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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 2018

FINANCIAL HIGHLIGHTS

1. Contracted sales increased by 23.4% to RMB3,129.0 million (2017: RMB2,536.0 million).
2. Revenue amounted to RMB1,446.4 million (2017: RMB2,303.6 million), representing a decrease of approximately 37.2% as compared with 2017.
3. Rental income and hotel operation income amounted to RMB257.9 million (2017: RMB193.6 million), representing an increase of approximately 33.2% as compared with 2017.
4. Overall gross profit margin increased to 52.7% (2017: 39.0%).
5. Gross profit margin for property sales and property leasing amounted to 49.6% (2017: 36.4%) and 74.4% (2017: 74.0%) respectively.
6. Profit attributable to shareholders decreased by approximately 29.5% to RMB342.3 million (2017: RMB485.5 million) as compared with 2017. Basic earnings per share decreased by approximately 29.4% to RMB19.0 cents (2017: RMB26.9 cents).
7. Total investment properties as at 31 December 2018 amounted to RMB5,708.1 million (2017: RMB5,213.9 million).
8. As of 31 December 2018, the Group had total cash and bank deposits of approximately RMB997.9 million (2017: RMB1,159.2 million).
9. Net asset value per share amounted to RMB2.56 per share (2017: RMB2.41 per share) as at 31 December 2018. *Note*
10. The Board proposed a final dividend of HK1.90 cents per share. Together with the interim dividend of HK1.60 cents per share, the total dividend for the financial year ended 31 December 2018 is HK3.50 cents per share.

Note: Net asset value per share is calculated by dividing the total equity 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 2018, together with the comparative figures for the preceding year.

BUSINESS REVIEW

To maintain the Group’s competitive edge as well as ensure its sustainable development, during the year, the Group actively looked for suitable development projects, including joint venture development projects with other reputable developers. In 2018, the Group acquired 3 residential and commercial projects in mainland China. On the other hand, to further reduce the Group’s project geographic concentration risk, in February 2018, the Group signed a preliminary sale and purchase agreement for the acquisition of an overseas company which owns a piece of land for redevelopment in Hong Kong. As at 31 December 2018, the Group had 19 projects under development or on sale, which included 5 projects managed by joint venture and associate entities, with a total land bank of gross floor area (“**GFA**”) of 1,682,319 sq.m.. As a result of years of effort after the Group has been listed, the Group’s operation scale has increased, and its contracted sales for the year ended 31 December 2018 increased by 23.4% when compared to last year. The Group’s another strategy is to focus on developing residential and commercial complex projects so as to achieve a higher gross profit margin. This strategy was proven to be a success as the Group’s overall gross profit margin increased further from 39.0% for the year ended 31 December 2017 to 52.7% for the year ended 31 December 2018. Last, the Group’s another focus is to increase its recurring income. The growth of the Group’s recurring income from property leasing and hotel operation businesses remained strong during the year and it had achieved a significant increase by 33.2% when compared to last year.

Contracted sales

The Group and its joint ventures and associates achieved a contracted sales value and contracted sales area amounted to approximately RMB3.13 billion (2017: RMB2.54 billion) and approximately 256,060 sq.m. (2017: 186,000 sq.m.) for the year ended 31 December 2018 respectively.

Due to the price control policy adopted by the local authorities of the People’s Republic of China (the “**PRC**”), the Group has adjusted its sales strategy for its completed projects, especially for the residential projects in Nanjing and Changsha, in 2018 in order to maximise profit. As at 31 December 2018, there were total GFAs of completed but unsold residential units of 12,603 sq.m. and 55,817 sq.m. in Nanjing and Changsha respectively.

Projects completed during 2018

One project was completed during 2018, namely Zhuzhou Golden Wheel Jade Garden (Phase II) with an aggregate saleable GFA of approximately 61,583 sq.m. As at 31 December 2018, an aggregate GFA of approximately 52,563 sq.m. of this newly completed projects were sold and delivered.

New land acquired during 2018 in mainland China

In March 2018, the Group acquired a piece of land in Nanjing City, Jiangsu Province, the PRC with a site area of approximately 59,722 sq.m. Its plot ratio was 1.985. The newly acquired land is located west of Ning Li Road, Lishui District. The land is for mixed residential and commercial development purpose.

In April 2018, the Group acquired a piece of land in Nanjing City, Jiangsu Province, the PRC with a site area of approximately 10,188 sq.m. Its plot ratio was 1.8. The newly acquired land is located north of Wutai Road, east of Xintang Road, Gaochun District and is close to metro station and transportation hub. The land is for mixed residential and commercial development purpose.

In July 2018, the Group acquired the entire equity interest in Wuxi City Yi Zhong Property Development Company Limited* (無錫市益眾房地產開發有限公司) (“WCYZ”), a company incorporated in the PRC. WCYZ is principally engaged in the property development business and owns the land-use-right of a land parcel with a site area of approximately 27,470 sq.m. in Wuxi City, Jiangsu Province, the PRC. Its plot ratio shall not exceed 3.5. The land is situated at Southeast to the intersection between Jianghai Road and Fengbin Road, Beitang District. The land is designed for developing commercial properties.

Land bank of the Group

As at 31 December 2018, the Group had a total land bank of approximately 1,682,319 sq.m., including approximately 159,171 sq.m. of completed but unsold properties, approximately 6,290 sq.m. of own used properties, approximately 151,491 sq.m. of completed investment properties, approximately 837,583 sq.m. of properties under development and approximately 527,784 sq.m. of properties developed by the joint venture and associates.

The following table sets forth an overview of the Group's property projects as at 31 December 2018:

Projects by subsidiaries of the Group	City	Site area sq.m.	Actual/ estimated construction commencement date month/year	Actual/ estimated construction completion date month/year	Percentage of completion	Total unsold GFA/ Total GFA sq.m.	GFA held for Company's own use sq.m.	Investment properties GFA sq.m.
Completed properties								
Golden Wheel International Plaza	Nanjing	11,341	Jul-04	Jan-09	100%	2,022	2,535	33,197
Golden Wheel Waltz	Nanjing	2,046	Jan-08	Feb-10	100%	-	-	2,444
Golden Wheel Building	Nanjing	4,918	May-01	Feb-03	100%	-	-	1,454
Golden Wheel Green Garden	Nanjing	10,334	Aug-01	Sep-02	100%	-	305	1,021
Golden Wheel Star City (Phase I)	Yangzhou	42,803	Aug-08	Mar-12	100%	5,513	-	-
Golden Wheel Star City (Phase II)	Yangzhou	27,423	Oct-09	Aug-12	100%	1,462	-	-
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	2,910	-	45,570
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	2,793	-	2,677
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Dec-13	100%	-	-	18,437
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jun-14	100%	5,017	-	528
Golden Wheel Star City (Phase III)	Yangzhou	11,389	Jun-10	Mar-14	100%	3,055	-	4,813
Zhuzhou Golden Wheel Jade Garden (Phase I)	Zhuzhou	23,530	Dec-14	Dec-16	100%	4,179	-	3,652
Zhuzhou Golden Wheel Jade Garden (Phase II)	Zhuzhou	22,115	Dec-14	Nov-18	100%	9,020	-	-
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	100%	7,203	-	19,657
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	100%	10,663	-	4,332
Silka West Kowloon Hotel	Hong Kong	427	N/A	N/A	100%	-	3,450	-
Golden Wheel JinQiao Huafu (plot B)	Nanjing	24,905	Dec-14	Jun-17	100%	14,061	-	2,742
Golden Wheel JinQiao Huafu (plot A)	Nanjing	21,323	Dec-14	Dec-17	100%	11,992	-	-
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	100%	79,281	-	10,967
Subtotal		349,458				159,171	6,290	151,491
Properties under development								
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Jun-19	75%	8,000	-	41,168
Yangzhou Lakeside Emerald House	Yangzhou	10,682	Jun-17	Jun-19	80%	37,390	-	-
Nanjing Golden Wheel Romantic Tower	Nanjing	7,593	Dec-17	Mar-20	60%	38,244	-	-
Wuxi Golden Wheel Lakeside Orchid Garden	Wuxi	70,989	Dec-17	Dec-19	40%	74,521	-	-
Zhuzhou Golden Wheel JinQiao Huafu	Zhuzhou	92,175	Mar-18	Mar-20	30%	324,350	-	-
Nanjing Golden Wheel Shuiying Hua Ting	Nanjing	32,927	Apr-18	Mar-20	10%	76,217	-	-
Nanjing Golden Wheel Cuiyong Hua Ting	Nanjing	59,722	Apr-19	Jun-21	0%	115,282	-	2,500
Golden Wheel Plaza	Hong Kong	1,056	May-18	Dec-19	50%	5,775	-	-
Wuxi Golden Wheel Starry Plaza	Wuxi	27,470	May-19	Jun-21	0%	99,039	-	15,097
Subtotal		312,202				778,818	-	58,765
Total		661,660				937,989	6,290	210,256
Projects by joint venture and associates								
Yangzhou Powerlong Golden Wheel Plaza (49%) Note ¹	Yangzhou	61,275	Dec-14	Dec-16	100%	92,257	-	65,400
Nanjing First City (33%) Note ²	Nanjing	23,810	Jun-17	Dec-19	95%	52,539	-	20,227
Nanjing Shiguang Shanhu (25%) Note ³	Nanjing	14,338	Oct-17	Dec-20	30%	25,239	-	-
Changzhou Junwang Jia Di (13.33%) Note ⁴	Changzhou	67,225	Dec-17	Feb-20	30%	187,275	-	-
Vanke Future Light (20%) Note ⁵	Yangzhou	47,137	Jun-18	Dec-20	20%	84,847	-	-
Total		213,785				442,157	-	85,627

- Notes:
- 1 The project is developed by a joint venture company in which the Group has a 49% interest.
 - 2 The project is developed by an associate company in which the Group has a 33% interest.
 - 3 The project is developed by an associate company in which the Group has a 25% interest.
 - 4 The project is developed by an associate company in which the Group has a 13.33% interest.
 - 5 The project is developed by a joint venture company in which the Group has a 20% interest.

As at 31 December 2018, the Group had a land bank of approximately 837,583 sq.m. under development. Among these lands, approximately 482,082 sq.m., 177,369 sq.m., 119,367 sq.m. and 58,765 sq.m. are for residential, commercial and office, car park and investment properties purpose respectively.

Property leasing

Rental income arising from the Group's investment properties maintained a stable growth during the year. As at 31 December 2018, the Group had completed investment properties with a total GFA of approximately 151,491 sq.m. The average occupancy rate of the Group's investment properties was close to 90%.

Metro leasing and operational management business

In May 2018, the Group succeeded in the bidding for the leasing and operational management contract in relation to the underground commercial space in 5 stations on Changsha Metro Line 4 for a term of 10 years. The total leasable GFA of these 5 stations amounted to 21,774 sq.m.

As at 31 December 2018, the Group had leasing and operational management contracts of 15 metro station shopping malls in four cities in China, namely, Nanjing, Suzhou, Wuxi and Changsha. The Group had a total leasable GFA of over 68,912 sq.m. As at 31 December 2018, 9 metro station shopping malls were under operations and the overall occupancy rate was over 95%.

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

Hotel operation

As at 31 December 2018, the Group has two hotels under operations, namely Silka West Kowloon Hotel in Hong Kong and Nanjing Golden Wheel Atour Hotel in Nanjing. Average room occupancy rate of these two hotels in 2018 was both over 95%.

Significant investments held

The Group's major investment was its equity investment in the share of Xiamen International Bank. As at 31 December 2018, the Group had 34 million unlisted equity shares of Xiamen International Bank with a carrying value of RMB173.0 million. The investment is for long-term purpose and it can also further enhance the business relationship between the Group and Xiamen International Bank.

First property development project in Hong Kong

In February 2018, the Group signed a preliminary sale and purchase agreement for the acquisition of the entire issue share capital of a company which owns a piece of land in Hong Kong. The acquisition was completed in July 2018. This is the second project of the Group in Hong Kong and also the Group's first development project in the overseas market. The piece of land, which is located near Tin Hau MTR station in Hong Kong, was planned to be re-developed into a commercial building with a total GFA of approximately 51,975 square feet.

Financing

In January 2018, the Group successfully issued senior notes in the principal amount of USD200 million bearing a coupon rate of 7% per annum and due in 2021. Proceeds from the senior notes will be used to refinance certain existing indebtedness, fund new projects and for general corporate purposes.

Future outlook

From the end of 2015 to the first half of 2017, China real estate industry had a very short and harvest period. Land and housing prices had risen and prospered. In order to prevent overheat of property market, in late 2017, dozens of local governments had passed or expanded restrictions on property purchases and increased the minimum down payment required for a mortgage. The property market was further cooled off by relatively tightened liquidity condition as the government moved to contain leverage and risk in the financial system. Looking forward, since stabilising economy growth is the key objective of our PRC leadership and the real estate industry is one of the major contributors for economy growth, the Group anticipates that China's control policies over real estate will remain effective for a certain period of time and the Group is optimistic that China's property market will remain on track for stable growth.

