GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED
金輪天地控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1232)

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 56.2% to approximately RMB638.5 million for the six months ended 30 June 2023 (30 June 2022: RMB1,457.1 million).
- Total contracted sales decreased by approximately 33.5% to approximately RMB562.7 million for the six months ended 30 June 2023 (30 June 2022: RMB845.8 million).
- Loss for the period amounted to approximately RMB518.9 million (30 June 2022: loss for the period of RMB360.0 million) which was mainly due to (i) the Group incurred a gross loss from its property sales under the impacts of the tough business environment in the real estate industry and; (ii) the foreign exchange loss of approximately RMB147.3 million.
- Total equity amounted to approximately RMB1,402.7 million as at 30 June 2023 (31 December 2022: RMB1,926.5 million) with net asset value per share amounting to approximately RMB0.78 per share (31 December 2022: RMB1.07 per share).(Note)
- As of 30 June 2023, the Group had total cash and bank deposits of approximately RMB653.8 million (31 December 2022: RMB857.4 million).
- Total investment properties as at 30 June 2023 amounted to approximately RMB4,119.4 million (31 December 2022: RMB4,119.3 million).

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

The board (the "**Board**") of directors (the "**Directors**", and each a "**Director**") of Golden Wheel Tiandi Holdings Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period of 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**638,482**	1,457,139
Cost of sales		**(723,129)**	(1,368,986)
Gross (loss)/profit		**(84,647)**	88,153
Changes in fair value of investment properties	7(c)	**(975)**	4,506
Other income, expense, gains and losses	4(b)	**(126,648)**	(143,879)
Selling and marketing expenses		**(29,985)**	(16,338)
Administrative expenses		**(70,424)**	(69,511)
Loss from operations		**(312,679)**	(137,069)
Finance costs	4(a)	**(162,145)**	(153,714)
Share of profits of associates		**17,807**	8,247
Share of losses of joint ventures		**(27,843)**	(6,433)
Loss before taxation	4	**(484,860)**	(288,969)
Income tax	5	**(34,005)**	(71,046)
Loss for the period		**(518,865)**	(360,015)
Attributable to:			
Equity shareholders of the Company		**(512,639)**	(412,667)
Non-controlling interest		**(6,226)**	52,652
Loss for the period		**(518,865)**	(360,015)

	Notes	Six months ended 30 June **2023** ***RMB'000*** **(unaudited)**	2022 *RMB'000* (unaudited)
Loss per share	6		
Basic *(RMB per share)*		**(0.285)**	(0.229)
Diluted *(RMB per share)*		**(0.285)**	(0.229)
Loss for the period		**(518,865)**	(360,015)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the entities with functional currencies other than RMB		**(855)**	148
Other comprehensive income for the period		**(855)**	148
Total comprehensive income for the period		**(519,720)**	(359,867)
Attributable to:			
Equity shareholders of the Company		**(513,494)**	(412,519)
Non-controlling interest		**(6,226)**	52,652
Total comprehensive income for the period		**(519,720)**	(359,867)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2023 RMB'000 (unaudited)**	At 31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	7	**512,038**	557,580
Investment properties	7	**4,119,387**	4,119,284
Interests in associates		**112,954**	95,147
Interests in joint ventures		**458,407**	486,250
Other financial assets	8	**222,580**	208,823
Restricted bank deposits		**8,686**	7,517
Deferred tax assets		**108,562**	110,304
		5,542,614	5,584,905
Current assets			
Properties under development for sale		**2,713,062**	3,331,206
Completed properties for sale		**2,194,604**	1,841,172
Contract costs		**53,079**	47,462
Trade and other receivables	9	**490,727**	510,791
Non-current asset held for sale		**–**	66,383
Land appreciation tax and income tax prepaid		**78,056**	78,731
Restricted bank deposits		**499,381**	656,671
Cash and cash equivalents		**145,754**	193,217
		6,174,663	6,725,633
Current liabilities			
Trade and other payables	10	**1,828,660**	1,748,011
Contract liabilities		**1,675,250**	1,892,097
Rental received in advance		**9,742**	15,927
Lease liabilities		**55,870**	55,922
Bank loans		**1,732,565**	1,642,490
Current taxation		**416,636**	413,875
Senior notes		**3,376,609**	3,254,550
		9,095,332	9,022,872
Net current liabilities		**(2,920,669)**	(2,297,239)
Total assets less current liabilities		**2,621,945**	3,287,666

