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GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED

金輪天地控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1232)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

1. Contracted sales amounted to RMB2,359.0 million (2015: 923.0 million), including RMB133.0 million (2015: RMB268.0 million) contributed by a joint venture entity, representing an increase of approximately 156% as compared with 2015.
2. Revenue amounted to RMB940.8 million (2015: RMB229.5 million), representing an increase of approximately 310% as compared with 2015.
3. Rental income from property leasing amounted to RMB146.3 million (2015: RMB129.2 million), representing an increase of approximately 13% as compared with 2015. Total investment properties as at 31 December 2016 amounted to RMB5,028.6 million (2015: RMB4,568.4 million).
4. Gross profit margin for property sales and property leasing amounted to 32.1% (2015: 27.5%) and 71.9% (2015: 64.0%) respectively.
5. Profit attributable to shareholders increased by approximately 19.4 times to RMB265.4 million (2015: RMB13.0 million) as compared with 2015. Basic earnings per share increased by approximately 20 times to RMB14.7 cents (2015: RMB0.7 cents).
6. As of 31 December 2016, the Group had total cash and bank deposits of approximately RMB1,795.6 million. Net gearing ratio reduced to a low level of 26.2% (2015: 42.4%). ^{Note1}
7. Net asset value per share amounted to RMB 2.18 per share as at 31 December 2016. ^{Note2}
8. The Board proposed a final dividend of RMB2.50 cents per share. Together with the interim dividend of RMB1.38 cents per share, the total dividend for the financial year ended 31 December 2016 is RMB3.88 cents per share.

Notes:

- 1 Net gearing ratio is calculated by aggregated bank borrowings, senior notes and bonds net of cash and bank balances, and structured and restricted bank deposits over the total equity.
- 2 Net asset value per share is calculated by shareholders' funds divided by weighted average number of shares.

The board of directors (the “**Board**”) of Golden Wheel Tiandi Holdings Company Limited (the “**Company**”) is pleased to announce that the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016, together with the comparative figures for the preceding year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

		2016	2015
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	940,765	229,514
Cost of sales		<u>(580,770)</u>	<u>(119,147)</u>
Gross profit		359,995	110,367
Other income, expenses, gains and losses	4	(47,199)	(72,589)
Selling and marketing expenses		(39,374)	(18,579)
Administrative expenses		(117,862)	(119,560)
Finance costs	5	(51,039)	(65,173)
Share of profits of joint ventures		82,832	11,943
Changes in fair value of investment properties		<u>264,368</u>	<u>229,738</u>
Profit before tax	6	451,721	76,147
Taxation	7	<u>(186,345)</u>	<u>(63,168)</u>
Profit for the year		<u>265,376</u>	<u>12,979</u>

Other comprehensive income:

Items that will not be reclassified to profit or loss:

Gain on revaluation of properties		–	22,175
Income tax relating to items that will not be reclassified		<u>–</u>	<u>(5,544)</u>
		<u>–</u>	<u>16,631</u>

		2016	2015
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Items that may be reclassified to profit or loss:			
Fair value loss on available-for-sale financial assets		–	(922)
Income tax relating to items that may be reclassified subsequently		–	–
		<u>–</u>	<u>(922)</u>
Other comprehensive income for the year, net of income tax		–	15,709
Profit for the year and attributable to owners of the Company		<u>265,376</u>	<u>12,979</u>
Total comprehensive income attributable to owners of the Company		<u>265,376</u>	<u>28,688</u>
EARNINGS PER SHARE			
– Basic (<i>RMB per share</i>)	<i>8</i>	<u>0.147</u>	<u>0.007</u>
– Diluted (<i>RMB per share</i>)	<i>8</i>	<u>0.147</u>	<u>0.007</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	<i>NOTES</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	75,427	79,101
Investment properties	<i>11</i>	5,028,622	4,568,422
Interests in joint ventures		278,600	195,768
Deferred tax assets		41,617	30,419
Available-for-sale investments		108,400	12,400
Restricted bank deposits		–	65,850
		<hr/> 5,532,666	<hr/> 4,951,960
Current assets			
Properties under development for sale		1,518,783	1,707,204
Completed properties for sale		701,029	271,257
Trade and other receivables	<i>12</i>	335,189	120,934
Prepayments for lease			
hold land held for development for sale		81,249	–
Amount due from a joint venture		16,164	–
Land appreciation tax and income tax prepaid		40,102	6,616
Derivative financial assets		–	2,161
Held-for-trading investments		3,697	18,262
Available-for-sale investments		14,088	14,088
Structured bank deposits		325,911	81,707
Restricted bank deposits		678,457	523,784
Cash and cash equivalents		791,238	794,629
		<hr/> 4,505,907	<hr/> 3,540,642
Current liabilities			
Trade and other payables	<i>13</i>	418,660	287,710
Rental received in advance		38,264	35,049
Deposits and prepayments received from			
pre-sale of properties		1,532,996	175,286
Amount due to a joint venture		–	69,161
Land appreciation tax and income tax liabilities		269,780	185,306
Derivative financial liabilities		51,266	71,510
Bank borrowings – due within one year		872,400	974,532
Senior notes – due within one year		918,905	558,922
		<hr/> 4,102,271	<hr/> 2,357,476
Net current assets		<hr/> 403,636	<hr/> 1,183,166
Total assets less current liabilities		<hr/> 5,936,302	<hr/> 6,135,126