Since 2016, the Group has been actively participating in public auctions to acquire good quality land in order to replenish its land bank. By the end of 2018, the Group has successfully acquired twelve new projects with total GFA of over 1,000,000 sq.m. Our current total land bank, which is over GFA of 1,682,000 sq.m., should be able to suit for the needs of the Group's new three-year development plan. In 2019, the Group will continue to look for good development opportunities but in a more prudent way. The Group will only invest in the areas that we are familiar as well as projects that can generate reasonable return.

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

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

The Group's core strategy is: "Focusing on the development and operation of projects that are physically connected to metro stations or other transportation hub". With the rapid development of China's high-speed rail and subway, the Group can continue to acquire more projects that are connected to high-speed rail or subway. We believe that these projects have comparatively lower risk and potentially higher return. At the same time, since we have cooperation with city metro companies in the leasing and operational management of the metro stations in different cities, we have the advantages in obtaining metro station related projects. Together with our prudent financial management, we believe we could maintain our competitive edge for further development and expansion.

FINANCIAL REVIEW

Results of operations

Revenue

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

	For the year ended 31 December			
	2018		2017	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property development	1,188,443	82.2	2,109,976	91.6
Property leasing	203,913	14.1	166,343	7.2
Hotel operation	53,998	3.7	27,236	1.2
Total	<u>1,446,354</u>	<u>100.0</u>	<u>2,303,555</u>	<u>100.0</u>

Revenue decreased by approximately 37.2% from approximately RMB2,303.6 million for the year ended 31 December 2017 to approximately RMB1,446.4 million for the year ended 31 December 2018, primarily due to an decrease in revenue derived from the property development business.

- *Property development*

Revenue derived from property development decreased from approximately RMB2,110.0 million for the year ended 31 December 2017 to approximately RMB1,188.4 million for the year ended 31 December 2018. The main reason for the decrease was that the Group had only one project completed and delivered during the year, namely Zhuzhou Golden Wheel Jade Garden (Phase II) whereas in 2017, there were two new projects completed and delivered.

As at 31 December 2018, the Group achieved contracted sales of approximately RMB3,129.0 million (2017: RMB2,536.0 million).

- *Property leasing*

Revenue derived from property leasing business increased from RMB166.3 million for the year ended 31 December 2017 to RMB203.9 million for the year ended 31 December 2018. The increase was due to the increase of overall rental rate and the launching of new shopping malls.

- *Hotel operation*

Revenue derived from hotel operating business increased by 98.5% to RMB54.0 million (2017: RMB27.2 million) for the year ended 31 December 2018. The increase in 2018 was mainly attributable to the full year operations of the Nanjing Golden Wheel Atour Hotel and Silka West Kowloon Hotel, which had only started generating income during 2017.

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			
	2018		2017	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property development				
Land acquisition costs	198,777	29.0	566,038	40.3
Construction costs	318,023	46.5	634,457	45.1
Capitalised finance costs	74,033	10.8	124,174	8.8
Tax expenses	8,063	1.2	16,705	1.2
Subtotal	598,896	87.5	1,341,374	95.4
Property leasing	52,231 <i>Note</i>	7.6	43,292 <i>Note</i>	3.1
Hotel operation	33,527	4.9	20,575	1.5
Total	684,654	100.0	1,405,241	100.0

Note: This amount includes rental expenses of RMB30.8 million and RMB38.4 million for the properties under operating lease for the years ended 31 December 2017 and 2018, respectively.

The Group's cost of sales decreased from RMB1,405.2 million for the year ended 31 December 2017 to RMB684.7 million for the year ended 31 December 2018. The decrease was primarily due to the decrease of cost of sales of property development which was in line with the decrease in revenue arising from the sale of properties.

The Group's percentage of average land acquisition costs over average selling price decreased from 26.8% in 2017 to 16.7% in 2018.

Gross profit and gross profit margin

Gross profit decreased from RMB898.3 million for the year ended 31 December 2017 to RMB761.7 million for the year ended 31 December 2018, primarily due to the decrease in the sale of properties.

Gross profit margin increased from 39.0% for the year ended 31 December 2017 to 52.7% for the year ended 31 December 2018, because both gross profit margins of property sales and property leasing increased in 2018.

The gross profit margin for property development business increased from 36.4% in 2017 to 49.6% in 2018, mainly due to the increase in the average selling price of the properties sold in 2018 as a result of the boom of the property market in China during the year.

Gross profit margin for property leasing increased to 74.4% in 2018 from 74.0% in 2017, mainly due to the increase in the gross profit margin of our metro station shopping malls.

Changes in fair value of investment properties

For the year ended 31 December 2018, the Group recorded a fair value gain on investment properties of RMB465.9 million (2017: RMB133.3 million). The revaluation gain resulted from the addition of investment properties and the completed construction of certain investment properties. The Group's investment properties were revaluated on market value basis by an independent property valuer.

Other income, expenses, gains and losses

The Group had a net loss of RMB127.9 million for other income, expenses, gains and losses for the year ended 31 December 2018 as compared to a net gain of RMB158.1 million for the year ended 31 December 2017. The net loss was mainly attributable to interest income of RMB37.4 million being off set by net foreign exchange losses of RMB164.0 million.

Finance costs

Finance costs consisted primarily of interest expenses on borrowings net of capitalised finance costs. Finance costs increased from RMB126.9 million for the year ended 31 December 2017 to RMB178.9 million for the year ended 31 December 2018 primarily due to the overall increase in total borrowings as the Group has acquired more projects during the year. As at 31 December 2018, the Group had total borrowings of RMB5,856.0 million, while as at 31 December 2017, the Group's total borrowings were RMB3,614.8 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 2018 amounted to approximately RMB49.1 million (2017: RMB29.4 million), representing an increase of about 67.0%. The increase was primarily due to the fact that there were more sales activities carried out in 2018 as the Group launched a number of presale activities during the year.

Administrative expenses

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

Administrative expenses for the year ended 31 December 2018 amounted to approximately RMB166.5 million (2017: RMB172.5 million), representing a decrease of about 3.5% as compared to last year. We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Taxation

The Group's income tax expenses increased by approximately 20.8% to RMB451.7 million for the year ended 31 December 2018 from RMB373.9 million for the year ended 31 December 2017. The increase was primarily due to the increase in the accrual of land appreciation tax which was due to the increase in the profit margin of the sale of properties and the increase in the accrual of enterprise income tax which was due to the increase in fair value of investment properties.