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Non-current liabilities		
Lease liabilities	**118,607**	140,924
Bank loans	**140,900**	261,000
Deferred tax liabilities	**959,705**	959,289
	1,219,212	1,361,213
NET ASSETS	**1,402,733**	1,926,453
CAPITAL AND RESERVES		
Share capital	**112,883**	112,883
Reserves	**1,162,401**	1,675,895
Total equity attributable to equity shareholders of the Company	**1,275,284**	1,788,778
Non-controlling interests	**127,449**	137,675
TOTAL EQUITY	**1,402,733**	1,926,453

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 (the "**Hong Kong Stock Exchange**") 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 the property development, property leasing and hotel operation.

The unaudited condensed consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (same as the functional currency of the Company).

This interim financial statements of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standard Board ("**IASB**"). It was authorised for issue on 30 August 2023.

The interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

This interim financial statements contain consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**").

(a) Multiple material uncertainties relating to going concern

The Group incurred a net loss of approximately RMB519 million for the six months ended 30 June 2023 and recorded net current liabilities of approximately RMB2,921 million as at 30 June 2023. Included in the current liabilities were bank loans of approximately RMB1,733 million and senior notes of approximately RMB3,377 million. As at 30 June 2023, the Group had cash and cash equivalents and restricted bank deposits amounting to approximately RMB146 million and approximately RMB508 million, respectively.

As at 30 June 2023, bank loans of US$40,000,000 (equivalent to approximately RMB289,032,000) and HK$374,680,000 (equivalent to approximately RMB345,455,000) were originally due on 31 August 2022 and the maturity date was extended to 31 October 2022. The maturity date has not been further extended and the Group failed to repay these bank loans on 31 October 2022 (the "**Default**"). The Group has received a demand notice from the bank requesting immediate repayment of these bank loans and payment of related interests. These bank loans are pledged by the Group's completed property for sale amounting to RMB737,600,000 as at 30 June 2023. On 10 July 2023, the Group received a notification from Mr. Kenneth Fung ("**Mr. Fung**") informing the Company that Mr. Fung, Mr. Fok Hei Yu and Mr. Aaron Luke Gardner (the "**Receivers**"), who are all from FTI Consulting (Hong Kong) Limited, have been appointed by the Bank as joint and several receivers and managers over (i) all the issued shares of Success Seeker Limited ("**SSL**"), being a subsidiary of the Company; and (ii) all of SSL's assets. SSL holds the above mentioned pledged completed property for sale.

The Default triggered cross-defaults of other bank loans with an aggregate carrying amount of HK$304,135,000 (equivalent to approximately RMB280,412,000) as of 30 June 2023, which became repayable on demand and were included in current liabilities. These cross-defaulted bank loans were secured by the Group's pledged deposits amounting to RMB314,000,000. If the bank requests repayment and the Group cannot fulfill the request, the bank has the right to take possession of the pledged deposits. Up to the date of approval of the interim financial statements, the Group continues to be in cross-default and the lender has not demanded immediate repayment of these bank loans.

The Default also triggered cross-default of the senior notes issued by the Group with carrying amount of RMB3,377 million as of 30 June 2023, such that they become due for immediate redemption once the relevant senior note holders (the "**Holders**") make the request under the cross-default provision. Such non-payment has caused an event of default itself. As of the date of approval of the interim financial statements, the senior notes continue to be defaulted and the Holders have not exercised their rights to require immediate redemption of the senior notes or payment of interest.

As at 30 June 2023, the Group had investment property, completed properties for sale and properties under development for sale of approximately RMB4,119 million, approximately RMB2,194 million and approximately RMB2,713 million, respectively, including pledged completed properties for sale of approximately RMB738 million as mentioned above. The current volatility in the real estate industry may place increasing difficulty for the Group and may undermine the Group's ability to generate sufficient cash flows from its future operations to meet its financing obligations and the Group's ability to renew existing facilities or source new funding.

