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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1232)

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 32.7% to approximately RMB429.7 million for the six months ended 30 June 2024 (30 June 2023: RMB638.5 million).
- Total contracted sales decreased by approximately 50.9% to approximately RMB276.1 million for the six months ended 30 June 2024 (30 June 2023: RMB562.7 million).
- Loss for the period amounted to approximately RMB507.7 million (30 June 2023: RMB518.9 million) which was mainly due to (i) the Group incurred a gross loss from its property sales under the impacts of the tough business environment in the real estate industry; (ii) the foreign exchange loss of approximately RMB32.4 million; (iii) fair value loss on investment properties of approximately RMB325.9 million.
- Total equity amounted to approximately RMB460.1 million as at 30 June 2024 (31 December 2023: RMB966.8 million) with net asset value per share amounting to approximately RMB0.26 per share (31 December 2023: RMB0.54 per share).(Note)
- As of 30 June 2024, the Group had total cash and bank deposits of approximately RMB339.7 million (31 December 2023: RMB586.3 million).
- Total investment properties as at 30 June 2024 amounted to approximately RMB3,883.8 million (31 December 2023: RMB4,181.9 million).

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

The board (the "**Board**") of directors (the "**Directors**", and each a "**Director**") of Golden Wheel Tiandi Holdings Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024, together with the comparative figures for the corresponding period of 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**429,748**	638,482
Cost of sales		**(355,113)**	(723,129)
Gross profit/(loss)		**74,635**	(84,647)
Changes in fair value of investment properties	7(c)	**(325,866)**	(975)
Other income, expense, gains and losses	4(b)	**(49,942)**	(126,648)
Selling and marketing expenses		**(15,272)**	(29,985)
Administrative expenses		**(72,055)**	(70,424)
Loss from operations		**(388,500)**	(312,679)
Finance costs	4(a)	**(138,166)**	(162,145)
Share of profits of associates		**747**	17,807
Share of losses of joint ventures		**(5,311)**	(27,843)
Loss before taxation	4	**(531,230)**	(484,860)
Income tax	5	**23,538**	(34,005)
Loss for the period		**(507,692)**	(518,865)
Attributable to:			
Equity shareholders of the Company		**(560,500)**	(512,639)
Non-controlling interests		**52,808**	(6,226)
Loss for the period		**(507,692)**	(518,865)

	Note	Six months ended 30 June **2024** *RMB'000* **(unaudited)**	2023 *RMB'000* (unaudited)
Loss for the period		**(507,692)**	(518,865)
Other comprehensive income/(expense) for the period (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the entities with functional currencies other than RMB, net		**941**	(855)
Other comprehensive income/(expense) for the period		**941**	(855)
Total comprehensive expense for the period		**(506,751)**	(519,720)
Attributable to:			
Equity shareholders of the Company		**(559,559)**	(513,494)
Non-controlling interests		**52,808**	(6,226)
Total comprehensive expense for the period		**(506,751)**	(519,720)
Loss per share	6		
Basic *(RMB per share)*		**(0.312)**	(0.285)
Diluted *(RMB per share)*		**(0.312)**	(0.285)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2024 RMB'000 (unaudited)**	31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	7	**435,493**	460,541
Investment properties	7	**3,883,846**	4,181,858
Interests in associates		**53,307**	84,960
Interests in joint ventures		**424,936**	430,247
Other financial assets	8	**141,075**	142,164
Restricted bank deposits		**25,326**	24,333
Deferred tax assets		**193,926**	53,594
		5,157,909	5,377,697
Current assets			
Properties under development for sale		**1,528,935**	1,106,666
Completed properties for sale		**1,359,507**	2,399,091
Contract costs		**434**	434
Trade and other receivables	9	**582,962**	499,181
Land appreciation tax and income tax prepaid		**34,750**	52,700
Restricted bank deposits		**176,966**	352,708
Cash and cash equivalents		**137,426**	209,263
		3,820,980	4,620,043
Current liabilities			
Trade and other payables	10	**2,149,925**	2,486,183
Contract liabilities		**331,160**	437,395
Rental received in advance		**20,343**	23,802
Lease liabilities		**47,479**	52,344
Bank loans		**594,769**	699,265
Current taxation		**595,827**	495,336
Senior notes		**3,325,383**	3,304,806
Financial guarantee contract		**306,358**	280,976
		7,371,244	7,780,107
Net current liabilities		**(3,550,264)**	(3,160,064)
Total assets less current liabilities		**1,607,645**	2,217,633

