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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- The Group's contracted sales amounted to RMB1,497.0 million for the six months ended 30 June 2016.
- Revenue increased by 9.9% to RMB128.8 million for the six months ended 30 June 2016 (30 June 2015: RMB117.2 million).
- Gross profit margin for the six months ended 30 June 2016 maintained at a relatively high level of 51.9% (30 June 2015: 50.0%).
- Change in fair value of investment properties amounted to RMB126.1 million for the six months ended 30 June 2016 (30 June 2015: RMB133.6 million).
- Profit attributable to owners of the Company amounted to RMB100.4 million for the six months ended 30 June 2016 (30 June 2015: RMB102.4 million) with earnings per share amounted to RMB0.056 per share for the six months ended 30 June 2016 (30 June 2015: RMB0.057 per share).
- Total equity amounted to RMB3,789.2 million as at 30 June 2016 (31 December 2015: RMB3,688.7 million) with net asset value per share amounted to RMB2.10 per share (31 December 2015: RMB 2.05 per share). [Note 1]
- Net gearing ratio maintained at a low level of 40.8% as at 30 June 2016 (31 December 2015: 42.4%). [Note 2]
- The Board resolved to declare an interim dividend of RMB1.38 cents (equivalent to HKD1.605 cents) per share.

Notes:

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

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

The board of directors (the "**Board**") of Golden Wheel Tiandi Holdings Company Limited (the "**Company**") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period of 2015 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended	
	NOTES	**30 June 2016 (unaudited)** ***RMB'000***	30 June 2015 (unaudited) *RMB'000*
Revenue	*3*	**128,791**	117,150
Cost of sales		**(61,985)**	(58,642)
Gross profit		**66,806**	58,508
Other income, expenses, gains and losses	*4*	**31,953**	41,055
Selling and marketing expenses		**(17,641)**	(5,645)
Administrative expenses		**(59,391)**	(69,663)
Finance costs	*5*	**(40,214)**	(28,205)
Share of profits of joint ventures		**28,368**	7,891
Changes in fair value of investment properties	*10*	**126,129**	133,616
Profit before tax	*6*	**136,010**	137,557
Taxation	*7*	**(35,579)**	(35,141)
Profit for the period		**100,431**	102,416
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**–**	22,175
Deferred tax liability on recognition of revaluation of properties		**–**	(5,544)
		–	16,631
Profit for the period and attributable to: owners of the Company		**100,431**	102,416

	NOTES	Six months ended 30 June 2016 (unaudited) RMB'000	30 June 2015 (unaudited) RMB'000
Total comprehensive income attributable to:			
owners of the Company		**100,431**	119,047
EARNINGS PER SHARE			
– Basic (RMB per share)	*8*	**0.056**	0.057
– Diluted (RMB per share)	*8*	**0.056**	0.057

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
	NOTES	**2016**	2015
		(unaudited)	(audited)
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*10*	**76,779**	79,101
Investment properties	*10*	**4,753,522**	4,568,422
Interests in joint ventures		**224,136**	195,768
Deferred tax assets		**36,390**	30,419
Available-for-sale investments		**12,400**	12,400
Restricted bank deposits		**62,000**	65,850
		5,165,227	4,951,960
Current assets			
Properties under development for sale		**2,083,964**	1,707,204
Completed properties for sale		**226,082**	271,257
Trade and other receivables	*11*	**238,617**	120,934
Land appreciation tax and income tax prepaid		**23,500**	6,616
Derivative financial assets		**2,153**	2,161
Held-for-trading investments		**16,907**	18,262
Available-for-sale investments		**14,393**	14,088
Structured bank deposits		**116,000**	81,707
Restricted bank deposits		**466,547**	523,784
Cash and cash equivalents		**287,795**	794,629
		3,475,958	3,540,642