Share of results of joint ventures and associates

The Group's share of profits of joint ventures and associates amounted to a profit of RMB105.6 million for the year ended 31 December 2018, versus a loss of RMB1.4 million for the year ended 31 December 2017. The increase was mainly due to the completion of the construction of investment properties of a joint venture entity which had a substantial increase in its fair value on completion.

Profit attributable to owners of the Company

Mainly due to the decrease of revenue arising from the sale of properties, profit for the year decreased from RMB485.5 million for the year ended 31 December 2017 to RMB342.3 million for the year ended 31 December 2018, representing a decrease of approximately 29.5%.

Liquidity, financial and capital resources

Cash position

The Group had bank deposits and cash of approximately RMB997.9 million as of 31 December 2018 (2017: RMB1,159.2 million), including restricted bank deposits of approximately RMB275.9 million (2017: RMB312.7 million) and structured bank deposits of approximately RMB146.0 million (2017: RMB182.0 million). The decrease in cash and bank balances was mainly due to the fact that the Group had made several land acquisitions during the year and the cash outflow has outweighed the cash inflow from the issuance of senior notes of USD200 million in January 2018 and the sale proceeds received from property sales during the year.

Bank and other borrowings

The Group had outstanding bank and other borrowings (including senior notes) of approximately RMB5,856.0 million as at 31 December 2018 (2017: RMB3,614.8 million).

As at 31 December 2018, the Group's net gearing ratio was approximately 105.4% (2017: 56.6%). The net gearing ratio of the Group is calculated by dividing the interest-bearing liabilities net of bank deposits and cash by the total equity 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 6.4% in 2018 as compared to approximately 7.6% in 2017.

Foreign exchange rate risk

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

Financial guarantees

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

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Mortgage loan guarantees provided by the Group to banks in favour of its customers	<u>96,309</u>	<u>807,897</u>

In the opinion of the directors of the Company (the “**Directors**”), the fair value of the financial guarantee contracts at initial recognition is not significant as the default rate is low.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2018, the Group had a total of approximately 593 (2017: 537) full-time employees in Hong Kong and China. The Group’s employment contracts with its employees cover terms such as position, term of employment, wage, employee benefits and liabilities for breaches, and grounds for termination. Remuneration of the Group’s employees includes basic salaries, allowances, pensions, performance bonus, share options and other employee benefits. Remuneration is determined with reference to the performance, skills, qualifications, experience of the employee concerned and the prevailing industry practice.

Furthermore, the Group adopted a Share Option Scheme on 10 December 2012 as incentives or rewards for the employees’ contributions to the Group. Further information of the Share Option Scheme will be available in the 2018 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 2018 annual report of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>NOTES</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Revenue	4	1,446,354	2,303,555
Cost of sales		(684,654)	(1,405,241)
Gross profit		761,700	898,314
Other income, expenses, gains and losses	5	(127,870)	158,071
Impairment losses of debt instruments at fair value through other comprehensive income ("FVTOCI")		(16,885)	–
Selling and marketing expenses		(49,051)	(29,405)
Administrative expenses		(166,478)	(172,504)
Finance costs	6	(178,918)	(126,904)
Share of profits (losses) of associates		3,668	(3,619)
Share of profits of joint ventures		101,962	2,190
Changes in fair value of investment properties		465,863	133,259
Profit before tax	8	793,991	859,402
Taxation	7	(451,735)	(373,941)
Profit for the year attributable to owners of the Company		342,256	485,461

		2018	2017
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		299	51
Fair value change on available-for-sale investments		—	922
Other comprehensive income for the year, net of income tax		299	973
Total comprehensive income for the year attributable to owners of the Company		<u>342,555</u>	<u>486,434</u>
EARNINGS PER SHARE			
– Basic (<i>RMB per share</i>)	9	<u>0.190</u>	<u>0.269</u>
– Diluted (<i>RMB per share</i>)	9	<u>0.190</u>	<u>0.269</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	<i>NOTES</i>	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	564,462	461,416
Investment properties	<i>12</i>	5,708,069	5,213,906
Goodwill		31,116	29,686
Interests in associates		345,949	342,281
Interests in joint ventures		413,161	275,928
Financial assets at fair value through profit or loss (“FVTPL”)		173,002	–
Debt instruments at FVTOCI		9,911	–
Available-for-sale investments		–	157,400
Restricted bank deposits		70,000	–
Deferred tax assets		120,585	85,174
		<u>7,436,255</u>	<u>6,565,791</u>
Current assets			
Properties under development for sale		4,516,490	1,686,308
Completed properties for sale		678,099	984,315
Trade and other receivables	<i>13</i>	234,269	147,967
Contract costs		1,793	–
Prepayments for leasehold land held for development for sale		–	326,578
Amount due from an associate		15,106	26,832
Land appreciation tax and income tax prepaid		18,405	4,229
Financial assets at FVTPL			
– structured bank deposits		146,000	–
– other than structured bank deposits		86,189	–
Held-for-trading investments		–	4,098
Structured bank deposits		–	182,000
Restricted bank deposits		205,858	312,694
Cash and cash equivalents		576,051	664,519
		<u>6,478,260</u>	<u>4,339,540</u>

		2018	2017
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	14	826,188	515,724
Contract liabilities		491,612	–
Rental received in advance		32,362	27,907
Deposits and prepayments received			
from pre-sale of properties		–	675,766
Amount due to joint ventures and associates		311,905	169,806
Land appreciation tax and income tax liabilities		594,122	503,427
Bank borrowings – due within one year		1,569,118	1,171,865
Senior notes		1,972,944	–
Bonds		–	18,216
		<u>5,798,251</u>	<u>3,082,711</u>
Net current assets		<u>680,009</u>	<u>1,256,829</u>
Total assets less current liabilities		<u>8,116,264</u>	<u>7,822,620</u>
Non-current liabilities			
Deferred tax liabilities		1,178,972	1,043,793
Bank borrowings – due after one year		960,145	489,294
Rental received in advance		15,048	17,010
Senior notes		1,353,795	1,935,389
		<u>3,507,960</u>	<u>3,485,486</u>
Net assets		<u><u>4,608,304</u></u>	<u><u>4,337,134</u></u>
Capital and reserves			
Share capital		113,099	113,099
Share premium and reserves		4,495,205	4,224,035
Total equity		<u><u>4,608,304</u></u>	<u><u>4,337,134</u></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 "**Stock Exchange**") on 16 January 2013. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands and the principal place of business of the Company is Unit A, 18th Floor, @Convoy, 169 Electric Road, Fortress Hill, Hong Kong.