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Derivative financial liabilities	–	31,549
Bank borrowings – due after one year	175,365	402,914
Rental received in advance	12,700	28,594
Senior notes	682,668	866,041
Bonds	176,175	228,544
Deferred tax liabilities	959,976	888,797
	<u>2,006,884</u>	<u>2,446,439</u>
 Net assets	 <u>3,929,418</u>	 <u>3,688,687</u>
 Capital and reserves		
Share capital	113,099	113,099
Share premium and reserves	3,816,319	3,575,588
	<u>3,929,418</u>	<u>3,688,687</u>
 Equity attributable to owners of the Company	 <u>3,929,418</u>	 <u>3,688,687</u>
 Total equity	 <u>3,929,418</u>	 <u>3,688,687</u>

NOTES

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

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

2.2 APPLICATION OF NEW AND REVISED IFRSs

New and revised IFRSs adopted during the year

The Group has applied for the first time in the current year the following new and amendments to International Financial Reporting Standards ("**IFRSs**") and International Accounting Standards ("**IAS**") issued by the International Accounting Standards Board ("**IASB**").

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
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	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related clarifications ¹
IFRS 16	Leases ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle ⁵
Amendments to IAS 7	Disclosure Initiative ⁴
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to IAS 40	Transfers of Investment Property ¹

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

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

³ *Effective for annual periods beginning on or after a date to be determined.*

⁴ *Effective for annual periods beginning on or after 1 January 2017.*

⁵ *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate*

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

	Property development <i>RMB’000</i>	Property leasing <i>RMB’000</i>	Total <i>RMB’000</i>
For the year ended 31 December 2016			
Segment revenue	<u>794,446</u>	<u>146,299</u>	<u>940,765</u>
Segment gross profit	254,860	105,135	359,995
Allocated corporate expenses	<u>(35,598)</u>	<u>(48,254)</u>	<u>(83,852)</u>
Segment results	<u>219,262</u>	<u>56,881</u>	276,143
Other income, expenses, gains and losses			(47,199)
Finance costs			(51,039)
Unallocated corporate expenses			(73,384)
Share of profits of joint ventures			82,832
Changes in fair value of investment properties			<u>264,368</u>
Profit before tax			<u>451,721</u>

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

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

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

Other segment information

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Property leasing	4,400	3,170
Unallocated	<u>4,064</u>	<u>7,395</u>
Total	<u><u>8,464</u></u>	<u><u>10,565</u></u>

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

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

4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

(1) Other income

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest income from bank deposits	24,141	27,611
Interest income from derivative financial assets/liabilities	7,741	17,810
Interest income from available-for-sale investments	909	1,137
Dividend income from available-for-sale investments	624	583
Investment income from held-for-trading investments	817	–
Compensation income from early termination of leasing contract	2,596	3,739
Government grants (<i>note a</i>)	7,420	–
Others	<u>1,593</u>	<u>2,278</u>
	<u><u>45,841</u></u>	<u><u>53,158</u></u>

(2) Other gains and losses

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	–	(254)
Changes in fair value of held-for-trading investments	(2,834)	(1,037)
Net changes in fair value of derivative financial assets/liabilities	6,204	(74,911)
Net foreign exchange losses	(95,213)	(46,391)
	<u>(91,843)</u>	<u>(122,593)</u>

(3) Other expenses

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Penalty expense incurred on late delivery of properties (<i>note b</i>)	(952)	(816)
Loss on repurchase of senior notes	–	(260)
Others	(245)	(2,078)
	<u>(1,197)</u>	<u>(3,154)</u>
Total	<u><u>(47,199)</u></u>	<u><u>(72,589)</u></u>

Notes:

- a. The amount represented the subsidies received by some of the Group entities from the local governments aiming to encourage business development activities in the local areas.
- b. The amount represented compensation paid to customers as a result of delivery of properties after the agreed period as specified in the sales and purchase agreements. The amount was calculated in accordance with the terms of the sales and purchase agreements.

5. FINANCE COSTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interests on bank loans	57,423	50,762
Interests on senior notes	128,236	119,706
Interests on bonds	25,558	3,150
<i>Less: Amount capitalized to properties under development for sale and investment properties under development</i>	<u>(160,178)</u>	<u>(108,445)</u>
	<u>51,039</u>	<u>65,173</u>

