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 2019

FINANCIAL HIGHLIGHTS

1. Contracted sales increased by 11.2% to RMB3,481.0 million (2018: RMB3,129.0 million).

2. Revenue amounted to RMB1,605.4 million (2018: RMB1,446.4 million), representing an increase of approximately 11.0% as compared with 2018.

3. Rental income and hotel operation income amounted to RMB277.3 million (2018: RMB257.9 million), representing an increase of approximately 7.5% as compared with 2018.

4. Overall gross profit margin was approximately 33.1% (2018: 52.7%).

5. Profit attributable to shareholders of the Company decreased by approximately 26.2% to RMB252.6 million (2018: RMB342.3 million) as compared with 2018. Basic earnings per share decreased by approximately 26.3% to RMB14 cents (2018: RMB19 cents).

6. Total investment properties as at 31 December 2019 amounted to RMB6,258.9 million (2018: RMB5,708.1 million).

7. As of 31 December 2019, the Group had total cash and bank deposits of approximately RMB1,753.6 million (2018: RMB997.9 million).

8. Net asset value per share amounted to RMB2.68 per share (2018: RMB2.56 per share) as at 31 December 2019.[Note]

9. The Board proposed a final dividend of HK1.6 cents per share for the year ended 31 December 2019.

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 the audited annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the preceding year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

		For the year ended 31 December	
		2019	2018
			(Note)
	NOTES	***RMB'000***	*RMB'000*
Revenue	4	**1,605,448**	1,446,354
Cost of sales		**(1,074,088)**	(684,654)
Gross profit		**531,360**	761,700
Changes in fair value of investment properties		**171,958**	465,863
Other income, expenses, gains and losses	5	**66,069**	(127,870)
Selling and marketing expenses		**(66,068)**	(49,051)
Administrative expenses		**(175,291)**	(183,363)
Profit from operations		**528,028**	867,279
Finance costs	6(a)	**(186,273)**	(178,918)
Share of profits of associates		**105,050**	3,668
Share of profits of joint ventures		**6,070**	101,962
Profit before taxation	6	**452,875**	793,991
Income tax	7	**(200,347)**	(451,735)
Profit for the year		**252,528**	342,256
Attributable to:			
Equity shareholders of the Company		**252,561**	342,256
Non-controlling interest		**(33)**	–
Profit for the year		**252,528**	342,256

	NOTES	For the year ended 31 December 2019 RMB'000	2018 (Note) RMB'000
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the entities with functional currencies other than Renminbi		**14,635**	299
Other comprehensive income for the year		**14,635**	299
Total comprehensive income for the year attributable to equity shareholders of the Company		**267,163**	342,555
Attributable to:			
Equity shareholders of the Company		**267,196**	342,555
Non-controlling interest		**(33)**	–
Total comprehensive income for the year		**267,163**	342,555
EARNINGS PER SHARE			
– Basic (RMB per share)	8	**0.140**	0.190
– Diluted (RMB per share)	8	**0.140**	0.190

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at	
		31 December 2019	31 December 2018 *(Note)*
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment	10	**260,699**	564,462
Investment properties	11	**6,258,897**	5,708,069
Goodwill		**–**	31,116
Interests in associates		**468,999**	345,949
Interests in joint ventures		**419,231**	413,161
Other financial assets		**221,667**	182,913
Restricted bank deposits		**170,000**	70,000
Deferred tax assets		**154,324**	120,585
		7,953,817	7,436,255
Current assets			
Properties under development for sale		**5,157,894**	4,516,490
Completed properties for sale		**1,145,750**	678,099
Contract costs		**6,473**	1,793
Trade and other receivables	12	**348,773**	249,375
Land appreciation tax and income tax prepaid		**28,075**	18,405
Other financial assets		**5,525**	86,189
Structured bank deposits		**–**	146,000
Restricted bank deposits		**604,359**	205,858
Cash and cash equivalents		**979,208**	576,051
		8,276,057	6,478,260
Current liabilities			
Trade and other payables	13	**1,808,858**	1,138,093
Contract liabilities		**971,179**	491,612
Rental received in advance		**31,342**	32,362
Lease liabilities		**43,298**	–
Bank loans		**2,393,017**	1,569,118
Current taxation		**683,578**	594,122
Senior notes		**185,149**	1,972,944
		6,116,421	5,798,251
Net current assets		**2,159,636**	680,009
Total assets less current liabilities		**10,113,453**	8,116,264

		As at	
		31 December 2019	31 December 2018 *(Note)*
	NOTES	***RMB'000***	*RMB'000*
Non-current liabilities			
Lease liabilities		**249,169**	–
Bank loans		**1,348,776**	960,145
Deferred tax liabilities		**1,180,961**	1,178,972
Rental received in advance		**2,549**	15,048
Senior notes		**2,501,362**	1,353,795
		5,282,817	3,507,960
NET ASSETS		**4,830,636**	4,608,304
CAPITAL AND RESERVES			
Share capital		**113,099**	113,099
Reserves		**4,704,098**	4,495,205
Total equity attributable to equity shareholders of the company		**4,817,197**	4,608,304
Non-controlling interests		**13,439**	–
TOTAL EQUITY		**4,830,636**	4,608,304

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

NOTES

1 GENERAL AND BASIS OF PREPARATION

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

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

The consolidated financial statements for the year ended 31 December 2019 comprise the Group and the Group's interest in associates and joint ventures.