The principal activities of the Group are property development, property leasing, including leasing of self-owned properties and sub-lease of rented properties, and hotel operations and management. The Group focuses on developing projects that are physically connected or in close proximity to metro stations or other transportation hubs in Jiangsu and Hunan provinces in the PRC.

2. BASIS OF PREPARATION

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the IASB for the first time in the current year.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle Amendments
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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 disclosures set out in these consolidated financial statements.

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have been included as "Others with no adjustments".

	31 December 2017	IFRS 15	IFRS 9	1 January 2018
	(Audited)			(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Available-for-sale investments	157,400	–	(157,400)	–
Financial assets at FVTPL	–	–	157,400	157,400
Others with no adjustments	6,408,391	–	–	6,408,391
	<u>6,565,791</u>	<u>–</u>	<u>–</u>	<u>6,565,791</u>
Current assets				
Contract costs	–	5,234	–	5,234
Held-for-trading investments	4,098	–	(4,098)	–
Structured bank deposits	182,000	–	(182,000)	–
Financial assets at FVTPL	–	–	186,098	186,098
Others with no adjustments	4,153,442	–	–	4,153,442
	<u>4,339,540</u>	<u>5,234</u>	<u>–</u>	<u>4,344,774</u>
Current liabilities				
Deposits and prepayments received				
from pre-sale of properties	675,766	(675,766)	–	–
Contract liabilities	–	675,766	–	675,766
Others with no adjustments	2,406,945	–	–	2,406,945
	<u>3,082,711</u>	<u>–</u>	<u>–</u>	<u>3,082,711</u>
Net current assets	<u>1,256,829</u>	<u>5,234</u>	<u>–</u>	<u>1,262,063</u>
Total assets less current liabilities	<u>7,822,620</u>	<u>5,234</u>	<u>–</u>	<u>7,827,854</u>
Non-current liabilities				
Deferred tax liabilities	1,043,793	1,309	–	1,045,102
Others with no adjustments	2,441,693	–	–	2,441,693
	<u>3,485,486</u>	<u>1,309</u>	<u>–</u>	<u>3,486,795</u>
Net assets	<u>4,337,134</u>	<u>3,925</u>	<u>–</u>	<u>4,341,059</u>
Capital and reserves				
Share capital	113,099	–	–	113,099
Share premium and reserves	4,224,035	3,925	–	4,227,960
Total equity	<u>4,337,134</u>	<u>3,925</u>	<u>–</u>	<u>4,341,059</u>

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle ¹

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

² *Effective for annual periods beginning on or after a date to be determined*

³ *Effective for annual periods beginning on or after 1 January 2021*

⁴ *Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

⁵ *Effective for annual periods beginning on or after 1 January 2020*

4. REVENUE AND SEGMENT INFORMATION

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

For the year ended 31 December 2018

Disaggregation of revenue

	For the year ended 31 December 2018			
	Property leasing RMB'000	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
Types of goods or service				
Properties	–	1,188,443	–	1,188,443
Hotel service	–	–	53,998	53,998
	<u>–</u>	<u>–</u>	<u>53,998</u>	<u>53,998</u>
Revenue from contracts with customers	<u>–</u>	<u>1,188,443</u>	<u>53,998</u>	<u>1,242,441</u>
Revenue from property leasing	<u>203,913</u>	<u>–</u>	<u>–</u>	<u>203,913</u>
Total revenue	<u><u>203,913</u></u>	<u><u>1,188,443</u></u>	<u><u>53,998</u></u>	<u><u>1,446,354</u></u>
Geographical markets				
Mainland China	203,913	1,188,443	25,245	1,417,601
Hong Kong	–	–	28,753	28,753
	<u>–</u>	<u>–</u>	<u>28,753</u>	<u>28,753</u>
Total	<u><u>203,913</u></u>	<u><u>1,188,443</u></u>	<u><u>53,998</u></u>	<u><u>1,446,354</u></u>
				2018
				<i>RMB'000</i>
Timing of revenue recognition under IFRS 15				
A point in time				1,188,443
Over time				53,998
				<u>53,998</u>
Total				<u><u>1,242,441</u></u>

For the year ended 31 December 2017

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2017 <i>RMB'000</i>
Property development	2,109,976
Property leasing	166,343
Hotel operation	<u>27,236</u>
	<u><u>2,303,555</u></u>

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, the chief operating decision maker (the "CODM"), for the purpose of resources allocation and performance assessment. The Group's operating and reportable segments are as follows:

Property development	–	Development and sale of properties
Property leasing	–	Property leasing (including lease of self-owned properties and sub-lease of rented properties)
Hotel operation	–	Rendering of hotel services

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2018				
Segment revenue	<u>1,188,443</u>	<u>203,913</u>	<u>53,998</u>	<u>1,446,354</u>
Segment gross profit	589,547	151,682	20,471	761,700
Allocated corporate expenses	<u>(60,097)</u>	<u>(87,133)</u>	<u>(8,335)</u>	<u>(155,565)</u>
Segment results	<u>529,450</u>	<u>64,549</u>	<u>12,136</u>	606,135
Other income, expenses, gains and losses				(127,870)
Impairment losses of debt instruments at FVTOCI				(16,885)
Finance costs				(178,918)
Unallocated corporate expenses				(59,964)
Share of profits of associates				3,668
Share of profits of joint ventures				101,962
Changes in fair value of investment properties				<u>465,863</u>
Profit before tax				<u>793,991</u>
For the year ended 31 December 2017				
Segment revenue	<u>2,109,976</u>	<u>166,343</u>	<u>27,236</u>	<u>2,303,555</u>
Segment gross profit	768,602	123,051	6,661	898,314
Allocated corporate expenses	<u>(55,514)</u>	<u>(66,376)</u>	<u>(6,032)</u>	<u>(127,922)</u>
Segment results	<u>713,088</u>	<u>56,675</u>	<u>629</u>	770,392
Other income, expenses, gains and losses				158,071
Finance costs				(126,904)
Unallocated corporate expenses				(73,987)
Share of losses of associates				(3,619)
Share of profits of joint ventures				2,190
Changes in fair value of investment properties				<u>133,259</u>
Profit before tax				<u>859,402</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, impairment losses of debt instruments at FVTOCI, changes in fair value of investment properties, other income, expenses, gains and losses, share of results of associates, share of results of joint ventures and finance costs. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

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

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Property leasing	5,573	4,952
Hotel operation	9,582	6,063
Unallocated	3,025	3,954
	<hr/>	<hr/>
Total	18,180	14,969
	<hr/> <hr/>	<hr/> <hr/>

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

The Group's revenue from external customers is derived substantially from its operations in mainland China, and non-current assets of the Group are also substantially located in mainland China, except for one property development project, the hotel property and goodwill, which are located in Hong Kong.