	30 June 2024 *RMB'000* (unaudited)	31 December 2023 *RMB'000* (audited)
Non-current liabilities		
Lease liabilities	**68,734**	97,600
Bank loans	**287,800**	326,400
Deferred tax liabilities	**791,045**	826,816
	1,147,579	1,250,816
NET ASSETS	**460,066**	966,817
CAPITAL AND RESERVES		
Share capital	**112,883**	112,883
Reserves	**60,556**	620,115
Total equity attributable to equity shareholders of the Company	**173,439**	732,998
Non-controlling interests	**286,627**	233,819
TOTAL EQUITY	**460,066**	966,817

1 GENERAL AND BASIS OF PREPARATION

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

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

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

These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("**last annual financial statements**"). They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**"), which collective term includes all individual IFRS Accounting Standards, International Accounting Standards ("**IASs**") and Interpretations as issued by the International Accounting Standards Board ("**IASB**"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the directors of the Company (the "**Directors**") on 30 August 2024.

In preparing these interim financial statements, management had made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(a) Multiple material uncertainties relating to going concern

The Group incurred a net loss of approximately RMB507,692,000 for the six months ended 30 June 2024 and recorded net current liabilities of approximately RMB3,550,264,000 as at 30 June 2024. Included in the current liabilities were bank loans of approximately RMB594,769,000 and senior notes of approximately RMB3,325,383,000. As at 30 June 2024, the Group had cash and cash equivalents and restricted bank deposits amounting to approximately RMB137,426,000 and approximately RMB202,292,000, respectively.

Bank loans of US$40,000,000 (equivalent to approximately RMB278,584,000) and HK$374,680,000 (equivalent to approximately RMB334,690,000) were originally due on 31 August 2022 and the maturity date was extended to 31 October 2022. The maturity date has not been further extended and the Group failed to repay these bank loans on 31 October 2022 (the "**Default**"). These bank loans are pledged by the Group's completed property for sale amounting to RMB877,095,000 as at 31 December 2022. The receivers arranged for a tender process for the sale of the pledged property, Golden Wheel Plaza, 68 Electric Road, Tin Hau, Hong Kong (i.e. Hong Kong Golden Wheel Plaza). Under an agreement dated 13 November 2023, the pledged property was agreed to be sold to an independent third party at a consideration of HK$511,000,000 (equivalent to approximately RMB471,142,000). This transaction was completed on 12 January 2024.

The Default triggered cross-defaults of other bank loans with an aggregate carrying amount of approximately RMB460,265,000 as of 30 June 2024, which became repayable on demand and were included in current liabilities. Those defaulted or cross-defaulted bank loans were secured by the Group's assets with an amount of approximately RMB2,287,787,000 and the related banks have the right to sell, transfer or otherwise dispose of any of those assets if the Group cannot repay the loans upon request. Up to the date of approval of these interim financial statements, the Group continues to be in cross-default and the banks have not demanded immediate repayment of these bank loans.

In addition, as of 30 June 2024, the Group failed to repay an accumulated interest of US$103,562,000 (equivalent to approximately RMB724,547,000) on the senior notes and failed to redeem 25% of the principal amount of approximately US$494,667,000 of the senior notes during the period ended 30 June 2024, when they were due. On 11 July 2024, the Group also failed to redeem 10% of the principal amount of approximately US$494,667,000 of the senior notes. Such non-payment has caused an event of default itself. As of the date of approval of these interim financial statements, the senior notes continue to be defaulted and the senior note holders (the "**Holders**") have not exercised their rights to require immediate redemption of the senior notes or payment of interest.