6. PROFIT BEFORE TAX

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Directors' remunerations	6,717	13,682
Other staff costs:		
– Salaries and other benefits	54,799	43,216
– Retirement benefit scheme contributions	<u>8,296</u>	<u>7,403</u>
Total staff costs	69,812	64,301
<i>Less: Amount capitalized to properties under development for sale and investment properties under development</i>	<u>(20,485)</u>	<u>(9,260)</u>
	<u>49,327</u>	<u>55,041</u>
Rental income in respect of investment properties	(110,915)	(104,651)
<i>Less: Direct operating expenses of investment properties that generated rental income</i>	<u>10,877</u>	<u>17,130</u>
	<u>(100,038)</u>	<u>(87,521)</u>
Rental income from sub-lease of rented properties	(35,384)	(24,544)
<i>Less: Rental expenses of properties under sub-lease</i>	26,644	23,152
<i>Less: Rental expenses of properties subject to sub-lease</i>	<u>3,643</u>	<u>6,171</u>
	<u>(5,097)</u>	<u>4,779</u>
Cost of properties sold	539,606	72,694
Auditor's remuneration	1,130	1,150
Depreciation of property, plant and equipment	<u>8,464</u>	<u>10,565</u>

7. TAXATION

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax:		
– PRC enterprise income tax (“EIT”)	63,511	6,765
– Land appreciation tax	<u>62,853</u>	<u>3,706</u>
	126,364	10,471
Deferred tax	<u>59,981</u>	<u>52,697</u>
	<u><u>186,345</u></u>	<u><u>63,168</u></u>

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

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

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

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

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

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

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>451,721</u>	<u>76,147</u>
Tax at PRC EIT rate of 25%	112,930	19,037
Tax effect of expenses not deductible for tax purpose	48,193	51,388
Tax effect of income not taxable for tax purpose	(6,297)	(7,852)
Tax effect of share of results of joint ventures	(20,708)	(2,986)
LAT	62,853	3,706
Tax effect of LAT	(15,713)	(926)
Withholding tax on undistributed profit of PRC subsidiaries	<u>5,087</u>	<u>801</u>
	<u>186,345</u>	<u>63,168</u>

8. EARNINGS PER SHARE

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

Earnings	2016 RMB'000	2015 <i>RMB'000</i>
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>265,376</u>	<u>12,979</u>
Number of shares	2016 '000	2015 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,802,456</u>	<u>1,802,456</u>

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both 2016 and 2015. Accordingly, the diluted earnings per share was the same as the basic earnings per share for both years.

9. DIVIDENDS

	2016 RMB'000	2015 <i>RMB'000</i>
Dividends recognized as distribution during the year: Interim dividend for the six months ended 30 June 2016 of RMB0.0138 per share (2015: final dividend for the year ended 31 December 2014: RMB0.0195) per share	<u>24,874</u>	<u>35,148</u>

Subsequent to 31 December 2016, a final dividend of RMB0.025 (equivalent to HK\$2.815 cents) per share in respect of the year ended 31 December 2016 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Computers and office equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
At 1 January 2015	97,736	8,686	4,410	14,662	125,494
Additions	–	109	4,406	745	5,260
Transfer to investment properties (<i>note</i>)	(14,582)	–	–	–	(14,582)
Disposals	(2,058)	(14)	(88)	–	(2,160)
At 31 December 2015	81,096	8,781	8,728	15,407	114,012
Additions	–	1,769	367	2,739	4,875
Disposals	–	(2,139)	(86)	–	(2,225)
At 31 December 2016	81,096	8,411	9,009	18,146	116,662
Depreciation					
At 1 January 2015	11,663	4,105	2,413	9,220	27,401
Provided for the year	6,980	942	2,327	316	10,565
Transfer to investment properties (<i>note</i>)	(2,943)	–	–	–	(2,943)
Eliminated on disposals	(104)	(6)	(2)	–	(112)
At 31 December 2015	15,596	5,041	4,738	9,536	34,911
Provided for the year	5,001	1,567	935	961	8,464
Eliminated on disposals	–	(2,055)	(85)	–	(2,140)
At 31 December 2016	20,597	4,553	5,588	10,497	41,235
Carrying Value					
At 31 December 2015	<u>65,500</u>	<u>3,740</u>	<u>3,990</u>	<u>5,871</u>	<u>79,101</u>
At 31 December 2016	<u>60,499</u>	<u>3,858</u>	<u>3,421</u>	<u>7,649</u>	<u>75,427</u>

Note: During the year ended 31 December 2015, the Group transferred certain property interests held for short term leasing with carrying values of approximately RMB11,639,000 (2014: Nil) from property, plant and equipment to investment properties. The resulting revaluation surplus of approximately RMB22,175,000 with the deferred tax liabilities RMB5,544,000 (2014: Nil) relating to such property interests as at the date of transfer had been credited to the property revaluation reserve in equity. There is no such property interests transfer during the year ended 31 December 2016.

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

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

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

As at 31 December 2016, land and buildings with carrying amount of approximately RMB9,753,000 (2015: RMB10,119,000) were pledged to banks to secure certain banking facilities granted to the Group.

11. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under development	Leasehold land held for development into investment properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015 - at fair value	3,769,500	390,000	–	4,159,500
Additions	–	79,747	–	79,747
Transfer from completed properties for sale	65,623	–	–	65,623
Transfer from property, plant and equipment	11,639	–	–	11,639
Transfer	6,524	(6,524)	–	–
Net change in fair value recognised in profit or loss	119,361	110,377	–	229,738
Net change in fair value upon transfer from property, plant and equipment recognised in other comprehensive income	22,175	–	–	22,175
	<u>3,994,822</u>	<u>573,600</u>	<u>–</u>	<u>4,568,422</u>
At 31 December 2015 - at fair value	3,994,822	573,600	–	4,568,422
Additions	5,932	170,368	–	176,300
Transfer from completed properties for sale	19,532	–	–	19,532
Transfer	226,882	(226,882)	–	–
Net change in fair value recognised in profit or loss	238,013	26,355	–	264,368
	<u>4,485,181</u>	<u>543,441</u>	<u>–</u>	<u>5,028,622</u>
At 31 December 2016 - at fair value	<u>4,485,181</u>	<u>543,441</u>	<u>–</u>	<u>5,028,622</u>

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

For completed investment properties, valuation was arrived at with reference to the market transactions of comparable properties and on the basis of capitalization of the rental income derived from existing tenancies with due allowance for reversionary income potential of the properties, where appropriate. The valuation of investment properties under development and leasehold land held for development into investment properties was carried at by making reference to the market transactions of comparable properties.

The following table sets out information about how the fair values of these investment properties are determined at 31 December 2016 and 31 December 2015 (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment property	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Golden Wheel International Plaza – Completed Investment property (“IP”)	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition of 5.25% (2015: 5%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions	Daily unit rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB 29/sq.m./day (2015: RMB26/sq.m./day) for the base level.	The higher the daily unit rent, the higher the fair value.
		Income method based on discounted cash flows with the following key input:	Level adjustment on individual floors of the property range from 45% to 75% (2015: from 45% to 75%) on specific levels.	The higher the level adjustment, the higher the fair value.
		(1)Capitalization rate		
		(2)Daily unit rent; and		
		(3)Level adjustment		
Zhuzhou Golden Wheel Time Square – Completed IP	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation nature of the property prevailing market condition of 5.25% (2015: 5%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions	Daily unit rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB27/sq.m./day (2015: RMB27/sq.m./day) for the base level.	The higher the daily unit rent, the higher the fair value.
		Income method based on discounted cash flows with the following key input:	Level adjustment on individual floors of the property range from 35% to 60% (2015: 35% to 60%) on specific levels.	The higher the level adjustment, the higher the fair value.
		(1)Capitalization rate		
		(2)Daily unit rent; and		
		(3)Level adjustment		

Investment property	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Golden Wheel New Metro in Nanjing-Completed IP	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation nature of the property prevailing market condition of 5.25% (2015: 5.25%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions	Daily unit rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB6/sq.m./day (2015: RMB5/sq.m./day)	The higher the daily unit rent, the higher the fair value.
		Income method based on discounted cash flows with the following key input: (1)Capitalization rate (2)Daily unit rent; and (3)Level adjustment	Level adjustment on individual floors of the property range from 50% to 75% (2015: 50% to 70%) on specific levels.	The higher the level adjustment, the higher the fair value.
Other properties completed in Nanjing	Level 3	A combination of direct comparison approach and income method.	Capitalisation rate, taking into account of the capitalisation of nature of the properties, prevailing market condition of 5% to 5.75% (2015: 5% to 5.75%).	The higher the capitalization rate, the lower the fair value.
		Direct comparison approach which is based on prices realized on actual transactions		
		Income method based on discounted cash flows with the following key input: Capitalization rate		
Other properties under development	Level 3	Direct comparison approach which is based on asking prices of comparable properties with location adjustments.	Locations adjustment on individual locations of the properties range from -5% to 10% (2015: 10% to 20%) on special locations	The higher the locations adjustment, the higher the fair value.

At the end of the reporting period, the Group's investment properties with a carrying amount of approximately RMB4,430,122,000 (2015: RMB3,883,880,000) were pledged to banks to secure certain banking facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	95,227	21,554
Other receivables	143,656	31,682
Receivables from the land administration authority in the PRC	33,270	56,270
Advances to contractors	5,140	2,146
Other taxes prepaid	56,986	9,282
	<u>334,279</u>	<u>120,934</u>

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

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
0 to 30 days	95,020	20,754
31 to 60 days	23	79
61 to 180 days	97	215
181 to 365 days	87	–
Over 1 year	–	506
	<u>95,227</u>	<u>21,554</u>

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

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

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
31 to 60 days	23	79
61 to 180 days	97	215
181 to 365 days	87	–
Over 1 year	–	506
	<u>207</u>	<u>800</u>

13. TRADE AND OTHER PAYABLES

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

Trade payables	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	286,752	133,147
61 to 180 days	668	366
181 to 365 days	376	1,387
Over 1 year	47,830	77,327
Total trade payables	<u>335,626</u>	<u>212,227</u>

At 31 December 2016, trade payables include retention money of approximately RMB70,909,000 (2015: RMB56,262,000), which relates to 5% to 10% of the contract prices.

Other payables	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Rental deposits received	37,847	36,936
Other taxes payable	13,836	3,817
Interest payable	16,435	19,463
Other payables and accrued expenses	14,916	15,267
Total other payables	<u>83,034</u>	<u>75,483</u>

BUSINESS REVIEW

Overview

Contracted sales

The Group achieved a record high contracted sales in 2016. Six out of seven projects which the Group acquired since 2013 launched for sale in 2016. Total contracted sales for the year 2016 amounted to RMB2,359.0 million, of which RMB133.0 million was contributed by a joint venture in which the Group has 49% equity interest.