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

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

2 STATEMENT OF COMPLIANCE

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board ("**IASB**"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease contracts**	**Carrying amount at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Investment properties	5,708,069	211,084	5,919,153
Property, plant and equipment	564,462	42,722	607,184
Deferred tax assets	120,585	9,471	130,056
Total non-current assets	**7,436,255**	**263,277**	**7,699,532**
Lease liabilities (current)	–	40,082	40,082
Current liabilities	**5,798,251**	**40,082**	**5,838,333**
Net current assets	**680,009**	**(40,082)**	**639,927**
Total assets less current liabilities	**8,116,264**	**223,195**	**8,339,459**
Lease liabilities (non-current)	–	251,607	251,607
Total non-current liabilities	**3,507,960**	**251,607**	**3,759,567**
Net assets	**4,608,304**	**(28,412)**	**4,579,892**

Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation or change in fair value of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This does not result in a material impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under IAS 17** *(note)*	**Hypothetical amounts for 2019 as if under IAS 17**	**Compared to amounts reported for 2018 under IAS 17**
	(A)	(B)	(C)	(D=A+B-C)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	**528,028**	**32,765**	**(42,665)**	**518,128**	**867,279**
Finance costs	(186,273)	18,547	–	(167,726)	(178,918)
Profit before taxation	**452,875**	**51,312**	**(42,665)**	**461,552**	**793,991**
Profit for the year	**252,528**	**53,474**	**(42,665)**	**263,337**	**342,256**
Reportable segment profit for year ended 31 December 2019 impacted by the adoption of IFRS 16:					
– Property leasing	101,026	42,350	(36,383)	106,993	64,549
– Hotel operation	11,086	8,962	(6,282)	13,766	12,136
Total	112,112	51,312	(42,665)	120,759	76,685

Note: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

4 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

	2019	2018
	RMB'000	*RMB'000*
Property development	**1,328,197**	1,188,443
Property leasing	**209,592**	203,913
Hotel operation	**67,659**	53,998
Total revenue	**1,605,448**	1,446,354
Disaggregated by geographical location of customers		
Mainland China	**1,586,404**	1,417,601
Hong Kong	**19,044**	28,753
	1,605,448	1,446,354

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b).

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below. No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	Property development		**Property leasing**		**Hotel operation**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition								
Point in time	**1,328,197**	1,188,443	**–**	–	**–**	–	**1,328,197**	1,188,443
Over time	**–**	–	**209,592**	203,913	**67,659**	53,998	**277,251**	257,911
Reportable segment revenue	**1,328,197**	1,188,443	**209,592**	203,913	**67,659**	53,998	**1,605,448**	1,446,354
Reportable segment profit before tax	**236,605**	529,450	**101,026**	64,549	**11,086**	12,136	**348,717**	606,135

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

(c) Reconciliations of reportable segment profit or loss

	2019	2018
	RMB'000	*RMB'000*
Reportable segment profit	**348,717**	606,135
Changes in fair value of investment properties	**171,958**	465,863
Other income, expenses, gains and losses	**66,069**	(127,870)
Unallocated head office and corporate expenses	**(58,716)**	(76,849)
Finance costs	**(186,273)**	(178,918)
Share of profits of associates	**105,050**	3,668
Share of profits of joint ventures	**6,070**	101,962
Consolidated profit before taxation	**452,875**	793,991

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

5 OTHER INCOME, EXPENSES, GAINS AND LOSSES

(a) Other income

	2019	2018
	RMB'000	*RMB'000*
Interest income from bank deposits	**18,035**	16,939
Interest income from financial assets measured at fair value through profit or loss ("**FVTPL**")	**1,554**	14,247
Interest income from financial assets measured at fair value through other comprehensive income ("**FVTOCI**")	**523**	6,262
Dividend income from financial assets measured at FVTPL	**5,968**	5,519
Disposal income from financial assets measured at FVTPL	**3,579**	–
Compensation income from early termination of leasing contracts	**5,134**	2,903
Government grants *(Note)*	**1,242**	1,048
Others	**3,504**	1,066
	39,539	47,984

(b) Other gains and losses

	2019	2018
	RMB'000	*RMB'000*
Net foreign exchange losses	**(39,092)**	(164,003)
Gain/(loss) on changes in fair value of financial assets measured at FVTPL	**32,548**	(11,267)
Loss from derecognition of financial assets measured at FVTOCI	**–**	(2,170)
Gain on disposal of a subsidiary	**63,918**	–
Loss on disposal of property, plant and equipment	**–**	(190)
	57,374	(177,630)

(c) Other expenses

	2019	2018
	RMB'000	*RMB'000*
(Loss)/gain on repurchase of senior notes	**(20,236)**	2,892
Donation	**(10,340)**	–
Others	**(268)**	(1,116)
	(30,844)	1,776
Total	**66,069**	(127,870)

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 PROFIT BEFORE TAXATION

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

	2019	2018
		(Note)
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**165,187**	97,301
Interest on lease liabilities	**18,547**	–
Interest on senior notes	**320,069**	264,661
Interest on bonds	**–**	1,436
Less: Interest expense capitalised into properties under development for sale and investment properties under development*	**(317,530)**	(184,480)
Total	**186,273**	178,918

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

* The borrowing costs have been capitalised at a rate of 7.8% per annum (2018: 6.4%).

	2019	2018
	RMB'000	*RMB'000*
(b) Staff costs		
Salaries, bonuses and other benefits	**129,777**	99,643
Contributions to retirement benefit schemes	**15,065**	12,275
Equity-settled share-based payments	**229**	229
Less: Amount capitalised to properties under development for sale and investment properties under development	**(36,432)**	(29,554)
	108,639	82,593

	2019	2018
	RMB'000	*RMB'000*

(c) Other items

Depreciation	**31,044**	18,180
Total minimum lease payments for leases previously classified as operating leases under IAS 17*	**–**	34,850
Auditors' remuneration	**1,300**	1,340
Cost of properties	**1,011,883**	598,896

* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation or change in fair value of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

7 INCOME TAX

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

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
– PRC corporate income tax ("**CIT**")	**86,250**	171,516
– Land appreciation tax ("**LAT**")	**98,120**	183,760
– Hong Kong profits tax	**–**	71
	184,370	355,347
Deferred tax		
– CIT	**40,507**	64,107
– LAT	**(24,530)**	32,281
	15,977	96,388
	200,347	451,735

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

The provision for Hong Kong profits tax is calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) to the year ended 31 December 2019. Under the two-tiered profits tax rates regime, the first Hong Kong Dollars ("**HK$**") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the People's Republic of China (the "**PRC**") as determined in accordance with the relevant income tax rules and regulations of the PRC.

The LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

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

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**452,875**	793,991
Tax at PRC CIT rate of 25% (2018: 25%)	**113,219**	198,498
Tax effect of expenses not deductible for tax purpose	**71,329**	100,491
Tax effect of income not taxable for tax purpose	**(25,006)**	(1,380)
Tax effect of share of results of associates	**(26,263)**	(917)
Tax effect of share of results of joint ventures	**(1,517)**	(25,490)
LAT	**98,120**	216,041
Tax effect of LAT	**(24,530)**	(54,010)
Tax effect of tax losses not recognised	**3,239**	11,477
Tax effect of previous unrecognised tax losses now recognised	**(10,719)**	–
Withholding tax on undistributed profit of PRC subsidiaries	**2,475**	7,025
Actual tax expense	**200,347**	451,735

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB252,561,000 (2018: RMB342,256,000) and the weighted average of 1,802,456,000 ordinary shares (2018: 1,802,456,000 shares) in issue during the year.

(b) Diluted earnings per share

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

9 DIVIDENDS

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

	2019	2018
	RMB'000	*RMB'000*
Interim dividend declared and paid is nil (2018: RMB0.014 per share)	**–**	25,070
Final dividend proposed after the end of the reporting period is HK$0.016 (equivalent to RMB0.014) per share (2018: RMB0.017 per share)	**25,834**	30,120
	25,834	55,190

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

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

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.019 (equivalent to RMB0.017) per share (2018: RMB0.028 per share)	**30,120**	50,469

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

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and hotel property RMB'000	Land and buildings held for own use RMB'000	Motor vehicles RMB'000	Computers and office equipment RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost							
At 1 January 2018	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)
At 31 December 2018	480,601	88,028	9,096	13,218	48,088	–	639,031
Impact on initial application of IFRS 16 *(Note)*	–	–	–	–	–	42,722	42,722
At 1 January 2019	**480,601**	**88,028**	**9,096**	**13,218**	**48,088**	**42,722**	**681,753**
Additions	**15,402**	**7,903**	**498**	**4,574**	**19,042**	**17,902**	**65,321**
Transfer from properties under development for sale	**4,358**	**4,148**	**–**	**–**	**–**	**–**	**8,506**
Exchange differences	**4,479**	**–**	**39**	**23**	**7**	**–**	**4,548**
Disposals	**(405,320)**	**–**	**–**	**(1,327)**	**(607)**	**–**	**(407,254)**
At 31 December 2019	**99,520**	**100,079**	**9,633**	**16,488**	**66,530**	**60,624**	**352,874**
Accumulated depreciation							
At 1 January 2018	(3,511)	(24,249)	(5,785)	(6,404)	(16,072)	–	(56,021)
Charge for the year	(5,519)	(3,096)	(785)	(1,950)	(6,830)	–	(18,180)
Exchange differences	(419)	–	–	–	–	–	(419)
Disposals	–	–	5	24	22	–	51
At 31 December 2018	(9,449)	(27,345)	(6,565)	(8,330)	(22,880)	–	(74,569)
At 1 January 2019	**(9,449)**	**(27,345)**	**(6,565)**	**(8,330)**	**(22,880)**	**–**	**(74,569)**
Charge for the year	**(7,942)**	**(4,794)**	**(1,170)**	**(731)**	**(10,911)**	**(5,496)**	**(31,044)**
Exchange differences	**(106)**	**–**	**(39)**	**(19)**	**(2)**	**–**	**(166)**
Disposals	**12,398**	**–**	**–**	**840**	**366**	**–**	**13,604**
At 31 December 2019	**(5,099)**	**(32,139)**	**(7,774)**	**(8,240)**	**(33,427)**	**(5,496)**	**(92,175)**
Net book value							
At 31 December 2019	**94,421**	**67,940**	**1,859**	**8,248**	**33,103**	**55,128**	**260,699**
At 31 December 2018	471,152	60,683	2,531	4,888	25,208	–	564,462

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 3.

As at 31 December 2019, leasehold land and hotel property and land and buildings with carrying amount of approximately RMB6,956,000 (2018: RMB400,415,000) were pledged to banks to secure certain banking facilities granted to the Group.

11 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Completed investment properties *RMB'000*	Investment properties under development *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2018	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	250,153	215,710	–	465,863
At 31 December 2018	5,062,769	645,300	–	5,708,069
Impact on initial application of IFRS 16 *(Note)*	–	–	211,084	211,084
At 1 January 2019	**5,062,769**	**645,300**	**211,084**	**5,919,153**
Additions	**–**	**190,117**	**6,994**	**197,111**
Transfer from completed properties for sale	**54,893**	**–**	**–**	**54,893**
Transfer	**914,447**	**(914,447)**	**–**	**–**
Disposals	**(84,218)**	**–**	**–**	**(84,218)**
Net change in fair value recognised in profit or loss	**65,797**	**133,430**	**(27,269)**	**171,958**
At 31 December 2019	**6,013,688**	**54,400**	**190,809**	**6,258,897**

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 3.

As at 31 December 2019, investment properties with carrying amount of approximately RMB3,865,200,000 (2018: RMB4,015,769,000) were pledged to banks to secure certain banking facilities granted to the Group.