As at 30 June 2024, the Group had investment properties, completed properties for sale and properties under development for sale of approximately RMB3,883,846,000, RMB1,359,507,000 and RMB1,528,935,000, respectively. The current volatility in the real estate industry may place increasing difficulty for the Group and may undermine the Group's ability to generate sufficient cash flows from its future operations to meet its financing obligations and the Group's ability to renew existing facilities or source new funding. All these events or conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

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

In view of these circumstances, the Directors have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 18 months from 30 June 2024. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

(i) The Company already had discussions with the major Holders. The Directors will take steps to come up a senior notes restructuring proposal. The Group has appointed financial advisors for the purpose of facilitating timely negotiations of various proposed amendments to the terms and conditions with the Holders;

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

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

If the Group fails to achieve one or more of the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim financial statements.

2 CHANGES IN ACCOUNTING POLICIES

Except as described as below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements. The policy for recognizing and measuring income taxes in the interim period is consistent with that applied in the previous interim period and is described in Note 5.

The Group has applied the following amended IFRS accounting standards to these interim financial statement for the current accounting period:

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*

- Amendments to IAS 1, *Non-current Liabilities with Covenants*

- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*

- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Property development	**293,467**	501,002
Property leasing	**87,832**	83,478
Hotel operation	**48,449**	54,002
Total revenue	**429,748**	638,482
Disaggregated by geographical location of customers		
Mainland China	**429,748**	629,831
Hong Kong	**–**	8,651
	429,748	638,482

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

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

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

	Property development		**Property leasing**		**Hotel operation**		**Total**	
For the six months ended 30 June	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Under the scope of IFRS 15, *Revenue from contracts with customers*								
– Point in time	**293,467**	501,002	**–**	–	**–**	–	**293,467**	501,002
Under the scope of IFRS 16, *Lease*								
– Rental income	**–**	–	**87,832**	83,478	**48,449**	54,002	**136,281**	137,480
Reportable segment revenue	**293,467**	501,002	**87,832**	83,478	**48,449**	54,002	**429,748**	638,482
Reportable segment (loss)/ profit	**(39,701)**	(201,531)	**40,397**	45,633	**(93)**	5,362	**603**	(150,536)

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Reportable segment profit/(loss)	**603**	(150,536)
Changes in fair value of investment properties	**(325,866)**	(975)
Other income, expenses, gains and losses	**(49,942)**	(126,648)
Unallocated head office and corporate expenses	**(13,295)**	(34,520)
Finance costs	**(138,166)**	(162,145)
Share of profits of associates	**747**	17,807
Share of losses of joint ventures	**(5,311)**	(27,843)
Consolidated loss before taxation	**(531,230)**	(484,860)

4 LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(a) Finance costs		
Interest on bank loans	**(33,500)**	(87,934)
Interest on lease liabilities	**(3,994)**	(5,795)
Interest on senior notes	**(161,804)**	(162,822)
Less: Interest expense capitalised into properties under development for sale and investment properties under development	**61,132**	94,406
Total interest expense on finance liabilities not at fair value through profit or loss ("**FVTPL**")	**(138,166)**	(162,145)
(b) Other income, expense, gains and losses		
Dividend and interest income	**1,100**	5,677
Government grant	**67**	917
Compensation income from early termination of leasing contracts	**8,687**	821
Compensation income from termination of property sales contracts	**1,113**	–
Net foreign exchange losses	**(32,398)**	(147,281)
Changes in fair value of financial assets at FVTPL, net	**(1,167)**	13,192
Gains on disposal of property, plant and equipment	**1,022**	–
Changes for a financial guarantee contract	**(24,270)**	–
Impairment loss on amounts due from former subsidiaries	**(5,083)**	–
Donation	**(5)**	15
Others	**992**	11
Total	**(49,942)**	(126,648)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(c) Other items		
Cost of properties	**300,996**	669,393
Direct operating expenses arising from rental-earning properties	**11,777**	10,651
Depreciation of property, plant and equipment	**35,193**	38,936
Total	**347,966**	718,980

5 INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
– People's Republic of China ("**PRC**") corporate income tax ("**CIT**")	**(31,010)**	(6,737)
– Land appreciation tax ("**LAT**")	**(121,556)**	(25,111)
Deferred tax	**176,104**	(2,157)
	23,538	(34,005)

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 at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. No Hong Kong Profits Tax has been provided as the Group had no estimated assessable profits for both years.