The following is an analysis of the Group's non-current assets other than financial assets at FVTPL, debt instruments at FVTOCI, available-for-sale investments, restricted bank deposits and deferred tax assets by geographical location of assets:

	Non-current assets	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	6,639,501	5,914,793
Hong Kong	423,256	408,424
	<u>7,062,757</u>	<u>6,323,217</u>

5. OTHER INCOME, EXPENSES, GAINS AND LOSSES

(1) Other income

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	16,939	41,129
Interest income from financial assets at FVTPL	14,247	–
Interest income from financial assets at FVTOCI	6,262	–
Dividend income from financial assets at FVTPL	5,519	3,830
Compensation income from early termination of leasing contracts	2,903	1,486
Government grants (<i>note</i>)	1,048	1,721
Interest income from derivative financial liabilities	–	1,009
Interest income from available-for-sale investments	–	1,464
Investment income from held-for-trading investments	–	16
Others	1,066	1,007
	<u>47,984</u>	<u>51,662</u>

(2) Other gains and losses

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Net foreign exchange (losses)/gains	(164,003)	101,210
Loss on changes in fair value of financial assets at FVTPL	(11,267)	–
Loss from derecognition of debt instruments at FVTOCI	(2,170)	–
Loss on disposal of property, plant and equipment	(190)	(60)
Gain on disposal of investment properties	–	6,025
Gain on deregistration of a joint venture	–	418
Changes in fair value of held-for-trading investments	–	442
Net gain on changes in fair value of derivative financial liabilities	–	31,080
Allowance for receivables from the land administration authority in the PRC in respect of the refund of the prepayment for leasehold land	–	(27,714)
	<u>(177,630)</u>	<u>111,401</u>

(3) Other expenses

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Gain (loss) on re-purchase of senior notes	2,892	(4,929)
Others	(1,116)	(63)
	<u>1,776</u>	<u>(4,992)</u>
Total	<u><u>(127,870)</u></u>	<u><u>158,071</u></u>

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

6. FINANCE COSTS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Interests on bank loans	97,301	33,476
Interests on senior notes	264,661	207,027
Interests on bonds	<u>1,436</u>	<u>6,353</u>
	363,398	246,856
<i>Less: Amount capitalised to properties under development for sale and investment properties under development</i>	<u>(184,480)</u>	<u>(119,952)</u>
	<u>178,918</u>	<u>126,904</u>

Borrowing cost capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.4% (2017: 7.6%) per annum to expenditure on qualifying assets.

7. TAXATION

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current tax:		
– PRC enterprise income tax (“EIT”)	171,516	205,937
– Land appreciation tax	183,760	163,813
– Hong Kong profits tax	71	569
	<u>355,347</u>	<u>370,319</u>
Deferred tax		
– EIT	64,107	3,622
– Land appreciation tax	32,281	–
	<u>96,388</u>	<u>3,622</u>
	<u><u>451,735</u></u>	<u><u>373,941</u></u>

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong Dollars (“**HK\$**”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon the implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and the 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, 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:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>793,991</u>	<u>859,402</u>
Tax at PRC EIT rate of 25% (2017: 25%)	198,498	214,851
Tax effect of expenses not deductible for tax purpose	128,467	63,325
Tax effect of income not taxable for tax purpose	(1,380)	(32,844)
Tax effect of share of results of joint ventures	(25,490)	(548)
Tax effect of share of results of associates	(917)	905
LAT	216,041	163,813
Tax effect of LAT	(54,010)	(40,954)
Tax effect of tax losses not recognised	(16,499)	(8,612)
Withholding tax on undistributed profit of PRC subsidiaries	<u>7,025</u>	<u>14,005</u>
	<u>451,735</u>	<u>373,941</u>

8. PROFIT BEFORE TAX

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

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' remunerations	25,780	14,577
Other staff costs:		
– Salaries and other benefits	74,156	76,220
– Retirement benefit scheme contributions	12,211	10,047
	<hr/>	<hr/>
Total staff costs	112,147	100,844
<i>Less: Amount capitalised to properties under development for sale and investment properties under development</i>	(29,554)	(24,272)
	<hr/>	<hr/>
	82,593	76,572
	<hr/>	<hr/>
Rental income in respect of investment properties	(146,934)	(127,631)
<i>Less: Direct operating expenses of investment properties that generated rental income</i>	13,862	12,488
	<hr/>	<hr/>
	(133,072)	(115,143)
	<hr/>	<hr/>
Rental income from sub-lease of rented properties	(56,979)	(38,712)
<i>Less: Rental expenses of properties under sub-lease</i>	38,369	29,813
<i>Less: Rental expenses of properties subject to sub-lease</i>	–	991
	<hr/>	<hr/>
	(18,610)	(7,908)
	<hr/>	<hr/>
Cost of properties sold	598,896	1,341,374
Auditor's remuneration	1,340	1,200
Depreciation of property, plant and equipment	18,180	14,969
	<hr/>	<hr/>

9. EARNINGS PER SHARE

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

Earnings	2018 RMB'000	2017 <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>342,256</u>	<u>485,461</u>
Number of shares	2018 '000	2017 <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 2018 and 2017. Accordingly, the diluted earnings per share was the same as the basic earnings per share for both years.