	NOTES	As at 30 June 2016 (unaudited) RMB'000	31 December 2015 (audited) RMB'000
Current liabilities			
Trade and other payables	*12*	**290,831**	287,710
Rental received in advance		**27,701**	35,049
Deposits and prepayments received from pre-sale of properties		**827,711**	175,286
Amount due to a joint venture		**43,130**	69,161
Land appreciation tax and income tax liabilities		**182,428**	185,306
Bank borrowings – due within one year		**841,851**	974,532
Senior notes – due within one year		**–**	558,922
Derivative financial liabilities		**25,352**	71,510
		2,239,004	2,357,476
Net current assets		**1,236,954**	1,183,166
Total assets less current liabilities		**6,402,181**	6,135,126
Non-current liabilities			
Derivative financial liabilities		**31,535**	31,549
Bank borrowings – due after one year		**516,762**	402,914
Rental received in advance		**25,000**	28,594
Senior notes – due after one year		**883,939**	866,041
Bonds		**234,756**	228,544
Deferred tax liabilities		**920,957**	888,797
		2,612,949	2,446,439
Net assets		**3,789,232**	3,688,687
Capital and reserves			
Share capital		**113,099**	113,099
Share premium and reserves		**3,676,133**	3,575,588
Equity attributable to owners of the Company		**3,789,232**	3,688,687
Total equity		**3,789,232**	3,688,687

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements are presented in Renminbi ("**RMB**") except otherwise indicated.

Since the end of last annual reporting period, there has been no significant events or transactions which have had a significant impact on the Group's current interim financial position and performance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current reporting period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") issued by IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Segment revenue and results

	Property development	**Property leasing**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
For the six months ended 30 June 2016 (unaudited)			
Segment revenue	59,953	68,838	128,791
Segment results	13,282	15,701	28,983
Other income, expenses, gains and losses			31,953
Finance costs			(40,214)
Unallocated corporate expenses			(39,209)
Share of profits of joint ventures			28,368
Changes in fair value of investment properties			126,129
Profit before tax			136,010
For the six months ended 30 June 2015 (unaudited)			
Segment revenue	47,895	69,255	117,150
Segment results	7,044	15,134	22,178
Other income, expenses, gains and losses			41,055
Finance costs			(28,205)
Unallocated corporate expenses			(38,978)
Share of profits of joint ventures			7,891
Changes in fair value of investment properties			133,616
Profit before tax			137,557

4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

i) Other income

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest income from bank deposits	**19,556**	16,230
Interest income from derivative financial assets/liabilities	**10,893**	7,403
Interest income from available-for-sale investments	**449**	871
Government grant	**3,120**	–
Others	**6,722**	1,221
	40,740	25,725

ii) Other gains and losses

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**131**	62
Changes in fair value of held-for-trading investments	**(2,270)**	–
Loss on disposal of available-for-sale investments	**–**	(159)
Realized gain on changes in fair value of derivative financial assets/liabilities	**17,069**	–
Unrealized gain on changes in fair value of derivative financial assets/liabilities	**–**	6,791
Net foreign exchange (losses) gains	**(22,929)**	8,881
	(7,999)	15,575

iii) **Other expenses**

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Others	**(788)**	(245)

5. FINANCE COSTS

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest on bank loans	**30,944**	28,753
Interest on senior notes	**69,972**	54,546
Interest on bonds	**14,558**	–
Less: Amount capitalized to properties under development for sale and investment properties under development	**(75,260)**	(55,094)
	40,214	28,205

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Rental income in respect of investment properties	**(51,769)**	(54,983)
Less: Direct operating expenses of investment properties that generated rental income	**6,526**	7,777
	(45,243)	(47,206)
Rental income from sub-lease of rented properties	**(17,069)**	(14,272)
Less: Rental expenses of properties under operating sub-lease	**15,068**	16,535
	(2,001)	2,263
Cost of properties sold	**38,407**	31,256
Depreciation of property, plant and equipment	**3,570**	3,776

7. TAXATION

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax:		
– PRC enterprise income tax ("**EIT**")	**7,350**	2,293
– Land appreciation tax ("**LAT**")	**2,040**	856
	9,390	3,149
Deferred tax	**26,189**	31,992
	35,579	35,141

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

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

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

During the period, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects, and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated. The EIT and LAT liabilities are recorded in the "land appreciation tax and income tax liabilities" of the condensed consolidated financial statements.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30 June 2016	30 June 2015
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**100,431**	102,416
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,802,456**	1,802,456

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

9. DIVIDENDS

During the current interim period, no dividend, in respect of the year ended 31 December 2015, was declared and paid to the owners of the Company (six months ended 30 June 2015: RMB0.0195 per share in respect of the year ended 31 December 2014, approximately amounted to RMB35,148,000).