(b) Fair value measurement of properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

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

	Fair value at 31 December 2018	Fair value measurements as at 31 December 2018 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Mainland China:				
– Commercial properties	5,656,300	–	–	5,656,300
– Car park	51,769	–	–	51,769
Total	5,708,069	–	–	5,708,069

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's completed investment properties, investment properties under development and right-of-use assets were revalued as at 31 December 2019. The valuations were carried out by CHFT Advisory And Appraisal Ltd, a firm of independent qualified valuers in Hong Kong with relevant experience in the valuation of properties being valued. The Group's chief financial officer has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

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

	Property category	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	Commercial properties	Level 3	Direct comparison	(1) Adjusted market price (RMB/square meter)	10,179 to 80,183 (2018: 10,952 to 78,138)	The higher the adjusted market price, the higher the fair value.
				(2) Level adjustment	0% to 65% (2018: 0% to 65%)	The lower the level adjustment, the higher the fair value.
		Level 3	Income method	(1) Capitalisation rate	4% to 5.5% (2018: 5% to 6.5%)	The higher the capitalisation rate, the lower the fair value.
				(2) Daily unit rent (RMB/square meter)	1 to 17 (2018: 2 to 27)	The higher the daily unit rent, the higher the fair value.
	Car park	Level 3	Direct comparison	Adjusted market price (RMB/per car park)	158,730 to 350,769 (2018: 277,524 to 316,667)	The higher the adjusted market price, the higher the fair value.
Investment properties under development		Level 3	Residual approach	(1) Adjusted market price (RMB/square meter)	13,561 to 22,801 (2018: 13,482 to 22,743)	The higher the adjusted market price, the higher the fair value.
				(2) Budgeted cost (RMB/square meter)	5,651 to 7,981 (2018: 5,655 to 7,781)	The higher the budgeted cost, the lower the fair value.
				(3) Anticipated developer's profit margin	10% to 20% (2018: 10% to 20%)	The higher the anticipated developer's profit margin, the lower the fair value.
Right-of-use assets	Sub-leased properties	Level 3	Income method	(1) Capitalisation rate	6.4% to 6.75% (2018: N/A)	The higher the capitalisation rate, the lower the fair value.
				(2) Daily unit rent (RMB/square meter)	1 to 27 (2018: N/A)	The higher the daily unit rent, the higher the fair value.

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

The fair value of investment properties under development is determined by making reference to the current or recent prices of similar properties and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks in relation to, *inter alia*, the completion of the construction and marketability of proposed development, and in achieving the anticipated income or capital appreciation on the date of valuation.

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

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

(c) Right-of-use assets

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

	31 December 2019 *RMB'000*	1 January 2019 *RMB'000*
Other properties leased for own use, carried at depreciated cost *(Note)*	**55,128**	42,722
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of between 4 and 9 years	**190,809**	211,084
	245,937	253,806

Note: The Group has obtained the right to use other properties as hotels through tenancy agreements. The leases typically run for an initial period of 12 to 15 years. Lease payments are usually increased every 1 to 3 years to reflect market rentals.

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

	2019 *RMB'000*	*2018 (Note) RMB'000*
Depreciation charge of right-of-use assets by class of other properties leased for own use	**5,496**	–
Fair value change of right-of-use assets by class of investment property	**27,269**	–
Interest on lease liabilities *(note 6(a))*	**18,547**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17	**–**	34,850

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

During the year, additions to right-of-use assets were RMB24,896,000. This amount represents the capitalised lease payments payable under new tenancy agreements.

(d) Investment property

The Group leases out investment property under operating leases. The leases typically run for an initial period of 8 to 15 years. Lease payments are usually increased every 1 to 4 years to reflect market rentals.

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

	2019	*2018*
	RMB'000	*RMB'000*
Within 1 year	**168,769**	185,006
After 1 year but within 5 years	**219,729**	332,533
After 5 years	**43,237**	91,263
	431,735	608,802

12 TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprises 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 is receivable in accordance with the terms of related sale and purchase agreements. Rentals are usually received in advance. Rental receivables are normally due within 30 days. However, longer credit periods might be granted to certain customers on a discretionary basis.

	2019	*2018*
	RMB'000	*RMB'000*
Trade receivables	**169,141**	92,534
Amount due from associates and joint ventures	**45,065**	15,106
Other debtors	**94,852**	106,751
Less: Allowance for credit losses	**(27,714)**	(27,714)
Financial assets measured at amortised cost	**281,344**	186,677
Advances to contractors	**19,933**	21,404
Other taxes prepaid	**47,496**	41,294
	348,773	249,375

Ageing analysis

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

	2019	*2018*
	RMB'000	*RMB'000*
Within 30 days	**166,297**	90,220
31 to 60 days	**1,711**	1,739
61 to 180 days	**1,133**	575
	169,141	92,534

13 TRADE AND OTHER PAYABLES

	2019	*2018*
	RMB'000	*RMB'000*
Trade payables	**886,378**	485,015
Other payables	**483,621**	341,173
Amounts due to associates and joint ventures	**438,859**	311,905
	1,808,858	1,138,093

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

	2019	*2018*
	RMB'000	*RMB'000*
Within 180 days	**823,867**	385,537
181 to 365 days	**22,714**	1,448
Over 1 year	**39,797**	98,030
Total trade payables	**886,378**	485,015

BUSINESS REVIEW

In 2019, China's real estate market remained stable in terms of both overall transaction volume and price. During the year, market sentiment has gradually improved and, as such, the Group has accelerated the launch of its pre-sale projects. As a result, the Group has achieved a record high contracted sales during the year. For the year ended 31 December 2019, the Group and its joint ventures and associates achieved contracted sales amounted to RMB3,481.0 million, which was 11.2% higher than the corresponding year of 2018. To replenish the Group's land bank, the Group has acquired two projects in 2019 with a total saleable gross floor area of 233,866 sq.m.

The Group's another strategy is to gradually increase its recurring income. As at 31 December 2019, the Group had investment properties with a carrying value of RMB6,258.9 million. The growth of the Group's recurring income from property leasing and hotel operation businesses remained stable during the year and it has achieved a stable increase of 7.5% when compared to the corresponding year of 2018.