10. DIVIDENDS

	2018 RMB'000	2017 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Final dividend for the year ended 31 December 2017 of RMB0.028 (2017: final dividend for the year ended 31 December 2016 of RMB0.025) per share	50,469	45,061
Interim dividend for the six months ended 30 June 2018 of HK\$0.016 (equivalent to RMB0.014) (2017: interim dividend for the six months ended 30 June 2017 of RMB0.0188) per share	<u>25,070</u>	<u>33,886</u>
	<u>75,539</u>	<u>78,947</u>

Subsequent to 31 December 2018, a final dividend in respect of the year ended 31 December 2018 of HK\$0.019 (equivalent to RMB0.016) per share, in an aggregate amount of RMB29,200,000, has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and hotel property RMB'000	Land and buildings RMB'000	Motor vehicles RMB'000	Computers and office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost						
At 1 January 2017	–	81,096	8,411	9,009	18,146	116,662
Additions	–	2	521	2,587	14,932	18,042
Acquisition of a subsidiary	404,606	–	–	89	681	405,376
Exchange differences	(22,357)	–	–	(5)	(38)	(22,400)
Disposals	–	–	–	(243)	–	(243)
	<u>382,249</u>	<u>81,098</u>	<u>8,932</u>	<u>11,437</u>	<u>33,721</u>	<u>517,437</u>
At 31 December 2017	382,249	81,098	8,932	11,437	33,721	517,437
Additions	8,827	6,930	358	1,806	14,409	32,330
Transfer from properties under development for sale	70,933	–	–	–	–	70,933
Exchange differences	18,592	–	–	–	–	18,592
Disposals	–	–	(194)	(25)	(42)	(261)
	<u>480,601</u>	<u>88,028</u>	<u>9,096</u>	<u>13,218</u>	<u>48,088</u>	<u>639,031</u>
At 31 December 2018	480,601	88,028	9,096	13,218	48,088	639,031
Depreciation						
At 1 January 2017	–	20,597	4,553	5,588	10,497	41,235
Provided for the year	3,511	3,652	1,232	999	5,575	14,969
Eliminated on disposals	–	–	–	(183)	–	(183)
	<u>3,511</u>	<u>24,249</u>	<u>5,785</u>	<u>6,404</u>	<u>16,072</u>	<u>56,021</u>
At 31 December 2017	3,511	24,249	5,785	6,404	16,072	56,021
Provided for the year	5,519	3,096	785	1,950	6,830	18,180
Exchange differences	419	–	–	–	–	419
Eliminated on disposals	–	–	(5)	(24)	(22)	(51)
	<u>9,449</u>	<u>27,345</u>	<u>6,565</u>	<u>8,330</u>	<u>22,880</u>	<u>74,569</u>
At 31 December 2018	9,449	27,345	6,565	8,330	22,880	74,569
Carrying Value						
At 31 December 2018	<u><u>471,152</u></u>	<u><u>60,683</u></u>	<u><u>2,531</u></u>	<u><u>4,888</u></u>	<u><u>25,208</u></u>	<u><u>564,462</u></u>
At 31 December 2017	<u><u>378,738</u></u>	<u><u>56,849</u></u>	<u><u>3,147</u></u>	<u><u>5,033</u></u>	<u><u>17,649</u></u>	<u><u>461,416</u></u>

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

The land and buildings of the Group comprises land use rights and buildings in the PRC where the cost of land use rights cannot be separated reliably. The entire lease is classified as a finance lease, and the land and buildings are amortised 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 2018, leasehold land and hotel property, and land and buildings with carrying amount of approximately RMB400,415,000 (2017: RMB388,126,000) were pledged to banks to secure certain banking facilities granted to the Group.

12. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At 1 January 2017	4,485,181	543,441	5,028,622
Additions	8,146	52,637	60,783
Transfer from completed properties for sale	2,690	–	2,690
Transfer	112,260	(112,260)	–
Disposals	(11,448)	–	(11,448)
Net change in fair value recognised in profit or loss	<u>97,077</u>	<u>36,182</u>	<u>133,259</u>
At 31 December 2017	4,693,906	520,000	5,213,906
Additions	–	129,653	129,653
Transfer from completed properties for sale	53,164	–	53,164
Transfer	220,063	(220,063)	–
Disposals	(154,517)	–	(154,517)
Net change in fair value recognised in profit or loss	<u>250,153</u>	<u>215,710</u>	<u>465,863</u>
At 31 December 2018	<u><u>5,062,769</u></u>	<u><u>645,300</u></u>	<u><u>5,708,069</u></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 period by CHFT Advisory And Appraisal Limited (the "Property Valuer"), who is a firm of independent valuer qualifications including member of The Hong Kong Institute of Surveyors. The Group's investment properties have been valued individually, on market value basis. The address of the Property Valuer is Unit 1502, 15/F, 40 Bonham Strand, Hong Kong.

For completed investment properties, valuation was arrived at by making reference to the market transactions or asking evidence, as the case may be, of comparable properties, with reference to the basis of capitalisation of the rental income derived from existing tenancies with due allowance for reversionary income potential of the properties, where appropriate. The valuation of investment properties under development was carried at by making reference to the current or recent prices of similar properties and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks in relation to, inter alia, the completion of the construction and marketability of the proposed development, and in achieving the anticipated income or capital appreciation on the date of valuation.

The following table sets out information about how the fair values of these investment properties are determined at 31 December 2018 and 31 December 2017 (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Property category	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	Commercial properties	Level 3	Direct comparison	Adjusted market price (RMB/square meter)	10,952 to 78,138 (2017: 10,250 to 77,729)	The higher the adjusted market price, the higher the fair value.
		Level 3	Income method	(1) Capitalisation rate;	5% to 6.5% (2017: 5% to 6.5%)	The higher the capitalisation rate, the lower the fair value.
				(2) Daily unit rent (RMB/square meter); and	2 to 27 (2017: 3 to 28)	The higher the daily unit rent, the higher the fair value.
			(3) Level adjustment	35% to 100% (2017: 35% to 100%)	The higher the level adjustment, the higher the fair value.	
	Car park	Level 3	Direct comparison	Adjusted market price (RMB/per car park)	277,524 to 316,667 (2017: 252,443 to 288,889)	The higher the adjusted market price, the higher the fair value.
Investment properties under development		Level 3	Residual approach	Adjusted market price (RMB/square meter)	13,482 to 22,743 (2017: 11,330 to 15,000)	The higher the adjusted market price, the higher the fair value.
				Budgeted cost (RMB/square meter)	5,655 to 7,781 (2017: 4,810 to 6,908)	The higher the budgeted cost, the lower the fair value.
				Anticipated developer's profit margin	10% to 20% (2017: 20%)	The higher the anticipated developer's profit margin, the lower the fair value.

There is no transfers into or out of level 3 during the year.

At the end of the reporting period, the Group's investment properties with carrying amounts of approximately RMB4,015,769,000 (2017: RMB4,347,106,000) were pledged to banks to secure certain banking facilities granted to the Group.

13. TRADE AND OTHER RECEIVABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade receivables		
– Goods and services	75,997	63,573
– Operating lease receivables	<u>16,537</u>	<u>16,600</u>
	92,534	80,173
Other receivables	79,037	34,766
Advances to contractors	21,404	12,180
Other taxes prepaid	<u>41,294</u>	<u>20,848</u>
	<u>234,269</u>	<u>147,967</u>

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to RMB75,997,000 and RMB63,573,000 respectively.