Subsequent to the end of the current interim period, the directors of the Company recommended the declaration and payment of an interim dividend of RMB 0.0138 per share, approximately amounting to RMB24,874,000 in aggregate for the six months ended 30 June 2016 (six months ended 30 June 2015: nil), will be paid to the owners of the Company whose names appear in the register of members on 23 September 2016.

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The fair values of the Group's investment properties were arrived at on the basis of a valuation carried out at the end of the reporting period by Crowe Horwath (HK) Consulting & Valuation Limited (the "Property Valuer"), who is a firm of independent valuer qualifications. The Group's investment properties have been valued individually, on market value basis. The resulting increase in fair value of investment properties of RMB126,129,000 has been recognized directly in profit or loss and other comprehensive income for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB133,616,000).

During the six months ended 30 June 2016, the Group incurred cost of RMB38,077,000 (six months ended 30 June 2015: RMB15,433,000) on investment properties.

During the six months ended 30 June 2015, the Group transferred certain of its property interests held for short term leasing with carrying values of approximately RMB11,639,000 from property, plant and equipment to investment properties. The resulting revaluation surplus of approximately RMB22,175,000 with the deferred tax liabilities RMB5,544,000 relating to such property interests as at the date of transfer had been credited to the property revaluation reserve in equity. There is no such transfer during the six months ended 30 June 2016.

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2016	2015
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Trade receivables	**18,348**	21,554
Other receivables	**28,717**	31,682
Deposit *(Note a)*	**96,000**	–
Receivables from the land administration authority *(Note b)*	**56,270**	56,270
Advances to contractors	**1,083**	2,146
Other taxes prepaid	**38,199**	9,282
	238,617	120,934

Notes:

a: The amount of RMB96,000,000 represents deposit for purchase of the equity interests in an unlisted bank in the PRC. The purchase of any equity interests in a bank in the PRC is required to be approved by the relevant government authority. As the Company is still in the progress of obtaining the approval from relevant government authority, the amount paid is accounted for as deposits paid and included under other receivables in the condensed consolidated statement of financial position at the end of the reporting period. The amount of deposit will be refunded should the government authority does not approve the purchase.

b: The amount of RMB56,270,000 represents receivables of RMB23,000,000 from the land administration authority in respect of returning the prepayment for leasehold land held for development for sale and RMB33,270,000 compensation receivable. Subsequent to the end of the reporting period, the Group received RMB23,000,000 in respect of the prepayment and in the opinion of the directors of the Company, the compensation receivable will be settled within the next six months.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of properties/date of rendering of services which approximated the respective dates on which revenue was recognized.

	As at	
	30 June 2016	31 December 2015
	(unaudited)	(audited)
	RMB'000	*RMB'000*
0 to 30 days	**17,272**	20,754
31 to 60 days	**991**	79
61 to 180 days	**–**	215
Over 1 year	**85**	506
	18,348	21,554

12. TRADE AND OTHER PAYABLES

	As at	
	30 June 2016	31 December 2015
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Trade payables:		
0 to 60 days	**203,416**	133,147
61 to 180 days	**1,584**	366
181 to 365 days	**854**	1,387
Over 1 year	**25,464**	77,327
	231,318	212,227
Rental deposits received	**36,977**	36,936
Other taxes payable	**3,951**	3,817
Interest payable	**7,796**	19,463
Other payables and accrued expenses	**10,789**	15,267
	290,831	287,710

BUSINESS REVIEW

Property development

During the six months period ended 30 June 2016, the Group concentrated on the development and pre-sales activities for the seven projects acquired during 2013 and 2014. Development progress of these projects were in line with the planned schedule. Pre-sale activities of six projects were carried out during the period. For the six months period ended 30 June 2016, we achieved approximately RMB1,497 million contracted sales which included RMB95 million contributed by a joint-venture entity in which the Group holds 49% interest. Due to the easing policies adopted by the PRC Government and better market sentiment, the pre-sale results were better than our expectation especially for our projects in Nanjing. The average selling price of one of our residential projects had increased from RMB11,200 per sq.m. at the time of its first launch to RMB18,000 per sq.m. in June 2016.