Contracted sales

The Group currently has 15 projects on sale. During the year, the Group has launched the pre-sale of three new projects, namely Golden Wheel Romantic Tower, Golden Wheel Shuiying Hua Ting and Golden Wheel Cuiyong Hua Ting. All the new projects are located in Nanjing. For the year ended 31 December 2019, the Group and its joint ventures and associates achieved total contracted sales value and contracted sales area of approximately RMB3.48 billion (2018: RMB3.13 billion) and approximately 288,574 sq.m. (2018: 256,060 sq.m.) respectively.

Projects completed during 2019

Three projects were completed during 2019, namely Yangzhou Lakeside Emerald House, Wuxi Golden Wheel Lakeside Orchid Garden and Golden Wheel Binary Star Plaza. Aggregate saleable gross floor area ("**GFA**") of these three projects amounted to approximately 112,866 sq.m. As at 31 December 2019, an aggregate GFA of approximately 57,692 sq.m. of these newly completed projects were sold and delivered.

New land acquired during 2019 in mainland China

In March 2019, the Group acquired a piece of land in Nanjing City, Jiangsu Province, the PRC with a site area of approximately 101,845 sq.m. The comprehensive plot ratio is 5.79. The newly acquired land is located at the central axis of Nanjing South Station, Dong Shan Street, Jiang Ning District, Nanjing City, Jiangsu Province. The land is designated for developing commercial, service and office use with a term of 40 years.

In September 2019, the Group acquired a piece of land in Yangzhou City, Jiangsu Province, the PRC with a total site area of approximately 19,890 sq.m. The comprehensive plot ratio is 1.2. The land is designated for residential purpose with a term of 70 years.

Land bank of the Group

As at 31 December 2019, the Group had a total land bank of approximately 1,711,270 sq.m., including approximately 123,689 sq.m. of completed but unsold properties, approximately 13,147 sq.m. of own used properties, approximately 189,999 sq.m. of completed investment properties, approximately 910,369 sq.m. of properties under development and approximately 474,066 sq.m. of properties developed by the joint ventures and associates.

The following table sets forth an overview of the Group's property projects as at 31 December 2019:

Projects by subsidiaries of the Group	City	Site area	Actual/ estimated construction commencement date	Actual/ estimated construction completion date	Percentage of completion	Total unsold GFA/ Total GFA	GFA held for Company's own use	Investment properties GFA
		sq.m.	*month/year*	*month/year*		*sq.m.*	*sq.m.*	*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%	–	–	–
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Apr-12	100%	185	–	32,903
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Dec-13	100%	–	–	3,450
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Dec-13	100%	–	–	18,357
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jun-14	100%	2,108	–	528
Golden Wheel Star City (Phase III)	Yangzhou	11,389	Jun-10	Mar-14	100%	1,430	–	4,813
Zhuzhou Golden Wheel Jade Garden (Phase I)	Zhuzhou	23,530	Dec-14	Dec-16	100%	3,755	–	3,026
Zhuzhou Golden Wheel Jade Garden (Phase II)	Zhuzhou	22,115	Dec-14	Nov-18	100%	7,165	–	–
Wuxi Golden Wheel Star Plaza	Wuxi	31,981	Dec-14	Dec-16	100%	5,395	–	20,619
Golden Wheel Star-cube	Nanjing	18,300	Dec-14	Dec-16	100%	654	–	2,969
Golden Wheel JinQiao Huafu (plot B)	Nanjing	24,905	Dec-14	Jun-17	100%	2,355	–	2,742
Golden Wheel JinQiao Huafu (plot A)	Nanjing	21,323	Dec-14	Dec-17	100%	4,531	–	–
Changsha Golden Wheel Star Plaza	Changsha	37,152	Dec-14	Dec-17	100%	33,402	10,307	18,096
Yangzhou Lakeside Emerald House	Yangzhou	10,682	Jun-17	May-19	100%	13,087	–	–
Golden Wheel Binary Star Plaza	Nanjing	9,588	Dec-14	Dec-19	100%	2,802	–	44,380
Wuxi Golden Wheel Lakeside Orchid Garden	Wuxi	70,989	Dec-17	Dec-19	100%	39,284	–	–
Subtotal		440,290				123,688	13,147	189,999

Projects by subsidiaries of the Group	City	Site area	Actual/ estimated construction commencement date	Actual/ estimated construction completion date	Percentage of completion	Total unsold GFA/ Total GFA	GFA held for Company's own use	Investment properties GFA
		sq.m.	*month/year*	*month/year*		*sq.m.*	*sq.m.*	*sq.m.*
Properties under development								
Nanjing Golden Wheel Romantic Tower	Nanjing	7,593	Dec-17	Dec-20	70%	38,244	–	–
Zhuzhou Golden Wheel JinQiao Huafu	Zhuzhou	92,175	Mar-18	Dec-20	80%	324,349	–	–
Nanjing Golden Wheel Shuiying Hua Ting	Nanjing	32,927	Apr-18	Dec-20	60%	76,217	–	–
Nanjing Golden Wheel Cuiyong Hua Ting	Nanjing	59,722	Apr-19	Jun-21	55%	115,282	–	2,500
Golden Wheel New Tiandi	Hong Kong	322	May-18	Apr-20	95%	5,775	–	–
Wuxi Golden Wheel Starry Plaza	Wuxi	27,470	May-19	Jun-21	30%	99,039	–	15,097
Nanjing G07 project	Nanjing	101,845	Feb-20	Dec-22	0%	204,646	–	–
No. 1 Golden Bay	Yangzhou	19,890	Jan-20	Dec-22	5%	29,220	–	–
Subtotal		341,944				892,772	–	17,597
Total		782,234				1,016,460	13,147	207,596
Projects by joint ventures and associates								
Yangzhou Powerlong Golden Wheel Plaza (49%) *Note* [1]	Yangzhou	61,275	Dec-14	Dec-16	100%	87,676	–	65,400
Nanjing First City (33%) *Note* [2]	Nanjing	23,810	Jun-17	Feb-19	100%	25,130	–	20,199
Nanjing Shiguang Shanhu (25%) *Note* [3]	Nanjing	14,338	Oct-17	Jul-19	100%	3,540	–	–
Changzhou Junwang Jia Di (13.33%) *Note* [4]	Changzhou	67,225	Dec-17	Jun-20	90%	187,275	–	–
Vanke Future Light (20%) *Note* [5]	Yangzhou	47,137	Jun-18	Dec-20	80%	84,847	–	–
Total		213,785				388,468	–	85,599