All these events or conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the management of the Group have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from 30 June 2023. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

(i) The Company already had preliminary discussions with the major Holders. The board of directors of the Company will take steps to come up a senior notes restruction proposal. On 29 March 2023, the Group has appointed financial advisors for the purpose of facilitating timely negotiations of various proposed amendments to the terms and conditions of the Holders;

(ii) Regarding the bank loan, management is also negotiating with the banks for renewal of existing bank facilities, as well as discussing with various parties (including but not limited to banks and financial institutions) to secure additional sources of financing for the Group; and

(iii) The Group is working diligently to assess and improve its liquidity position. In order to generate sufficient cash flows to meet its obligations, the Group will continue its efforts to recover from the volatility in the China real estate industry, and expedite sales of properties and investment properties, and collection of receivables, while maintaining more stringent cost control measures of containment of discretionary capital expenditures. The Group aims to gradually address the Group's debt obligations within a reasonable timeframe.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient financing and operating cash flows to meet its liquidity requirements for at least the next twelve months from the end of the reporting period. Based on the managements' intentions and the cash flow forecast mentioned above, the managements are of the opinion that it is appropriate to prepare the Group's financial statements for the six months ended 30 June 2023 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these interim financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IAS 17, Insurance contracts
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12, Income taxes: International tax reform – Pillar Two model rules

None of these developments have had 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.

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:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Property development	**501,002**	1,326,567
Property leasing	**83,478**	100,825
Hotel operation	**54,002**	29,747
Total revenue	**638,482**	1,457,139
Disaggregated by geographical location of customers		
Mainland China	**629,831**	1,447,549
Hong Kong	**8,651**	9,590
	638,482	1,457,139

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 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 period 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	
For the six months ended	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Disaggregated by timing of revenue recognition								
Point in time	**501,002**	1,326,567	**–**	–	**–**	–	**501,002**	1,326,567
Over time	**–**	–	**83,478**	100,825	**54,002**	29,747	**137,480**	130,572
Reportable segment revenue	**501,002**	1,326,567	**83,478**	100,825	**54,002**	29,747	**638,482**	1,457,139
Reportable segment (loss)/profit	**(201,531)**	(25,698)	**45,633**	47,672	**5,362**	(14,453)	**(150,536)**	7,521

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Reportable segment profit	**(150,536)**	7,521
Changes in fair value of investment properties	**(975)**	4,506
Other income, expense, gains and losses	**(126,648)**	(143,879)
Unallocated head office and corporate expenses	**(34,520)**	(5,217)
Finance costs	**(162,145)**	(153,714)
Share of profits of associates	**17,807**	8,247
Share of losses of joint ventures	**(27,843)**	(6,433)
Consolidated loss before taxation	**(484,860)**	(288,969)

4 LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(a) Finance costs		
Interest on bank loans	**(87,934)**	(61,538)
Interest on lease liabilities	**(5,795)**	(5,898)
Interest on senior notes	**(162,822)**	(217,659)
Senior notes restructuring fees	**–**	(33,098)
Less: Interest expense capitalised into properties under development for sale and investment properties under development	**94,406**	164,479
Total finance costs	**(162,145)**	(153,714)
(b) Other income, expense, gains and losses		
Dividend and interest income	**5,677**	11,761
Government grant	**917**	426
Compensation income from early termination of leasing contract	**821**	1,771
Net foreign exchange loss	**(147,281)**	(183,292)
Changes in fair value of financial assets at FVTPL	**13,192**	5,916
Gain from repurchases of senior notes	**–**	(979)
Donation	**15**	(371)
Others	**11**	20,889
Total	**(126,648)**	(143,879)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(c) Other items		
Cost of properties	**669,393**	1,321,025
Cost of rental income	**10,651**	11,849
Depreciation of property, plant and equipment	**38,936**	29,120
Impairment loss recognised in respect of investments in debt instruments	**–**	393
Total	**718,980**	1,362,387

5 INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – People's Republic of China ("**PRC**") corporate income tax ("**CIT**")	**(6,737)**	(34,006)
Current tax – Land appreciation tax ("**LAT**")	**(25,111)**	(11,179)
Deferred taxation	**(2,157)**	(25,861)
	(34,005)	(71,046)

No provision for taxation has been recognised for companies incorporated in the Cayman Islands 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% (2022: 16.5%) to the six months ended 30 June 2023. Under the two-tiered profits tax rates regime, the first Hong Kong Dollars ("**HK$**") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of 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.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB512,639,000 (six months ended 30 June 2022: loss of RMB412,667,000) and the weighted average of 1,799,020,000 ordinary shares (six months ended 30 June 2022: 1,799,020,000 shares) in issue during the interim period.