As at 30 June 2016, the saleable GFA of our completed projects amounted to 44,736 sq.m., and based on their current market value, their total saleable value amounted to approximately RMB383.7 million. These properties were mainly residential and office units situated in prime locations.

As at 30 June 2016, a total GFA of approximately 7,110 sq.m. of completed units were sold and delivered.

As at 30 June 2016, the Group has a total land bank of GFA of 877,674 sq.m. including 44,736 sq.m. of completed but unsold properties, 2,535 sq.m. of own used properties, 109,024 sq.m. of completed investment properties, 615,205 sq.m. of properties under development and 106,174 sq.m. of properties under development by the joint-venture entity.

Property Leasing

Investment properties

As at 30 June 2016, the Group had completed investment properties with a total GFA of approximately 109,024 sq.m.. The occupancy rate of the Group's investment properties was close to 90%.

Metro leasing and operational management business

As at 30 June 2016, the Group had leasing and operational management contracts of metro station shopping malls in four cities in the Mainland China, namely, Nanjing, Suzhou, Wuxi and Changsha with a total leasable GFA of around 70,000 sq.m.. As at 30 June 2016, a total leasable GFA of 20,463 sq.m. of these metro station shopping malls had started operation and the overall occupancy rate was around 95%. It is expected that more metro station shopping malls will be delivered to us and will start operation in the next two years and this metro leasing operational management business will gradually increase the Group's recurring leasing rental income in the coming years.

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

Investments

In addition to placing surplus funds as time deposits in banks in Hong Kong and China, the Group had also invested in corporate high yield bonds with good credit ratings as well as listed equity shares and funds in the PRC. As at 30 June 2016, the Group had bond investments and listed equity shares and fund investments amounting to RMB14.4 million and RMB16.9 million respectively. The coupon rates of the bond investments ranged between 4.95% and 6.75%. These investments facilitate the preservation of the Group's liquidity while enhancing interest yields.

OUTLOOK

In the first half of 2016, benefiting from the increase in land prices (which may have a positive impact on buyers' expectation on future property prices) and the improved market sentiment, the Group achieved record-high contracted sales figures.

Looking forward to the second half of the year, although the local governments of some major cities have rolled out a series of stringent measures to suppress the surge in residential property prices, the Group is optimistic that China's property market will remain on a track of stable growth as the Group believes the PRC central government is capable to stabilise the economy and achieve the targeted GDP growth. A number of our projects have been scheduled to be completed and delivered in the second half of 2016 and as such, the relevant unrecognised contracted sales will be recognised as revenue of the Group upon completion and delivery. Our management expects the Group to achieve a higher revenue and net profit in 2016 full year as compared to 2015, if the completion and delivery of our property projects are on schedule.

In order to achieve continuous growth, the Group has been actively identifying potential land for acquisition during the period. However, the Group is particularly cautious of the recent land prices surge in major cities in China, including Beijing, Shanghai, Shenzhen and, our home town, Nanjing, and developers paying record-breaking prices for land parcels. Restraining from vying aimlessly for land, the Group strictly adheres to a prudent approach in land acquisition and controls land purchases with a set of stringent profitability requirements. As such, no new land parcel has been acquired by the Group since January 2014. The Group has identified a few target lands for acquisition. All of them are located in the cities which the Group has presence and experience in the market therein. The Group is optimistic to have new land acquisition in the second half of 2016.

To meet the changes in the market conditions, the Group has refined its strategy to focus more on the leasing business especially on the metro station leasing and operational management business as this business is less capital intensive and has a high profit margin.

In April 2016, Nanjing Golden Wheel Commercial Management Corporation Limited, our indirect wholly-owned subsidiary, which is principally engaged in metro station leasing and operational management business, filed an application for a quotation and open transfer of its shares on the National Equities Exchange and Quotations System in the PRC ("NEEQ"). Approval for the listing and quotation on NEEQ was obtained in July 2016. The Group believed that the listing of the subsidiary will not only provide an independent platform for it to obtain financing and raise new share capital, but also to enhance its financing flexibility for its further growth and future development.