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 2019, the Group had a land bank of approximately 910,369 sq.m. under development. Among these lands, approximately 393,196 sq.m., 351,697 sq.m., 147,879 sq.m. and 17,597 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 2019, the Group had completed investment properties with a total GFA of approximately 189,999 sq.m. The average occupancy rate of the Group's investment properties as at 31 December 2019 was close to 90%.

Metro leasing and operational management business

As at 31 December 2019, 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 67,974 sq.m. As at 31 December 2019, 10 metro station shopping malls were under operations and the overall occupancy rate was over 90%.

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

Hotel operation

The Group's new hotel, Golden Wheel Hampton by Hilton in Changsha, commenced operations in April 2019.

On 11 October 2019, the Group entered into a sale and purchase agreement with an independent third party, Anchor Street Investment Limited, as purchaser, pursuant to which the Group has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the entire issued share capital in Double Advance Group Limited, which owns the Silka West Kowloon Hotel in Hong Kong. Completion of the disposal took place on 31 December 2019 and Double Advance Group Limited has ceased to be an indirect wholly-owned subsidiary of the Company. The Group has generated a gain on disposal of RMB63,918,000.

As at 31 December 2019, the Group has two hotels under operations, namely Nanjing Golden Wheel Atour Hotel in Nanjing and Golden Wheel Hampton by Hilton In Changsha. Total number of rooms for these two hotels amounts to 315. Average room occupancy rate of these two hotels in 2019 was higher than 90%.

Significant investments held

The Group's major investment was its equity investment in the share of Xiamen International Bank Co., Ltd. As at 31 December 2019, the Group had 34 million unlisted equity shares of Xiamen International Bank Co., Ltd with a carrying value of RMB203.1 million. The investment is for long-term purpose and it can also further enhance the business relationship between the Group and Xiamen International Bank Co., Ltd.

First property development project in Hong Kong

The development progress of the Group's first commercial project in Hong Kong which was acquired in 2018 was on schedule. The project was substantially completed as at 31 December 2019 and it is expected that the project will obtain its occupancy permit in April 2020. The project is located near Tin Hau MTR station in Hong Kong and is a commercial building with a total GFA of approximately 51,975 square feet.

Financing

In February 2019, the Group successfully issued additional senior notes in an aggregate principal amount of USD160 million, bearing a coupon rate of 7% per annum and due in 2021. Proceeds from this issue were solely used for the repurchase of part of the senior notes in the principal amount of USD288 million issued by the Group, bearing coupon rate of 8.25% per annum and due in November 2019.

In September 2019, the Group further issued additional senior notes in an aggregate principal amount of USD40 million, bearing a coupon rate of 7% per annum and due in 2021. Proceeds from the issue were to refinance the existing indebtedness of the Group.

Future outlook

Coronavirus outbreak, which began in Wuhan, China in December 2019 and has since spread across every city in China and many countries worldwide, is going to have a significant economic impact worldwide in 2020. Under the decisive control measures imposed by the Chinese government, the epidemic was basically contained in mid-March 2020 in mainland China. Although the ultimate economic impact resulting from the global pandemic is yet to know, the Group believes that achieving the economic goals for 2020 is still the first priority of the Chinese government and, therefore, more stimulus policies will be launched to boom up investment and promote consumption. As the property market is the backbone for the growth of China's economy, it is expected that more relaxed policies will be issued in the near future to enable a stable growth in the property market and the Group is optimistic that China's property market will remain on track for stable growth in 2020.

To ensure continuing growth in the Group's property development business, it is the strategy of the Group to have a land bank that can support the Group's stable growth for at least the next three years. As at 31 December 2019, the Group had a land bank of GFA of 1,711,270 sq.m., which should meet the needs of the Group's new three-year development plan. In 2020, the Group will exercise extra caution when looking for good development opportunities. The Group will only invest in the areas that it is familiar as well as projects that can generate reasonable return.

For leasing business, the Group will continue to retain its 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.

After the disposal of its entire interest in Double Advance Group Limited, which owns the Silka West Kowloon Hotel in Hong Kong, in 2019, the Group will focus its hotel business mainly in the mainland China. As at 31 December 2019, the Group had two hotels under operations. Both of them have achieved over 90% occupancy rate. There are two more hotels under development and both of them are located in prime locations in Nanjing.

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

FINANCIAL REVIEW

Results of operations

Revenue

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

	For the year ended 31 December			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Property development	**1,328,197**	**82.7**	1,188,443	82.2
Property leasing	**209,592**	**13.1**	203,913	14.1
Hotel operation	**67,659**	**4.2**	53,998	3.7
Total	**1,605,448**	**100.0**	1,446,354	100.0

Revenue increased by approximately 11.0% from approximately RMB1,446.4 million for the year ended 31 December 2018 to approximately RMB1,605.4 million for the year ended 31 December 2019, primarily due to an increase in revenue derived from the property development business.

- *Property development*

  Revenue derived from property development business increased by 11.8% from approximately RMB1,188.4 million for the year ended 31 December 2018 to approximately RMB1,328.2 million for the year ended 31 December 2019. The main reason for the increase was that the Group had three projects completed and delivered during the year, namely Yangzhou Lakeside Emerald House, Wuxi Golden Wheel Lakeside Orchid Garden and Golden Wheel Binary Star Plaza, whereas in 2018, there were only one project completed and delivered.