Projects completed during 2016

Three projects were completed during 2016, namely, Golden Wheel Star-cube, Zhuzhou Golden Wheel Jade Garden (Phase I), and Wuxi Golden Wheel Star Plaza, with an aggregate saleable GFA of approximately 168,664 sq.m.. As at 31 December 2016, an aggregate GFA of approximately 72,936 sq.m. of these three newly completed projects were sold and delivered.

New land acquired during 2016 and land bank of the Group

In November 2016, the Group acquired a piece of land in Yangzhou, Jiangsu Province, China with a total GFA of approximately 32,046 sq.m. The newly acquired land is located next to our existing projects in Yangzhou and the land is for residential development purpose.

In December 2016, the Group entered into an agreement to form a joint venture to acquire a piece of land in Nanjing, Jiangsu Province, China with a total GFA of approximately 71,400 sq.m.. The project is for the development of a Soho, office and retail complex. The Group owned 33% equity interest in the joint venture.

As at 31 December 2016, the Group had a total land bank of 976,108 sq.m., including 108,989 sq.m. of completed but unsold properties, 2,535 sq.m. of own used properties, 134,675 sq.m. of completed investment properties, 478,587 sq.m. of properties under development and 251,322 sq.m. of properties developed by the joint ventures.

The following table sets forth an overview of the Group's property projects as at 31 December 2016:

Project	City	Site area sq.m.	Actual/ estimated construction commencement date month/year	Actual/ estimated construction completion date month/year	Percentage of completion	Total unsold GFA/ Total GFA sq.m.	GFA held for Company's own use sq.m.	Investment properties GFA sq.m.
Completed properties								
Golden Wheel International Plaza	Nanjing	11,341	Jul-04	Jan-09	100%	2,022	2,535	33,197
Golden Wheel Waltz	Nanjing	2,046	Jan-08	Feb-10	100%	–	–	2,444
Golden Wheel Building	Nanjing	4,918	May-01	Feb-03	100%	–	–	1,454
Golden Wheel Green Garden	Nanjing	10,334	Aug-01	Sep-02	100%	–	–	1,021
Golden Wheel Star City (Phase I)	Yangzhou	42,803	Aug-08	Mar-12	100%	5,906	–	–
Golden Wheel Star City (Phase II)	Yangzhou	27,423	Oct-09	Aug-12	100%	1,457	–	–
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	3,446	–	45,105
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	2,820	–	3,328
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Dec-13	100%	–	–	18,437
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jun-14	100%	6,915	–	525
Golden Wheel Star City (Phase III)	Yangzhou	11,389	Jun-10	Mar-14	100%	15,695	–	4,164
Zhuzhou Golden Wheel Jade Garden (Phase I)	Zhuzhou	23,530	Dec-14	Dec-16	100%	17,480	–	4,000
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	100%	36,431	–	12,000
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	100%	16,817	–	9,000
Subtotal		243,536				108,989	2,535	134,675
Properties under development								
Golden Wheel JinQiao Huafu	Nanjing	46,228	Dec-14	Jun-17	80%	124,400	–	2,500
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Jun-19	15%	–	–	55,754
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	65%	172,579	–	12,000
Zhuzhou Golden Wheel Jade Garden (Phase II)	Zhuzhou	22,115	Dec-14	Mar-19	30%	79,308	–	–
Yangzhou Molihua Road Land Parcel	Yangzhou	10,682	Jun-17	Jun-19	0%	32,046	–	–
Subtotal		125,765				408,333	–	70,254
Total		369,301				517,322	2,535	204,929
Yangzhou Powerlong Golden Wheel Plaza (49%)								
Note ¹	Yangzhou	30,025	Dec-14	Dec-16	100%	114,522	–	65,400
Nanjing Longmain Road Land parcel (33%)								
Note ²	Nanjing	23,810	Jun-17	Dec-19	0%	71,400	–	–
Total		53,835				185,922	–	65,400

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

2 The project is developed by a joint venture company which the Group has 33% interest.

As at 31 December 2016, the Group had a land bank of 478,587 sq.m. under development. Among these lands, approximately 332,236 sq.m., 76,097 sq.m. and 70,254 sq.m. are for residential, commercial and office and investment properties purpose respectively.

As at 31 December 2016 taking into account the 49% equity interest in the joint venture with Powerlong, and 33% equity interest in the joint venture with Longfor and Nanjing Hongyang Yemao, the Group had a land bank of a total GFA of approximately 836,510 sq.m..

Investment properties

As at 31 December 2016, the Group completed investment properties with a total GFA of approximately 134,675 sq.m.. The investment properties held by the Group maintained an average occupancy rate close to 90% for the year 2016.