(b) Diluted loss per share

The computation of diluted loss 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 loss per share was same as the basic loss per share for both periods.

7 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2023, no rent concessions were received by the Group (2022: RMB2,790,000) 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.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of plant, property and equipment with a cost of RMB 865,000 (six months ended 30 June 2022: RMB 9,485,000). The Group disposed items of plant, property and equipment with a cost of RMB 32,959,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). The Group disposed items of investment properties with a cost of RMB12,391,000 (six months ended 30 June 2022: RMB102,813,000). No investment properties were transferred to plant, property and equipment (six months ended 30 June 2022: Nil).

(c) Valuation

The valuations of investment properties and land and buildings held for rental income carried at fair value were updated at 30 June 2023 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2022 valuations.

As a result of the update, a net loss of RMB975,000 (six months ended 30 June 2022: net gain of RMB4,506,000), and the deferred tax thereon of RMB244,000 (six months ended 30 June 2022: RMB1,127,000), have been recognised in profit or loss for the period in respect of investment properties.

8 OTHER FINANCIAL ASSETS

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Financial assets		
Financial assets measured at FVTPL *(Note)*		
– Unlisted equity securities	**211,453**	198,098
– Others	**11,127**	10,725
Total	**222,580**	208,823
Less: Amounts due within one year shown under current assets	**–**	–
Amounts shown under non-current assets	**222,580**	208,823

Note: FVTPL represents fair value through profit or loss.

9 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. Rental receivables are normally due within 30 days. However, longer credit periods might grant to certain customers on a discretionary basis.

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:

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Within 1 year	**34,949**	61,291
Trade receivables, net of loss allowance	**34,949**	61,291
Amount due from associates and joint ventures	**61,967**	60,140
Other debtors	**218,798**	231,919
Less: Allowance for credit losses	**(27,714)**	(27,714)
Financial assets measured at amortised cost	**288,000**	325,636
Advances to contractors	**68,048**	55,406
Other taxes prepaid	**134,679**	129,749
	490,727	510,791

10 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2023	At 31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 180 days	**500,225**	604,188
181 to 365 days	**211,010**	129,913
Over 1 year	**142,669**	180,102
Total creditors and bills payable	**853,904**	914,203
Other creditors and accrued charges	**720,238**	579,278
Amounts due to joint ventures and associates	**254,518**	254,530
Financial liabilities measured at amortised cost	**1,828,660**	1,748,011

BUSINESS REVIEW

In the first half of 2023, the international political and economic situation was complex and volatile, the property market was weak and continued its downturn as credit problem of property developers remained unsolved. In addition, given that a number of property developers struggled and faced financial difficulties and many property projects have been suspended and could not be completed, few home buyers are willing to shell out in advance for new housing. After facing serious challenges due to the impact from COVID-19 restrictions, the Group faced further challenges such as weak economic recovery and debt default risk. In March 2023, the Group announced that a debt restructuring of the senior notes will be implemented and once it is completed, will improve the Group's financial stability and sustainability and to resume normal operations. Although confronting the severe situation, the Group continued to guarantee construction and delivery, and expected two projects, namely, Wuxi Golden Wheel Starry Plaza and Golden Wheel Shangdu Age City Mansion will be completed and delivered at the end of 2023.

For the six months ended 30 June 2023, the Group managed to achieve a total contracted sales of approximately RMB562.7 million (for the six months ended 30 June 2022: RMB845.8 million) and property leasing remained stable and hotel operation business increased by 81.5% when compared with the corresponding period of last year. Average occupancy rates of the reporting period for property leasing and hotel operation were approximately 80% (30 June 2022: 84%) and 83% (30 June 2022: 62%), respectively.