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

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

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB560,500,000 (six months ended 30 June 2023: loss of RMB512,639,000) and the weighted average of 1,799,020,000 ordinary shares (six months ended 30 June 2023: 1,799,020,000 shares) in issue during the period.

(b) Diluted loss per share

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

7 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2024, the Group terminated a lease agreement and derecognised a right-of-use asset amounting to RMB7,114,000 and lease liabilities amounting to RMB11,172,000, respectively (six months ended 30 June 2023: Nil).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of plant, property and equipment with a cost of RMB4,908,000 (six months ended 30 June 2023: RMB865,000). The Group disposed items of plant, property and equipment with a cost of RMB1,085,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB32,959,000). During the six months ended 30 June 2024, the cost of certain disposed investment properties is RMB12,954,000 (six months ended 30 June 2023: RMB12,391,000). No investment properties were transferred to plant, property and equipment (six months ended 30 June 2023: Nil).

(c) Valuation

The valuation of investment properties and land and buildings held for rental income carried at fair value was updated at 30 June 2024 by an independent and qualified professional valuer using the same valuation techniques as last annual financial statements.

As a result of the update, a net loss of RMB325,866,000 (six months ended 30 June 2023: net loss of RMB975,000), and the deferred tax assets thereon of RMB81,467,000 (six months ended 30 June 2023: deferred tax assets RMB244,000), have been recognised in profit or loss for the period in respect of changes in fair value of investment properties.

8 OTHER FINANCIAL ASSETS

	At 30 June 2024 *RMB'000* **(unaudited)**	At 31 December 2023 *RMB'000* (audited)
Financial assets measured at FVTPL		
– Unlisted equity securities	**130,090**	131,257
– Others	**10,985**	10,907
Amounts shown under non-current assets	**141,075**	142,164

9 TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise 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. However, longer credit periods might grant to certain customers on a discretionary basis.

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

	At 30 June 2024 *RMB'000* **(unaudited)**	At 31 December 2023 *RMB'000* (audited)
Within 1 year	**66,920**	39,011
Trade receivables, net of loss allowance	**66,920**	39,011
Amount due from associates and joint ventures	**107,277**	64,559
Other debtors	**269,460**	258,687
Amounts due from former subsidiaries	**623,281**	630,219
Less: Allowance for credit losses	**(651,056)**	(652,029)
Financial assets measured at amortised cost	**415,882**	340,447
Advances to contractors	**27,774**	21,409
Other taxes prepaid	**139,306**	137,325
	582,962	499,181

10 TRADE AND OTHER PAYABLES

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

	At 30 June 2024 *RMB'000* **(unaudited)**	At 31 December 2023 *RMB'000* (audited)
Within 180 days	**464,808**	862,070
181 to 365 days	**271,070**	302,321
Over 1 year	**241,860**	288,542
Total trade payables	**977,738**	1,452,933
Other payables	**934,066**	797,109
Amounts due to associates and joint ventures	**238,121**	236,141
	2,149,925	2,486,183

BUSINESS REVIEW

In the first half of 2024, the international political and economic situation was complex and volatile, US central banks continued higher interest rate policy to control liquidity, increasing the risk of economic recession. The weak economic recovery and the effects of various adverse factors in the real estate market and financial environment have posed severe challenges to the business development of the Group, resulting in a significant decrease in contracted sales. For the six months ended 30 June 2024, the Group managed to achieve a total contracted sales of approximately RMB276.1 million (for the six months ended 30 June 2023: RMB562.7 million) and property leasing and hotel operation business remained stable when compared with the corresponding period of last year. Average occupancy rates of the reporting period for property leasing and hotel operation were approximately 82% (30 June 2023: 80%) and 81% (30 June 2023: 83%), respectively.

In March 2023, the Group announced the restructuring of its senior notes, which upon completion, will improve the Group's financial position and sustainability and allow the Group to resume its daily operations. Despite the challenging situation, the Group continued to maintain tight control of the property delivery process and mitigated delivery risks.