  For the year ended 31 December 2019, the Group achieved contracted sales of approximately RMB3,481.0 million (2018: RMB3,129.0 million).

- *Property leasing*

  Revenue derived from property leasing business increased by 2.8% from approximately RMB203.9 million for the year ended 31 December 2018 to approximately RMB209.6 million for the year ended 31 December 2019. The increase was due to the opening of one new metro station shopping mall as well as the increase of the overall rental rate.

- *Hotel operation*

  Revenue derived from hotel operating business increased by 25.2% to RMB67.6 million (2018: RMB54.0 million) for the year ended 31 December 2019. The increase was mainly due to the opening of Golden Wheel Hampton by Hilton in April 2019.

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			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Property development				
Land acquisition costs	**451,532**	**42.0**	198,777	29.0
Construction costs	**413,092**	**38.5**	318,023	46.5
Capitalised finance costs	**137,981**	**12.8**	74,033	10.8
Tax expenses	**9,278**	**0.9**	8,063	1.2
Subtotal	**1,011,883**	**94.2**	598,896	87.5
Property leasing	**22,020**	**2.1**	52,231	7.6
Hotel operation	**40,185**	**3.7**	33,527	4.9
Total	**1,074,088**	**100.0**	684,654	100.0

The Group's cost of sales increased from RMB684.7 million for the year ended 31 December 2018 to RMB1,074.1 million for the year ended 31 December 2019. The increase was primarily due to the increase in cost of sales of the property development business which was in line with the increase in revenue arising from the sales of developed properties.

The Group's percentage of average land acquisition costs over average selling price increased from 16.7% in 2018 to 34.0% in 2019.

Gross profit and gross profit margin

Gross profit decreased from RMB761.7 million for the year ended 31 December 2018 to RMB531.4 million for the year ended 31 December 2019, primarily due to the decrease in gross profit generated from the sales of developed properties.

Gross profit margin decreased from 52.7% for the year ended 31 December 2018 to 33.1% for the year ended 31 December 2019, primarily due to the decrease in the gross profit margin from the sales of developed properties.

The gross profit margin for the sales of developed properties decreased from 49.6% in 2018 to 23.8% in 2019, mainly because the projects completed and delivered during the year had a lower gross profit margin due to its location as well as its composition which mainly included residential units. In 2019, only 16.6% of the sale of developed properties was come from the Group's projects in Nanjing City (2018: 39.4% in Nanjing City).

The gross profit margin for property leasing increased to 89.5% in 2019 from 74.4% in 2018. The increase was mainly due to the reclassification of the rental costs which were included in the cost of sales in 2018 to change in fair value of investment properties and financial costs in 2019 as a result of the adoption of the new accounting standard IFRS16 for the year ended 31 December 2019.

Changes in fair value of investment properties

For the year ended 31 December 2019, the Group recorded a fair value gain on investment properties of RMB172.0 million (2018: RMB465.9 million). The fair value gain on investment properties decreased by 63.1% in 2019 because there were a number of newly completed investment properties in 2018 which had generated a substantial fair value gain upon completion as these projects were acquired a long time ago. The Group's investment properties were revaluated on market value basis by an independent property valuer.

Other income, expenses, gains and losses

The Group had a net gain of RMB66.1 million for other income, expenses, gains and losses for the year ended 31 December 2019 as compared to a net loss of RMB127.9 million for the year ended 31 December 2018. The net gain in 2019 was mainly attributable to interest income of RMB20.1 million and gain on disposal of a subsidiary of RMB63.9 million which are being off set by loss on repurchase of senior notes of RMB20.2 million. The net loss in 2018 was mainly attributable to interest income of RMB37.4 million which is 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 RMB178.9 million for the year ended 31 December 2018 to RMB186.3 million for the year ended 31 December 2019 primarily due to the overall increase in total borrowings as well as the increase in the average cost of borrowings. As at 31 December 2019, the Group had total borrowings of RMB6,428.3 million, while as at 31 December 2018, the Group's total borrowings were RMB5,856.0 million. In addition, the average cost of borrowings increased from 6.4% in 2018 to 7.8% in 2019.

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 2019 amounted to approximately RMB66.1 million (2018: RMB49.1 million), representing an increase of approximately 34.6%. The increase was primarily due to the fact that there were more sales activities carried out in 2019 as the Group launched a number of pre-sale activities during the year.

Administrative expenses

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

Administrative expenses for the year ended 31 December 2019 amounted to approximately RMB175.3 million (2018: RMB183.4 million), representing a decrease of approximately 4.4% as compared to last year. During the year, the Group continued to maintain a tight cost control policy. As a result, even though the Group has carried out more selling activities and increased its operating scale, the Group was able to reduce its overall administrative expenses.

Share of profits of associates and joint ventures

The Group's share of profits of associates and joint ventures amounted to RMB111.1 million for the year ended 31 December 2019 (2018: RMB105.6 million). The Group shared the profits from its 33% owned associate, which, during the year, has completed and delivered a project in Nanjing with a gross profit margin of 33.0%, resulting in an increase in the Group's share of profits of associates of RMB101.4 million from RMB3.7 million for the year ended 31 December 2018 to RMB105.1 million for the year ended 31 December 2019.

Taxation

The Group's income tax expenses decreased by 55.7% to RMB200.3 million for the year ended 31 December 2019 from RMB451.7 million for the year ended 31 December 2018. The decrease was mainly due to the decrease of PRC corporate income tax and land appreciation tax which resulted from the decrease in the profit from the sales of developed properties.

Profit attributable to equity shareholders of the Company

Mainly due to the decrease in gross profit and the decrease in fair value gain on investment properties, profit for the year decreased from RMB342.3 million for the year ended 31 December 2018 to RMB252.5 million for the year ended 31 December 2019, representing a decrease of approximately 26.2%.