In view of the above, the Group is optimistic about the prospects of our business in the PRC property market. The Group will continue to focus on our specialized business and cautiously expand its market share.

FINANCIAL REVIEW

Results of operation

Revenue

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

	For the six months ended			
	30 June 2016 (unaudited)		30 June 2015 (unaudited)	
	RMB'000	*%*	*RMB'000*	*%*
Property development	**59,953**	**46.6**	47,895	40.9
Property leasing	**68,838**	**53.4**	69,255	59.1
Total	**128,791**	**100.0**	117,150	100.0

The Group's revenue was primarily generated from its sale of developed properties, which accounted for 46.6% of its revenue for the six months ended 30 June 2016 (six months ended 30 June 2015: 40.9%), and rental income from property leasing, which accounted for 53.4% of its revenue for the six months ended 30 June 2016 (six months ended 30 June 2015: 59.1%). Revenue increased by 9.9% from RMB117.2 million for the six months ended 30 June 2015 to RMB128.8 million for the six months ended 30 June 2016, primarily due to the increase in revenue derived from property development business.

Property development

Revenue derived from the property development business increased by 25.3% from RMB47.9 million for the six months ended 30 June 2015 to RMB60.0 million for the six months ended 30 June 2016. This increase was primarily due to the increase in the total GFA sold and delivered during the first half of 2016. Due to our project development cycle, the Group had no new project completed and delivered during the first half of 2016.

Property leasing

Revenue derived from property leasing remained flat at RMB68.8 million for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB69.3 million). There was no major addition of investment properties as well as metro station shopping malls under management contracts during the current interim period and the overall occupancy rate maintained at a level of around 90%.

Cost of sales

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

	For the six months ended			
	30 June		30 June	
	2016		2015	
	RMB'000	*%*	*RMB'000*	*%*
Property development				
– Land acquisition costs	**7,449**	**12.0**	6,583	11.2
– Construction costs	**28,074**	**45.3**	21,767	37.1
– Capitalized finance costs	**3,132**	**5.1**	2,906	5.0
– Tax expenses	**1,736**	**2.8**	2,683	4.6
Subtotal	**40,391**	**65.2**	33,939	57.9
Property leasing *(note)*	**21,594**	**34.8**	24,703	42.1
Total	**61,985**	**100.0**	58,642	100.0

Note: The amount included rental expense of RMB15.1 million (six months ended 30 June 2015: RMB16.5 million) for the metro station shopping malls for the six months ended 30 June 2016.

Cost of sales increased by 5.8% from RMB58.6 million for the six months ended 30 June 2015 to RMB62.0 million in for the six months ended 30 June 2016, primarily due to the increase in the sales of properties.

Gross profit and gross profit margin

Gross profit increased by 14.2% from RMB58.5 million for the six months ended 30 June 2015 to RMB66.8 million for the six months ended 30 June 2016, primarily due to the increase in the sales of properties.

Gross profit margin of the Group increased from 50.0% for the six months ended 30 June 2015 to 51.9% for the six months ended 30 June 2016, primarily due to the increase in the average selling price of our properties sold, which was due to the overall recovery of the property market.

The gross profit margin for property development increased from 29.1% for the six months ended 30 June 2015 to 32.6% for the six months ended 30 June 2016. The increase was mainly due to the increase in average selling price of properties sold.

The gross profit margin for property leasing increased from 64.3% for the six months ended 30 June 2015 to 68.6% for the six months ended 30 June 2016. The increase was mainly due to the increase of gross profit margin of our new metro station shopping malls as the overall occupancy rate had been increased to 95% as at 30 June 2016.

Changes in fair value of investment properties

The Group's investment properties are revaluated at the end of the relevant periods on an open market value or existing use basis by an independent property valuer.

The change in fair value of investment properties decreased by 5.6% from RMB133.6 million for the six months ended 30 June 2015 to RMB126.1 million for the six months ended 30 June 2016.

Other income, expenses, gains and losses

The Group had a net gain of RMB32.0 million for the six months ended 30 June 2016, as compared to a net gain of RMB41.1 million for the six months ended 30 June 2015. The net gain for the six months ended 30 June 2016 mainly consisted of interest income of RMB30.9 million, net foreign exchange losses of RMB22.9 million, realized gain on changes in fair value of derivative financial assets/liabilities of RMB 17.1 million.