Property development

Contracted sales

The Group currently has more than 8 projects on sale. For the six months ended 30 June 2024, the Group and its joint ventures and associates recorded total contracted sales value and contracted sales area of approximately RMB276.1 million (30 June 2023: RMB562.7 million) and approximately 19,286 sq.m. (30 June 2023: 49,866 sq.m.), respectively.

Property sales

For the six months ended 30 June 2024, the Group's revenue from sale of properties amounted to approximately RMB293.5 million with an aggregate gross floor area ("**GFA**") of approximately 26,161 sq.m. being sold and delivered. The average selling price of these sold properties amounted to approximately RMB11,218 per sq.m..

As at 30 June 2024, there were total unrecognised contracted sales of approximately RMB381.7 million. These unrecognised contracted sales are expected to be recognised in the second half of 2024 and in 2025 as and when the related projects are completed and delivered.

Land bank of the Group

As affected by the economic downturn, the Group adopted a more prudent approach in new land acquisition during the first half of 2024. As a result, the Group did not acquire any new land nor invest in any new joint venture or associate during the first half of 2024.

As at 30 June 2024, the Group had a total land bank of GFA of 779,728 sq.m., including 165,585 sq.m. of completed but unsold properties, 32,189 sq.m. of own used properties, 125,014 sq.m. of completed investment properties, 188,090 sq.m. of properties under development and 268,850 sq.m. of properties developed by joint venture and associate entities.

Property leasing

As at 30 June 2024, the Group had completed investment properties with a total GFA of approximately 125,014 sq.m. The overall occupancy rate of the Group's investment properties for the six months ended 30 June 2024 was over 80%.

Metro leasing and operational management business

As at 30 June 2024, the Group had leasing and operational management contracts of 3 metro station shopping malls in two cities in mainland China, namely, Nanjing and Wuxi, with a total leasable GFA of around 11,013 sq.m. As at 30 June 2024, the overall occupancy rate was over 84%.

Hotel operation

As at 30 June 2024, the Group had five hotels under operation, namely Golden Wheel Atour Hotel in Nanjing, Golden Wheel Hampton by Hilton in Changsha, Golden Wheel Hampton by Hilton in Yangzhou, Nanjing Golden Wheel Courtyard Marriott and Golden Wheel Homeinn Style Hotel in Wuxi which opened in June 2024. Total number of rooms for these five hotels amounts to 758. Average room occupancy rate of these four hotels (except Golden Wheel Homeinn Style Hotel in Wuxi) during the reporting period was approximately 81%.

Significant investments held

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

As at 30 June 2024, the Group's major investment was its equity investment in the shares of Xiamen International Bank Co., Ltd., which were 55.9 million (31 December 2023: 50.8 million) unlisted equity shares of Xiamen International Bank Co., Ltd with a carrying value of approximately RMB130.1 million (31 December 2023: RMB131.3 million).

OUTLOOK

Due to the increasingly difficult economic conditions and financial instability, the Group expected the property industry will continue to struggle and remain weak in the coming years, means that the Group's business will still be facing a lot of challenges in 2024.

Nevertheless, the Group will develop projects with minority interests, increase the number of contracted construction projects, pursue suitable asset-light commercial management projects as well as expand the business of certain hotels. The Group will continue to adopt a more cautious land acquisition strategy and conduct cooperation in the project developments to reduce investment risks and ensure effective cash flow management. The Group will actively engage with financial institutions for the prudent disposal of assets, actively promote debt restructuring of senior notes, and continue to accelerate property sales and recover sales proceeds, while maintaining stricter cost control measures to reduce capital expenditures as appropriate and strive to ensure timely delivery of properties. With its prudent financial management, we believe that the Group will maintain competitiveness for future development and expansion.

