2021 Notes as at 31 December 2020 was USD137,574,000. The USD 2021 Notes matured on 18 January 2021 (the “**Maturity Date**”) and the Company had completed the redemption of the outstanding Notes in full in an aggregate principal amount of USD137,574,000 together with accrued and unpaid interest of USD4,815,090 up to but excluding the Maturity Date. The total redemption price paid by the Company on the Maturity Date in accordance with the terms of the relevant indenture was USD142,389,090. Please refer to the announcement of the Company dated 19 January 2021 for more details.

Save as disclosed above, there was no purchase, sale or redemption of any of the Company’s listed securities by the Company or any of its subsidiaries during the year ended 31 December 2020.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2021, the Company issued additional senior notes in an aggregate principal amount of USD85 million with coupon rate of 14.25% per annum and due on 9 January 2023 (the “**Additional Notes**”). The Additional Notes were consolidated and formed a single class with the USD 2023 Notes and have been admitted to the official list of the Singapore Exchange. The Company intends to use the proceeds from the Additional Notes to refinance its existing indebtedness. Details of the Additional Notes are set out in the announcement of the Company dated 6 January 2021.

SCOPE OF WORK OF KPMG

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 2020 as set out in this announcement have been agreed by the Group’s auditors, KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year.

The work performed by KPMG 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 KPMG on this announcement.

DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2020.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**AGM**”) be held on Friday, 21 May 2021. Notice of the AGM will be published and issued to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (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 for registration no later than 4:30 p.m. on Friday, 14 May 2021.

The record date for such purposes is Friday, 21 May 2021.

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 2020 containing all information required by the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express heartfelt appreciation to the 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 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 return gradually over times.

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

Hong Kong, 30 March 2021

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. Wong Cho Kei Bonnie and Mr. Li Sze Keung as Independent Non-executive Directors.