Selling and marketing expenses

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

Selling and marketing expenses increased from RMB5.6 million for the six months ended 30 June 2015 to RMB17.6 million for the six months ended 30 June 2016, mainly due to the increase in advertising and promotional expenses for the pre-sales activities of projects during the current interim period.

Administrative expenses

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

Administrative expenses decreased from RMB69.7 million for the six months ended 30 June 2015 to RMB59.4 million for the six months ended 30 June 2016, primarily due to the reduction of discretionary bonus paid to our directors and senior management.

Finance costs

Finance costs increased from RMB28.2 million for the six months ended 30 June 2015 to RMB40.2 million for the six months ended 30 June 2016, primarily due to the increase in totally finance costs as total average borrowings were increased from RMB2,368.4 million for the period ended 30 June 2015 to RMB2,754.1 million for the period ended 30 June 2016. During the six months ended 30 June 2016, since all of the projects were under construction, more funding was required to finance the construction. On the other hand, the Group has issued US$100 million senior notes in December 2015 primarily for refinancing the Group's RMB senior notes which were matured in April 2016. As a result, the Group had a higher total borrowings in the first four months of 2016 which inevitably increased the finance costs for the period.

Tax expenses

Tax expenses increased by RMB0.5 million from RMB35.1 million for the six months ended 30 June 2015 to RMB35.6 million for the six months ended 30 June 2016.

Profit attributable to owners of the Company

Net profit attributable to owners of the Company was RMB100.4 million, representing a decrease of 2.0% from RMB102.4 million for the corresponding period in 2015.

Liquidity, financial and capital resources

Cash position

As at 30 June 2016, the Group's cash and bank balances was RMB932.3 million (31 December 2015: RMB1,466.0 million), including restricted cash of RMB528.5 million (31 December 2015: RMB589.6 million) and structured bank deposits of RMB116.0 million (31 December 2015: RMB81.7 million). The decrease in cash and bank balances was mainly due to the repayment of the Group's 2016 RMB senior notes which were matured in April 2016.

Cost of borrowings

For the six months ended 30 June 2016, the Group's total cost of borrowings was RMB115.5 million, representing an increase of RMB32.2 million or 38.7% as compared to the figure in the corresponding period in 2015 which was RMB83.3million. The increase was primarily due to the higher average debt balance in the period as compared to the same period in 2015. In December 2015, the Group issued US$100 million senior notes which were mainly used for refinancing the Group's 2016 RMB senior notes which were matured in April 2016. The Group's average costs of borrowings during the six months ended 30 June 2016 and 2015 were approximately 7.91% and 7.10%, respectively.

Bank and other borrowings

As at 30 June 2016, the Group's bank and other borrowings were RMB2,477.3 million (including senior notes of RMB883.9 million and bonds of RMB234.8 million), representing a decrease of RMB553.7 million from RMB3,031.0 million as at 31 December 2015 (including senior notes of RMB866.0 million and bonds of RMB228.5 million). Of the bank borrowings, RMB841.9 million was repayable within one year and RMB516.8 million was repayable between two and five years. Senior notes of RMB883.9 million are repayable in December 2017. Bonds of RMB234.8 million are repayable in December 2018.

As at 30 June 2016, the Group's bank borrowings of RMB1,139.8 million were secured by the properties, including land and buildings, investment properties, properties under development for sale and completed properties held for sale, and cash of the Group with a total carrying value of RMB5,513.4 million. The senior notes are secured by the share pledge of a majority of the Group's subsidiaries incorporated outside the PRC.

Except for the senior notes and bonds, the majority of the Group's bank borrowings carry a floating interest rate linked with the base lending rate of the People's Bank of China, London Inter-bank offered rate or Hong Kong Inter-bank offered rate. The Group's interest rate risk is mainly associated with the floating interest rates of its bank borrowings.

Gearing ratio

The net gearing ratio was calculated by dividing the total borrowings (net of bank balances and cash and restricted bank deposits) by the total equity. As at 30 June 2016, the net gearing ratio of the Group remained comparatively low at 40.8% (31 December 2015: 42.4%).