Property development

Contracted sales

The Group currently has more than 10 projects on sale. For the six months ended 30 June 2023, the Group and its joint ventures and associates recorded total contracted sales value and contracted sales area of approximately RMB562.7 million (30 June 2022: RMB845.8 million) and approximately 49,866 sq.m. (30 June 2022: 77,261 sq.m.), respectively.

Property sales

For the six months ended 30 June 2023, the Group's revenue from sale of properties amounted to approximately RMB501.0 million with an aggregate gross floor area ("**GFA**") of approximately 35,144 sq.m. being sold and delivered. The average selling price of these sold properties amounted to approximately RMB14,256 per sq.m..

As at 30 June 2023, there were total unrecognised contracted sales of approximately RMB2,210.0 million. These unrecognised contracted sales are expected to be recognised in the second half of 2023 and in 2024 as and when the related projects are completed and delivered.

Land bank of the Group

As affected by the economic downturn, the Group adopted a more prudent approach in new land acquisition during the first half of 2023. As a result, the Group did not acquire any new land nor invest in any new joint venture or associate during the first half of 2023.

As at 30 June 2023, the Group had a total land bank of GFA of 1,038,735 sq.m., including 155,388 sq.m. of completed but unsold properties, 32,819 sq.m. of own used properties, 105,951 sq.m. of completed investment properties, 457,291 sq.m. of properties under development and 287,286 sq.m. of properties developed by joint venture and associate entities.

Property leasing

As at 30 June 2023, the Group had completed investment properties with a total GFA of approximately 105,951 sq.m. The overall occupancy rate of the Group's investment properties for the six months ended 30 June 2023 was over 80%.

Metro leasing and operational management business

As at 30 June 2023, the Group had leasing and operational management contracts of 8 metro station shopping malls in three cities in mainland China, namely, Nanjing, Suzhou, Wuxi, with a total leasable GFA of around 26,479 sq.m. As at 30 June 2023, 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

As at 30 June 2023, the Group had four hotels under operation, namely Golden Wheel Atour Hotel in Nanjing, Golden Wheel Hampton by Hilton in Changsha, Golden Wheel Hampton by Hilton in Yangzhou and Nanjing Golden Wheel Courtyard Marriott. Total number of rooms for these four hotels amounts to 660. Average room occupancy rate of these four hotels during the reporting period was approximately 83%.

Significant investments held

The Group considers desirable investment opportunities from time to time, taking into account interests of the Group and its shareholders as a whole.

As at 30 June 2023, the Group's major investment was its equity investment in the shares of Xiamen International Bank Co., Ltd., which were RMB50.8 million (31 December 2022: RMB50.8 million) unlisted equity shares of Xiamen International Bank Co., Ltd with a carrying value of approximately RMB211.5 million (31 December 2022: RMB198.1 million).

OUTLOOK

Due to the difficult economic situation and financial turmoil, home sales are expected to stumble and weaken in the coming months. The Chinese government has implemented numerous measures to support the property sector. However, it appears that these efforts may not be effective as consumers continue to lack confidence. It is expected that the sector will continue to struggle with persistent weakness for years to come. Together with the tightened liquidity of major large Chinese property developers and their aggressive price reduction sales strategy, the Group is pessimistic about the business in the second half of the year 2023.

As affected by the economic downturn, the Group will continue to adopt a more prudent land acquisition strategy and develop projects through cooperation, to reduce investment risks and ensure efficient cash flow. The Group will also 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.

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 has since focused its hotel business only in mainland China. As at 30 June 2023, the Group had four hotels under operations. It is the management's intention to further expand the Group's hotel business in mainland China and therefore the Group will actively identify new hotel development opportunities in the future.

Looking ahead, the Company will be actively pushing forward the debt restructuring process of the senior notes, and continue to accelerate the sales of properties and collection of sales proceeds, while maintaining more stringent cost control measures of containment of discretionary capital expenditures.