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

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
0 to 30 days	90,220	80,088
31 to 60 days	1,739	–
61 to 180 days	575	–
Over 1 year	<u>–</u>	<u>85</u>
	<u>92,534</u>	<u>80,173</u>

As at 31 December 2018, included in the Group's trade receivables balance are debtors with the aggregate carrying amount of RMB2,314,000 which are past due as at the reporting date. Out of the past due balances, none has been past due 90 days or more. The Group does not hold any collateral over these balances.

At 31 December 2017, included in the Group's accounts receivables are debtors with the following carrying amounts which are past due for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience of the management. The Group does not hold any collateral over these balances.

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

	2017
	<i>RMB'000</i>
Over 1 year	<u><u>85</u></u>

For the year ended 31 December 2017, in determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. After reassessment, the Directors believe that no allowance is required.

Movement in the allowance for doubtful debts – other receivables

	2017
	<i>RMB'000</i>
1 January	–
Allowance for bad and doubtful debts	<u>27,714</u>
31 December	<u><u>27,714</u></u>

14. TRADE AND OTHER PAYABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade payables	<u>485,015</u>	<u>360,138</u>
Other payables		
Rental deposits received	74,408	56,430
Other taxes payable	53,973	24,465
Interest payable	75,206	34,379
Staff cost payable	17,360	26,601
Other payables and accrued expenses	15,226	13,711
Consideration for acquisition of a subsidiary	<u>105,000</u>	<u>–</u>
Total other payables	<u>341,173</u>	<u>155,586</u>
Total trade and other payables	<u><u>826,188</u></u>	<u><u>515,724</u></u>

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 based on the invoice date are presented below:

Trade payables	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
0 to 60 days	385,175	336,387
61 to 180 days	362	7,774
181 to 365 days	1,448	1,271
Over 1 year	<u>98,030</u>	<u>14,706</u>
Total trade payables	<u><u>485,015</u></u>	<u><u>360,138</u></u>

At 31 December 2018, trade payables include retention money of approximately RMB87,504,000 (2017: RMB79,436,000), which relates to 5% to 10% of the contract prices.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors at the date of this announcement, the Company has maintained the public float as required by the Listing Rules throughout the year ended 31 December 2018.

CORPORATE GOVERNANCE

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

In the opinion of the Directors, the Company has adopted, applied and complied with all code provisions contained in the Corporate Governance Code during the financial year ended 31 December 2018.

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

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors: Mr. Li Yiu Fai (Chairman), Mr. Lie Tak Sen and Mr. Wong Cho Kei, Bonnie, who together have sufficient accounting and financial management expertise and business experience to carry out their duties.

The primary duties of the Audit Committee are: to review the Group's financial control, internal control and risk management systems, to review and monitor the integrity of the Group's financial statements and to review the Group's annual and interim financial statements and reports 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 2018, including the accounting principles and practices adopted by the Group.

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

The primary duties of the Nomination Committee are: to review the structure, size and composition of the Board on a regular basis; to make recommendations to the Board regarding any proposed changes; to identify, select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. The Company has adopted the nomination policy and the board diversity policy as guidelines for the Nomination Committee to perform its functions. Details of the nomination procedures, criteria, measurable objectives and progress on achieving will be set out in the corporate governance report in the 2018 annual report of the Company.

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

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 2018.

ISSUANCE OF SENIOR NOTES

On 11 January 2018, the Company issued USD200 million senior notes bearing coupon rate of 7% per annum and due in January 2021 (the “**USD 2021 Notes**”). The USD 2021 Notes have been admitted to the official list of The Singapore Exchange Securities Trading Limited.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

With respect to the senior notes in the principal amount of USD300,000,000 with a coupon rate of 8.25% per annum and due in 2019 (the “**USD 2019 Notes**”), the Company repurchased part of the USD 2019 Notes in the aggregate principal amounts of USD12,000,000 in November and December 2018. After the cancellation of the repurchased USD 2019 Notes on 19 December 2018, the aggregate principal amount of the USD 2019 Notes which remains outstanding and subject to the terms of the indenture governing the USD 2019 Notes is USD288,000,000 as at 19 December 2018. Please refer to the announcements published by the Company on the Stock Exchange and The Singapore Exchange Securities Trading Limited dated 20 December 2018.

Save as disclosed above, there was no purchase, sale or redemption of any of the Company’s listed securities by the Company or any of its subsidiaries during the year ended 31 December 2018.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 February 2019, the Company issued additional senior notes in an aggregate principal amount of USD160,000,000 (the “**Additional USD 2021 Notes**”). The Additional USD 2021 Notes are denominated in United States dollars and listed on The Singapore Exchange Securities Trading Limited. The Additional USD 2021 Notes carry interest at a coupon rate of 7% per annum, payable semi-annually in arrears, and will mature on 18 January 2021. The purpose of the issue of the Additional USD 2021 Notes is to refinance existing indebtedness of the Group, including payment in connection with the repurchase of part of the USD 2019 Notes on 12 March 2019 as described below. Please refer to the announcements published by the Company on the Stock Exchange dated 25 February 2019 and 26 February 2019.

On 12 March 2019, the Company, through a tender offer, successfully repurchased part of the USD 2019 Notes in an aggregate principal amount of USD138,000,000. After the cancellation of the repurchased USD 2019 Notes on 12 March 2019, the aggregate principal amount of the USD 2019 Notes which remains outstanding and subject to the terms of the indenture governing the USD 2019 Notes is USD150,000,000 as at 12 March 2019. Please refer to the announcements published by the Company on the Stock Exchange dated 25 February 2019, 26 February 2019, 11 March 2019 and 13 March 2019.

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 2018 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.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.90 cents per share (the **"Proposed Final Dividend"**) in respect of the year ended 31 December 2018.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the **"AGM"**) be held on Friday, 24 May 2019. Notice of the AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2019 to Friday, 24 May 2019 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 May 2019.

The register of members will be closed from Thursday, 30 May 2019 to Friday, 31 May 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 29 May 2019.

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 2018 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, 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 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, 28 March 2019

As at the date of this announcement, the Board comprises Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry, Mr. Tjie Tjin Fung and Mr. Janata David as Executive Directors; Mr. Suwita Janata and Mr. Gunawan Kiky as Non-executive Directors; Mr. Wong Ying Loi, Mr. Lie Tak Sen, Mr. Li Yiu Fai and Mr. Wong Cho Kei Bonnie as Independent Non-executive Directors.

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