Metro leasing and operational management business

Leveraging on its rich experience in the leasing and operational management of the Nanjing Xinjiekou Metro Mall over the years, strong professional operation team and extensive client base, the Group obtained leasing and operational management contracts of metro shopping malls in four cities in China, namely, Nanjing, Suzhou, Wuxi and Changsha. The Group had a total leasable GFA of over 70,000 sq.m. for its metro leasing and operational management business as at 31 December 2016. It is expected that the metro leasing and operational management business will substantially increase the Group's recurring rental income in the coming years.

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 has confidence in obtaining more such contracts in the future.

Investments

In addition to placing surplus funds as time deposits in banks in Hong Kong and China, the Group also invested in corporate high yield bonds with good credit rating. As at 31 December 2016, the Group had bond investments amounted to approximately RMB14.1 million. These bonds bear coupon rates ranging from 4.95% to 6.75%. These investments could facilitate the Group in preserving its liquidity while enhancing interest yields.

Also, invited by Xiamen International Bank, the Group has subscribed the unlisted equity shares of Xiamen International Bank at the consideration of RMB108 million. The investment is for long term purpose and it can also further enhance the business relationship between the Group and Xiamen International Bank.

Financing

In November 2016, the Group successfully issued senior notes of USD100 million in Singapore. The new senior notes will mature in three years with a coupon rate of 8.25% which is lower than our first, second and third senior notes with a coupon rate of 11.25% 10.8% and 9.5%, respectively.

Future Outlook

In 2016, the contracted sales of the property market in China achieved a record high, especially in first and second tier cities. With the booming market sentiment, the inventory level of these cities reached a historical low level, which inevitably lead to a substantial increase in land prices. This trend also started to spread to third and fourth tier cities. Authorities in more than 20 Chinese cities (including Shenzhen, Nanjing and Suzhou) have implemented a series of tightening measures in order to curb the overheated housing market since the fourth quarter of 2016. However, the Group is optimistic that China's property market will remain on a track of stable growth since the PRC government will continue to implement a series of policies to stabilise the property market from the current high level.

The Group has completed four projects (including a project developed by a joint venture) during 2016. In order to replenish its land bank, the Group has been actively identifying potential projects over the past year. In November 2016 and January 2017, the Group acquired two land parcels, one in Yanzhou City and one in Gulou District, Nanjing City. In December 2016, the Group entered into a joint venture agreement to acquire and develop a land parcel in Jiangning District, Nanjing City. In addition to these three projects, the Group has also identified a few potential projects in the cities which the Group is familiar and has existing presence. It is expected that the tenders of these projects will be launched to the market in the coming months and the Group is confident that the Group will further increase the size of its land bank in 2017.

For our leasing business, the Group will continue to retain our completed properties with attractive locations and potential growth for long term leasing purpose. There were three new completed investment properties in 2016 and it is scheduled that these newly completed investment properties will commence operations in the second half of 2017. The Group's strategy is to continue build up its investment property portfolio so as to maintain a stable return to its shareholders.

For the Group's metro leasing and operational management business, after the successful application for quotation and open transfer of its shares of Nanjing Golden Wheel Commercial Management Corporation Limited* (南京金輪商業管理股份有限公司) on the National Equities Exchange and Quotations System (新三板) in the PRC in July 2016, the Group has to put more resources on this business and been actively participating in the tender of projects in our target cities, with an aim to further expand its geographic reach and market share in the metro station commercial property leasing and operational management business.

Last but not the least, the Group has adopted a strategy to further develop hotel operation business as our new business segment. In 2016, the Group entered into two hotel operation and management agreements with Marriott and Atour respectively. The two hotel operations and management projects are Courtyard by Marriott Nanjing Jiangning* (南京金輪萬怡酒店) and Nanjing Jinlun Yaduo Hotel* (南京金輪亞朵酒店). It is scheduled that Nanjing Jinlun Yaduo Hotel will commence operation in the second half of 2017. In March 2017, the Group further entered into a sales and purchasing agreement to acquire a hotel in Hong Kong. Subject to the shareholders' approval, the acquisition is expected to be completed in May 2017.

Looking ahead, other than the property development business, the Group will continue to build up our investment properties portfolio. In addition, more resources will be invested into the metro leasing and operational management business and hotel operation business. All these three segments, namely investment properties leasing, metro leasing and operational management and hotel operation and management will not only enable the Group to generate a stable and sustainable recurring income in the future but also diversify its concentration risk in the PRC property development market.

FINANCIAL REVIEW

Results of Operations

Revenue

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

	For the year ended 31 December			
	2016		2015	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property development	794,466	84.4	100,319	43.7
Property leasing	146,299	15.6	129,195	56.3
Total	<u>940,765</u>	<u>100.0</u>	<u>229,514</u>	<u>100.0</u>

Revenue increased by approximately 310% from approximately RMB229.5 million for the year ended 31 December 2015 to approximately RMB940.8 million for the year ended 31 December 2016, primarily due to an increase in revenue derived from the property development business.

- *Property development*

Revenue derived from property development increased from approximately RMB100.3 million for the year ended 31 December 2015 to approximately RMB794.5 million for the year ended 31 December 2016. The main reason for the increase was that the Group had three projects completed and delivered during the year, namely Zhuzhou Golden Wheel Jade Garden (Phase I), Wuxi Golden Star Plaza and Golden Wheel Star-cube.