Foreign exchange rate risk

The Group operates its businesses mainly in China and the majority of the Group's bank deposits and bank and other borrowings are denominated in Renminbi. Certain bank deposits, available-for-sale investments and bank borrowings are denominated in Hong Kong dollars or US dollars. Fluctuations in 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 the banks in connection with its customers' mortgage loans to finance their purchase of the Group's properties. The Group's guarantees are released upon the banks receiving the individual property ownership certificate of the respective property from the customers as pledges for security to the mortgage loan granted. If any such customer defaults on the mortgage payment during the terms of the respective guarantee, the banks may demand the Group to repay the outstanding amount of the mortgage loan of such defaulting customer and any accrued interest thereon.

As at 30 June 2016, these mortgage loan guarantees provided by the Group to the banks in favor of its customers amounted to RMB438.3 million (31 December 2015: RMB296.3 million). In the opinion of the directors, the fair value of the financial guarantee contracts at initial recognition is insignificant as the default rate is low.

Employees and remuneration policies

As at 30 June 2016, the Group had a total of approximately 452 (30 June 2015: 400) full-time employees in Hong Kong and China. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonuses and share options. Remuneration is determined with reference to the performance, skills, qualifications and experience of the employee concerned and the prevailing industry practice.

SUFFICIENCY OF PUBLIC FLOAT

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

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 2016, the Company has complied with the code provisions (the "**Code Provision**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and most of the recommended best practices contained therein.

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

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive directors, Ms. Howe Sau Man (Chairwoman), Mr. Hui Yan Moon and Mr. Lie Tak Sen, who together have sufficient accounting and financial management expertise and business experience to carry out their duties.

The primary duties of the Audit Committee are to review the Group's financial control, internal control and risk management, review and monitor the integrity of financial statements and to review annual and interim financial statements and report before submission to the Board. The Audit Committee meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The Audit Committee has reviewed the unaudited interim condensed financial statements for the six months ended 30 June 2016 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. Hui Yan Moon (Chairman), an independent non-executive director, Mr. Wong Kam Fai, an executive director, and Mr. Lie Tak Sen, an independent non-executive director.

The primary duties of the Remuneration Committee are to make recommendations to the directors on the Company's policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; to assess performance of each executive director; to determine the terms of the specific remuneration package of each executive director and senior management; and to review and approve of performance-based remuneration by reference to corporate goals and objectives resolved by directors from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Nomination Committee currently consists of two independent non-executive directors and an executive director; Mr. Wong Yam Yin (Chairman), an executive director, Mr. Wong Ying Loi, an independent non-executive director, and Ms. Howe Sau Man, an independent non-executive director.

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

A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment in case of the appointment of 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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code for securities transactions by the Directors. The Company has made specific enquiries with all the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For RMB600,000,000 11.25% senior notes due 2016 (the "**2016 Notes**"), the Company repurchased and cancelled part of the 2016 Notes in the amounts of RMB33,800,000 and RMB86,000,000 on 31 December 2015 and 30 March 2016 respectively. The Company has redeemed the remaining outstanding principal amount of the 2016 Notes on maturity in April 2016.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

INTERIM DIVIDEND

The Board recommends the declaration and payment of an interim dividend of RMB1.38 cents (equivalent to HKD1.605 cents) per share (the "**Interim Dividend**") for the six month ended 30 June 2016. It is expected that the Interim Dividend will be payable on Friday, 7 October 2016 to the Shareholders whose names are listed on the register of members of the Company on Friday, 23 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 22 September 2016 to Friday, 23 September 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Proposed Interim Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 September 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and the Company (www.gwtd.com.hk). The interim report of the Group for the six months ended 30 June 2016 containing all the information required by Listing Rules will be despatched to shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and the Company (www.gwtd.com.hk) in due course.

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

Hong Kong, 26 August 2016

As at the date of this announcement, the Board comprises: Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry, Mr. Tjie Tjin Fung, and Mr. Janata David as executive directors; Mr. Suwita Janata and Mr. Gunawan Kiky as non-executive directors; and Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen as independent non-executive directors.