FINANCIAL REVIEW

Results of operation

Revenue

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

	Six months ended 30 June			
	2023		2022	
	RMB'000 **(unaudited)**	***%*** **(unaudited)**	*RMB'000* (unaudited)	*%* (unaudited)
Property development	**501,002**	**78.5**	1,326,567	91.0
Property leasing	**83,478**	**13.1**	100,825	6.9
Hotel operation	**54,002**	**8.4**	29,747	2.1
Total	**638,482**	**100.0**	1,457,139	100.0

The Group's revenue was primarily generated from its sale of developed properties, which accounted for approximately 78.5% of its revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: 91.0%), rental income from property leasing, which accounted for approximately 13.1% of its revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: 6.9%) and income from hotel operation, which accounted for approximately 8.4% of its revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: 2.1%). Revenue decreased by approximately 56.2% from approximately RMB1,457.1 million for the six months ended 30 June 2022 to approximately RMB638.5 million for the six months ended 30 June 2023, primarily due to the decrease in revenue generated from property development of the Group for the current period.

Property development

Revenue derived from the property development business decreased by approximately 62.2% from approximately RMB1,326.6 million for the six months ended 30 June 2022 to approximately RMB501.0 million for the six months ended 30 June 2023. This decrease was primarily due to the decrease in the total GFA sold and only area A of Nanjing Golden Wheel Galaxy Center was completed and delivered during the period.

Property leasing

Revenue derived from property leasing decreased by approximately 17.2% to approximately RMB83.5 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB100.8 million). The decrease in property leasing was mainly due to the disposal of Zhuzhou Golden Wheel Times Square completed in July 2022.

Hotel operation

Revenue derived from hotel operation increased by approximately 81.5% to approximately RMB54.0 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB29.7 million). The increase was mainly due to China's easing of most of its COVID-19 restrictions in December 2022, domestic travel rebound fuels income.

Cost of sales

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

	Six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Property development				
– Land acquisition costs	**118,435**	**16.3**	432,521	31.6
– Construction costs	**250,956**	**34.7**	683,550	49.9
– Capitalised finance costs	**88,979**	**12.3**	117,334	8.6
– Tax expenses	**2,838**	**0.4**	10,542	0.8
Inventory impairment	**208,187**	**28.8**	77,078	5.6
Subtotal	**669,395**	**92.5**	1,321,025	96.5
Property leasing	**10,651**	**1.5**	11,849	0.9
Hotel operation	**43,083**	**6.0**	36,112	2.6
Total	**723,129**	**100.0**	1,368,986	100.0

Cost of sales decreased by approximately 47.2% from approximately RMB1,369.0 million for the six months ended 30 June 2022 to approximately RMB723.1 million for the six months ended 30 June 2023, primarily due to the decrease in cost of sales from property development, which was in line with the decrease in revenue arising from the sales of developed properties.

Gross (loss)/profit and gross (loss)/profit margin

Gross profit decreased substantially by approximately 196.0% from approximately RMB88.2 million for the six months ended 30 June 2022 to gross loss of approximately RMB84.6 million for the six months ended 30 June 2023, primarily due to the fact that the Group's sale of developed properties has generated a gross loss margin for the six months ended 30 June 2023 as the Group reduced of sales prices in order to boost sales volume and increase impairment loss of inventory.

For the six months ended 30 June 2023, the Group had incurred a gross loss margin of approximately 33.6% from its sale of developed properties whereas during the corresponding period last year, a gross profit margin of approximately 0.4% was incurred from the sale of developed properties.

The gross profit margin for property leasing decreased slightly from approximately 88.2% for the six months ended 30 June 2022 to approximately 87.2% for the six months ended 30 June 2023. The slight decrease in gross profit margin was due to the fact the Group disposed of Zhuzhou Golden Wheel Times Square and completed in July 2022.

The Group's hotel operation had recorded a gross profit margin of approximately 20.2% as compared to a gross loss margin of approximately 21.4% in 2022. The reasons of making profit for the hotel operation for the six months ended 30 June 2023 as the hotels resumed operation whereas the temporarily closure of the hotels as well as the additional costs incurred for COVID-19 related prevention expenses for the corresponding period last year.

Changes in fair value of investment properties

The Group's investment properties were revaluated at the end of each of the relevant periods as at 30 June 2023 and 30 June 2022 on an open market value or existing use basis by an independent property valuer.