As at 31 December 2016, the Group achieved contracted sales of approximately RMB2,359.0 million, including approximately RMB133.0 million contributed by a joint venture.

- *Property leasing*

Revenue derived from property leasing business increased from RMB129.2 million for the year ended 31 December 2015 to RMB146.3 million for the year ended 31 December 2016. The increase was due to the increase of overall occupancy rate of our shopping malls and metro station malls , and the launching of the new metro station malls.

Cost of sales

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

	For the year ended 31 December			
	2016		2015	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property development				
Land acquisition costs	197,775	34.1	15,122	12.7
Construction costs	273,538	47.1	43,997	36.9
Capitalized finance costs	50,024	8.6	8,015	6.7
Tax expenses	18,269	3.1	5,560	4.7
Subtotal	<u>539,606</u>	<u>92.9</u>	<u>72,694</u>	<u>61.0</u>
Property leasing and operational management	<u>41,164</u> <i>Note</i>	<u>7.1</u>	<u>46,453</u> <i>Note 2</i>	<u>39.0</u>
Total	<u><u>580,770</u></u>	<u><u>100.0</u></u>	<u><u>119,147</u></u>	<u><u>100.0</u></u>

Note: This amount includes rental expenses of RMB29.3 million and RMB30.3 million for the properties under operating lease for the year ended 31 December 2015 and 2016, respectively.

The Group's cost of sales increased from RMB119.1 million for the year ended 31 December 2015 to RMB580.8 million for the year ended 31 December 2016. The increase was primarily due to the increase of cost of sales of property development which was in line with the increase in revenue arising from sales of property.

The Group's percentage of average land acquisition costs over average selling price increased from 15.1% in 2015 to 24.9% in 2016.

Gross profit and gross profit margin

Gross profit increased from RMB110.4 million for the year ended 31 December 2015 to RMB360.0 million for the year ended 31 December 2016, primarily due to increase in the sales of properties.

Gross profit margin decreased from 48.1% for the year ended 31 December 2015 to 38.3% for the year ended 31 December 2016, primarily because the proportion of property sales to property leasing has increased substantially in 2016. The gross profit margin of property sales is lower than the property leasing.

The gross profit margin for property development business increased from 27.5% in 2015 to 32.1% in 2016. The increase was mainly due to the increase in average selling price of properties sold in 2016 as a result of the boom of the property market in China during the year.

Gross profit margin for property leasing increased to 71.9% in 2016 from 64.0% in 2015. The increase was mainly due to the increase of gross profit margin of our metro station shopping malls as their overall occupancy rate increased to 95% (2015: 83%) as at 31 December 2016.

Changes in fair value of investment properties

For the year ended 31 December 2016, the Group recorded a fair value gain on investment properties of RMB264.4 million (2015: RMB229.7 million). The revaluation gain resulted from the increase of market value of the investment properties under development, the completed construction of certain investment properties as well as the increase in average rental value of existing investment properties. The Group's investment properties are revaluated on market value basis by an independent property valuer.

Other income, expenses, gains and losses

The Group had a net loss of RMB47.2 million for other income, expenses, gains and losses for the year ended 31 December 2016 as compared to a net loss of RMB72.6 million for the year ended 31 December 2015. The net loss was mainly a combination of interest income of RMB32.8 million, net foreign exchange loss of RMB95.2 million and realized gain on changes in fair value of derivative financial assets/liabilities of RMB6.2 million.

Finance costs

Finance costs consisted primarily of interest expenses on borrowings net of capitalized finance costs. Finance costs decreased from RMB65.2 million for the year ended 31 December 2015 to RMB51.0 million for the year ended 31 December 2016 primarily because more finance costs were qualified to be capitalized to properties under development for sale and investment properties under development in 2016. As at 31 December 2016, the Group had total borrowings of RMB2,825.5 million, while as at 31 December 2015, the Group's total borrowings were RMB3,031.0 million.

Selling and marketing expenses

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

Selling and marketing expenses for the year ended 31 December 2016 amounted to approximately RMB39.4 million (2015: RMB18.6 million), representing an increase of about 111.8%. The increase was primarily due to the fact that there were more sales activities carried out during the year which were evidenced by the record high contracted sales achieved by the Group during the year.

Administrative expenses

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

Administrative expenses for the year ended 31 December 2016 amounted to approximately RMB117.9 million (2015: RMB119.6 million), representing a slight decrease of about 1.4% as compared to last year. The Group has maintained a very tight cost control policy during the year. As a result, even though the Group has carried out more selling activities and increased its operating scale, the Group was able to maintain a similar level of overall administrative expenses as last year.

Taxation

The Group's income tax expenses increased by RMB123.1 million or approximately 194.8% to RMB186.3 million for the year ended 31 December 2016 from RMB63.2 million for the year ended 31 December 2015. The increase was primarily due to the increase of revenue arising from the sales of properties.

Share of results of joint ventures

The Group's share of profits of joint ventures amounted to RMB82.8 million in 2016, compared with an amount of RMB11.9 million in 2015. The increase was mainly contributed by a joint venture, namely Powerlong Golden Wheel Plaza which the Group owned 49% equity interest. The project developed by this joint venture was completed and delivered during the year. The project also included a shopping mall of 65,000 sq.m. which had been commenced operation in the last quarter of 2016.