Liquidity, financial and capital resources

Cash position

The Group had bank deposits and cash of approximately RMB1,753.6 million as of 31 December 2019 (2018: RMB997.9 million), including restricted bank deposits of approximately RMB774.4 million (2018: RMB275.9 million) and structured bank deposits of RMBnil (2018: RMB146.0 million). The increase in cash and bank balances was mainly due to the increase in proceeds from property sales during the year.

Bank and other borrowings and gearing ratio

The Group had outstanding bank and other borrowings (including senior notes) of approximately RMB6,428.3 million as at 31 December 2019 (2018: RMB5,856.0 million).

As at 31 December 2019, the Group's net gearing ratio was approximately 96.8% (2018: 105.4%). The net gearing ratio of the Group is calculated by dividing the interest-bearing liabilities net of bank deposits and cash by the total equity of the Company.

The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 70.2% as at 31 December 2019 versus approximately 66.9% as at 31 December 2018.

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 7.8% in 2019 as compared to approximately 6.4% in 2018.

Foreign exchange rate risk

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

Financial guarantees

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

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

	2019 ***RMB'000***	2018 *RMB'000*
Mortgage loan guarantees provided by the Group to banks in favour of its customers	**317,790**	96,309

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 2019, the Group had a total of approximately 688 (2018: 593) 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 2019 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 2019 annual report of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors at the date of this announcement, the Company has maintained the public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2019.

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 2019.

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

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors: Mr. Li Sze Keung (Chairman) (appointed on 14 June 2019), 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. Mr. Li Yiu Fai resigned as the chairman and a member of the Audit Committee on 14 June 2019.

The primary duties of the Audit Committee are: to review and supervise the Company's financial reporting process, half-yearly and annual results, risk management and internal control systems, effectiveness of the internal audit function performed by the internal audit department of the Group and provide advice and comments to the Board. The Audit Committee meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The Audit Committee had reviewed the Group's consolidated financial statements for the year ended 31 December 2019, including the accounting principles and practices adopted by the Group, and discussed with the Company's management regarding risk management, internal control and other important matters.

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") with specific terms of reference explaining its role and authorities delegated by the Board. The Nomination Committee currently consists of two independent non-executive Directors and an executive Director: Mr. Wong Yam Yin (Chairman), an executive Director, Mr. Wong Ying Loi, an independent non-executive Director, and Mr. Li Sze Keung, an independent non-executive Director (appointed on 14 June 2019). Mr. Li Yiu Fai resigned as a member of the Nomination Committee on 14 June 2019.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. The Company has made specific enquiries with all the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2019.

ISSUANCE OF SENIOR NOTES

On 25 February 2019 and 20 September 2019, the Company issued additional senior notes in an aggregate principal amount of USD160 million and USD40 million, respectively, bearing coupon rate of 7% per annum and due in January 2021 (the "**Additional Notes**"), which were consolidated and formed a single class with the senior notes issued by the Company on 18 January 2018 in the aggregate principal amount of USD200 million bearing coupon rate of 7% per annum and due in January 2021 (the "**USD 2021 Notes**"). The Additional Notes have been admitted to the official list of Singapore Exchange Securities Trading Limited (the "**Singapore Exchange**").

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

With respect to the senior notes in the principal amount of USD288 million with a coupon rate of 8.25% per annum and due in November 2019 (the "**USD 2019 Notes**"), the Company repurchased and cancelled part of the USD 2019 Notes in the aggregate principal amount of USD138 million on 12 March 2019 by a tender offer commenced on 25 February 2019. In August and October 2019, the Company further repurchased an aggregate principal amount of USD7.7 million and USD5 million of the USD 2019 Notes, and all the repurchased notes were cancelled on 21 August 2019 and 16 October 2019 respectively. Pursuant to the terms of the USD 2019 Notes, the Company completed the full redemption of all the outstanding USD 2019 Notes in an aggregate principal amount of USD137.3 million on 4 November 2019. The USD 2019 Notes were then cancelled and delisted from the Singapore Exchange.

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 2019.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 6 January 2020, the Company issued senior notes in an aggregate principal amount of USD200 million with a coupon rate of 12.95% per annum (the "**USD 2022 Notes**"). The USD 2022 Notes are denominated in United States dollars and listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the Singapore Exchange. The USD 2022 Notes carry interest at a coupon rate of 12.95% per annum, payable semi-annually in arrears, and will mature on 14 March 2022. The purpose of the issue of the USD 2022 Notes is to refinance existing indebtedness of the Group, including payment in connection with the repurchase of part of the USD 2021 Notes on 17 January 2020 as described below.

On 17 January 2020, the Company, through a tender offer, successfully repurchased part of the USD 2021 Notes in an aggregate principal amount of USD43,353,000. After the cancellation of the repurchased USD 2021 Notes on 17 January 2020, the aggregate principal amount of the USD 2021 Notes which remains outstanding and subject to the terms of the indenture governing the USD 2021 Notes is USD356,647,000 as at 17 January 2020. Please refer to the announcements published by the Company on the Stock Exchange dated 6 January 2020, 7 January 2020, 16 January 2020 and 17 January 2020.

On 23 March 2020, the Company repurchased and cancelled part of the USD 2021 Notes in an aggregate principal amount of USD43,085,000. As at 23 March 2020, the outstanding principal amount of the USD 2021 Notes is USD313,562,000. Please refer to the announcement published by the Company on the Stock Exchange dated 24 March 2020.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditors, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

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

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.6 cents per share (the "**Proposed Final Dividend**") in respect of the year ended 31 December 2019.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the "**AGM**") be held on Friday, 22 May 2020. Notice of the AGM will be published and issued to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 May 2020 to Friday, 22 May 2020 (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, 18 May 2020.

The record date for such purposes is Friday, 22 May 2020.

The register of members will be closed from Thursday, 28 May 2020 to Friday, 29 May 2020, 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, 27 May 2020.

The record date for such purposes is Friday, 29 May 2020.

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 2019 containing all information required by the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 30 March 2020

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