For the six months ended 30 June 2023, the Group recorded a fair value loss on investment properties of approximately RMB0.1 million (for the six months ended 30 June 2022: fair value gain approximately RMB4.5 million). The fair value of the Group's investment properties as at 30 June 2023 remains stable as compared to their value as at 31 December 2022 because there was no material change in the rental value as well as rental area.

Other income, expenses, gains and losses

The Group had a net loss of approximately RMB126.6 million for other income, expenses, gains and losses for the six months ended 30 June 2023 (for the six months ended 30 June 2022: a net loss of RMB143.9 million). The net loss for the six months ended 30 June 2023 was mainly caused by the net foreign exchange loss of approximately RMB147.3 million which was the result of the depreciation of RMB during the period.

Selling and marketing expenses

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

Selling and marketing expenses increased significantly from approximately RMB16.3 million for the six months ended 30 June 2022 to approximately RMB30.0 million for the six months ended 30 June 2023. The increase was mainly due to the Group's consolidation of Jiangsu Shanghao Real Estate Development Co. Ltd. as a subsidiary in June 2022 and increased selling and marketing expenses of approximately RMB11.0 million.

Administrative expenses

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

Administrative expenses increased from approximately RMB69.5 million for the six months ended 30 June 2022 to approximately RMB70.4 million for the six months ended 30 June 2023, representing an increase of approximately 1.3% as compared with that in the corresponding period of last year. During the reporting period, the Group continued to maintain tight cost control policies which included the control of headcount, across-the-broad reduction of salaries and reduction of year-end bonuses.

Finance costs

Finance costs consisted primarily of interest expenses on bank loans and senior notes net of capital finance costs. Finance costs increased from approximately RMB153.7 million for the six months ended 30 June 2022 to approximately RMB162.1 million for the six months ended 30 June 2023, primarily due to the reduction of interest expense capitalized since less projects were under progress as compared to the same period last year.

Income tax

Tax expenses decreased by approximately RMB37.0 million from approximately RMB71.0 million for the six months ended 30 June 2022 to approximately RMB34.0 million for the six months ended 30 June 2023. The decrease was mainly due to the decrease in corporate income tax and deferred taxation.

Loss for the period

Due to the gross loss margin generated from operating activities under the impact of the tough business environment in the real estate industry and the foreign exchange loss of approximately RMB147.3 million, the Group incurred a net loss of approximately RMB518.9 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB360.0 million).

Liquidity, financial and capital resources

Cash position

As at 30 June 2023, the Group's cash and bank balances were approximately RMB653.8 million (31 December 2022: RMB857.4 million), including restricted bank deposits of approximately RMB508.1 million (31 December 2022: RMB664.2 million). The decrease in cash and bank balances was mainly due to the decrease in proceeds received from property sales which was a result of the substantial decrease in contracted sales during the reporting period.

Breach of loan agreements and cross defaults under certain loan facilities

As at 30 June 2023, bank loans of US$40,000,000 (equivalent to approximately RMB289,032,000) and HK$374,680,000 (equivalent to approximately RMB345,455,000) were originally due on 31 August 2022 and the maturity date was extended to 31 October 2022. The maturity date has not been further extended and the Group failed to repay these bank loans on 31 October 2022 (the "**Default**"). The Group has received a demand notice from the bank requesting immediate repayment of these bank loans and payment of related interests. These bank loans are pledged by the Group's completed property for sale amounting to RMB737,600,000 as at 30 June 2023. On 10 July 2023, the Group received a notification from Mr. Kenneth Fung ("**Mr. Fung**") informing the Company that Mr. Fung, Mr. Fok Hei Yu and Mr. Aaron Luke Gardner (the "**Receivers**"), who are all from FTI Consulting (Hong Kong) Limited, have been appointed by the Bank as joint and several receivers and managers over (i) all the issued shares of Success Seeker Limited ("**SSL**"), being a subsidiary of the Company; and (ii) all of SSL's assets. SSL holds the above mentioned pledged completed property for sale.

The Default triggered cross-defaults of other bank loans with an aggregate carrying amount of HK$304,135,000 (equivalent to approximately RMB280,412,000) as of 30 June 2023, which became repayable on demand and were included in current liabilities. These cross-defaulted bank loans were secured by the Group's pledged deposits amounting to RMB314,000,000. If the bank requests repayment and the Group cannot fulfill the request, the bank has the right to take possession of the pledged deposits. Up to the date of approval of the interim financial statements, the Group continues to be in cross-default and the lender has not demanded immediate repayment of these bank loans.