Profit for the year

Mainly due to the increase of revenue arising from sales of properties, the revaluation gain of properties investments, and share the result of joint ventures, profit for the year increased from RMB13.0 million for the year ended 31 December 2015 to RMB265.4 million for the year ended 31 December 2016, representing an increase of approximately 19.4 times.

Liquidity and Capital Resources

Cash Position

The Group had bank deposits and cash of approximately RMB1,795.6 million as of 31 December 2016 (2015: RMB1,466.0 million), including restricted cash of approximately RMB678.5 million (2015: RMB589.6 million) and structured bank deposit of approximately RMB325.9 million (2015: RMB81.7 million). The increase in cash and bank balances was mainly due to the fact that the Group had issued senior notes of US\$100 million in November 2016, as well as the increase of sales proceeds received from property sales.

Bank and other borrowings

The Group had outstanding bank and other borrowings (including senior notes) of approximately RMB2,825.5 million as at 31 December 2016 (2015: RMB3,031.0 million).

As at 31 December 2016, the Group's net gearing ratio was approximately 26.2% (2015: 42.4%). The net gearing ratio of the Group is calculated by the interest-bearing liabilities net of bank deposits and cash and then divided by total equity attributable to the owners of the Company.

Cost of Borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses paid and payable by the average total bank and other borrowings during the relevant year) was approximately 7.2% in 2016 as compared with approximately 6.8% in 2015.

Financial guarantees

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

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Mortgage loan guarantees provided by the Group to banks in favour of its customers	<u>1,101,024</u>	<u>296,329</u>

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition is not significant as the default rate is low.

EMPLOYEES

As of 31 December 2016, the Group had a total of approximately 500 (2015: 470) full-time employees in Hong Kong and China. The Group's employment contracts with its employees cover terms such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonus, share options and other employee benefits. Remuneration is determined with reference to the performance, skills, qualifications, and experience of the employee concerned and the prevailing industry practice.

Furthermore, the Group adopted a Share Option Scheme on 10 December 2012 as incentives or rewards for the employees' contributions to the Group. Further information of the Share Option Scheme is available in the 2016 annual report of the Company. The Group's employee benefit expense will be set out in the notes to the consolidated financial statements in the 2016 annual report of the Company.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.50 cents (equivalent to HK2.815 cents) per share (the "Proposed Final Dividend") in respect of the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its Directors at the date of this announcement, the Company has maintained the public float as required by the Listing Rules throughout the year ended 31 December 2016.

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

For the RMB600,000,000 11.25% senior notes due in 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 for the redemption and cancellation as disclosed herein, there was no purchase, sale or redemption of any of the Company’s listed securities by the Company or any of its subsidiaries since the listing date and up to the date hereof.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group’s business in a transparent and responsible manner and following good corporate governance practices will serve its long-term interests and those of the Shareholders of the Company. The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has adopted, applied and complied with all code provisions contained in the Corporate Governance Code during the financial year ended 31 December 2016.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2016.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to review the Group's financial control, internal control and risk management, review and monitor the integrity of financial statements and to review annual and interim financial statements and report before submission to the Board. The Audit Committee meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee had reviewed the Group's consolidated financial statements for the year ended 31 December 2016, including the accounting principles and practices adopted by the Group.

EVENT AFTER THE END OF THE REPORTING PERIOD

1. Pursuant to an agreement dated 12 December 2016 entered into among Golden Wheel International Glory Limited (“**Golden Wheel Glory**”), a wholly owned subsidiary of the Company, and two independent third parties, Golden Wheel Glory will obtain 33% interests in 南京名寓置業有限公司 (「**名寓置業**」) by capital injection at a cash consideration of approximately RMB240,900,000. 名寓置業 is a limited liability company established in the PRC and is engaged in property development and property leasing. This acquisition was completed in January 2017.
2. Pursuant to a sales and purchase agreement dated 3 March 2017 entered into among Golden Wheel Jasper Limited liability Company Limited (“**Golden Wheel Jasper**”), a wholly subsidiary of the Company and three independent third parties, Golden Wheel Jasper will purchase (1) the entire issued share capital of Double Advance Group Limited (“**Double Advance**”), an independent third party; and (2) the Shareholder's Loan, which represents all the outstanding amounts owed by the Double Advance to its existing parent company (“**Proposed Acquisition**”) for an approximately cash consideration of HK\$450,000,000. Details of the sales and purchase are set out in an announcement dated 3 March 2017 issued by the Company. Double Advance is a company incorporated in the British Virgin Islands with limited liability and is engaged in hotel operation business. This Proposed Acquisition has not been completed up to the reporting date.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditors, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 May 2017.

The register of members of the Company will also be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar 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 before 4:30 p.m. on Monday, 5 June 2017.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company be held on Friday, 19 May 2017. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

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

This result announcement is published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.gwtd.com.hk). The annual report of the Company for the year ended 31 December 2016 containing all information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 24 March 2017

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

* *For identification purpose only*