The Default also triggered cross-default of the senior notes issued by the Group with carrying amount of RMB3,377 million as of 30 June 2023, such that they become due for immediate redemption once the relevant senior note holders (the "**Holders**") make the request under the cross-default provision. Such non-payment has caused an event of default itself. As of the date of approval of the interim financial statements, the senior notes continue to be defaulted and the Holders have not exercised their rights to require immediate redemption of the senior notes or payment of interest.

As at 30 June 2023, the Group's bank borrowings of approximately RMB1,867.3 million were secured by the properties, including property, plant and equipment, investment properties, properties under development for sale and completed properties held for sale, and cash of the Group with a total carrying value of approximately RMB5,429.9 million. The senior notes were secured by the share pledge of a majority of the Group's subsidiaries incorporated outside the PRC.

Cost of borrowings

For the six months ended 30 June 2023, the Group's total cost of borrowings was approximately RMB250.8 million, representing a decrease of approximately RMB61.5 million or approximately 19.7% as compared to the figure in the corresponding period in 2022 which was RMB312.3 million. The decrease was primarily due to the decrease in average borrowing cost in the reporting period as compared to the corresponding period in 2022. The Group's average costs of borrowings during the six months ended 30 June 2023 and 2022 were approximately 9.7% and 11.8%, respectively.

Gearing ratio

The net gearing ratio was calculated by dividing the total borrowings net of cash and restricted bank deposits by the total equity. As at 30 June 2023, the net gearing ratio of the Group was approximately 327.7% (31 December 2022: 223.2%).

The Group's debt-to-asset ratio (total indebtedness minus contract liabilities divided by total assets) was approximately 73.7% as at 30 June 2023 versus approximately 69.0% as at 31 December 2022.

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.

Contingent liabilities

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 terms 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.

As at 30 June 2023, mortgage loan guarantees provided by the Group to the banks in favour of its customers amounted to approximately RMB45.9 million (31 December 2022: RMB55.0 million). In the opinion of the Directors, the fair value of the guarantees at initial recognition is insignificant as the default rate is low.

Employees and remuneration policies

As at 30 June 2023, the Group had a total of approximately 568 (31 December 2022: 563) full- time employees in Hong Kong and mainland China. The Group enters into employment contracts with its employees to cover matters such as job position, terms of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonuses and share options. Remuneration is determined with reference to the performance, skills, qualifications and experience of the employee concerned and the prevailing industry practice.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2023, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and most of the recommended best practices contained therein.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors: Mr. Li Sze Keung (Chairman), Mr. Wong Cho Kei, Bonnie and Ms. Wong Lai Ling, 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, implementation of the anti-corruption and whistleblowing policies 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 unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 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 Ms. Wong Lai Ling, 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 E.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. Li Sze Keung, an independent non- executive Director and Ms. Wong Lai Ling, 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 period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 10 July 2023, the Company received a notification from Mr. Kenneth Fung ("**Mr. Fung**") informing the Company that Mr. Fung, Mr. Fok Hei Yu and Mr. Aaron Luke Gardner (the "**Receivers**"), who are all from FTI Consulting (Hong Kong) Limited, have been appointed by the Bank as joint and several receivers and managers over (i) all the issued shares of Success Seeker Limited ("**SSL**"), being a subsidiary of the Company; and (ii) all of SSL's assets.

The Company will liaise with the Receivers and in the event that the Receivers have decided the way going forward in handling the above properties, the Company will make further announcement(s) to update the shareholders of the Company and potential investors as and when appropriate and comply with the requirement of the Listing Rules, if any. For details, please refer to the announcement of the Company dated 10 July 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gwtd.com.hk). The interim report of the Group for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 30 August 2023

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry and Mr. Tjie Tjin Fung as Executive Directors; Mr. Suwita Janata and Mr. Gunawan Kiky as Non-Executive Directors; Mr. Wong Cho Kei, Bonnie, Mr. Li Sze Keung and Ms. Wong Lai Ling as Independent Non-Executive Directors.