FINANCIAL REVIEW

Results of operation

Revenue

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

	Six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Property development	**293,467**	**68.3**	501,002	78.5
Property leasing	**87,832**	**20.4**	83,478	13.1
Hotel operation	**48,449**	**11.3**	54,002	8.4
Total	**429,748**	**100.0**	638,482	100.0

The Group's revenue was primarily generated from its sale of developed properties, which accounted for approximately 68.3% of its revenue for the six months ended 30 June 2024 (six months ended 30 June 2023: 78.5%), rental income from property leasing, which accounted for approximately 20.4% of its revenue for the six months ended 30 June 2024 (six months ended 30 June 2023: 13.1%) and income from hotel operation, which accounted for approximately 11.3% of its revenue for the six months ended 30 June 2024 (six months ended 30 June 2023: 8.4%). Revenue decreased by approximately 32.7% from approximately RMB638.5 million for the six months ended 30 June 2023 to approximately RMB429.7 million for the six months ended 30 June 2024, primarily due to the decrease in revenue generated from property development of the Group for the current period.

Property development

Revenue derived from the property development business decreased by approximately 41.4% from approximately RMB501.0 million for the six months ended 30 June 2023 to approximately RMB293.5 million for the six months ended 30 June 2024. This decrease was primarily due to the decrease in the total GFA sold and no any project was completed and delivered during the period.

Property leasing

Revenue derived from property leasing increased by approximately 5.2% to approximately RMB87.8 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB83.5 million). The operation of property leasing remained stable.

Hotel operation

Revenue derived from hotel operation decreased by approximately 10.3% to approximately RMB48.4 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB54.0 million). The decrease was mainly due to the economic downturn, domestic residents reduce consumption.

Cost of sales

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

	Six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Property development				
– Land acquisition costs	**69,730**	**19.6**	118,435	16.3
– Construction costs	**75,839**	**21.4**	250,956	34.7
– Capitalised finance costs	**53,096**	**15.0**	88,979	12.3
– Tax expenses	**832**	**0.2**	2,836	0.4
Inventory impairment	**101,499**	**28.6**	208,187	28.8
Subtotal	**300,996**	**84.8**	669,393	92.5
Property leasing	**11,777**	**3.3**	10,651	1.5
Hotel operation	**42,340**	**11.9**	43,085	6.0
Total	**355,113**	**100.0**	723,129	100.0

Cost of sales decreased by approximately 50.9% from approximately RMB723.1 million for the six months ended 30 June 2023 to approximately RMB355.1 million for the six months ended 30 June 2024, primarily due to the decrease in cost of sales from property development, which was in line with the decrease in revenue arising from the sales of developed properties.

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

The Group recorded a gross profit of approximately RMB74.6 million for the six months ended 30 June 2024 (30 June 2023: gross loss of approximately RMB84.6 million). Such increased in gross profit primarily due to the fact that the gross profit of the Group's sale of developed properties has improved which generated a gross loss margin of 2.6% for the six months ended 30 June 2024 compared with the corresponding period last year of a gross loss margin of 33.6%.

The gross profit margin for property leasing decreased slightly from approximately 87.2% for the six months ended 30 June 2023 to approximately 86.6% for the six months ended 30 June 2024.

The Group's hotel operation had recorded a gross profit margin of approximately 12.6% as compared to a gross profit margin of approximately 20.2% in 2023. The decrease in gross profit margin was mainly due to the decrease in hotel operation income.

Changes in fair value of investment properties

The Group's investment properties were revaluated at the end of each of the relevant periods as at 30 June 2024 and 30 June 2023 on an open market value or existing use basis by an independent property valuer.

For the six months ended 30 June 2024, the Group recorded a fair value loss on investment properties of approximately RMB325.9 million (for the six months ended 30 June 2023: fair value loss approximately RMB1.0 million). The unrealized revaluation loss was mainly due to the economic downturn which has adversely affected the market value of the investment properties.

Other income, expenses, gains and losses

The Group had a net loss of approximately RMB49.9 million for other income, expenses, gains and losses for the six months ended 30 June 2024 (for the six months ended 30 June 2023: a net loss of RMB126.6 million). The net loss for the six months ended 30 June 2024 was mainly consisted of net foreign exchange loss of RMB32.4 million and changes of a financial guarantee contract of RMB24.3 million.

Selling and marketing expenses

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

Selling and marketing expenses decreased significantly from approximately RMB30.0 million for the six months ended 30 June 2023 to approximately RMB15.3 million for the six months ended 30 June 2024. The decreased was mainly due to the decrease of contract sales during the period.

Administrative expenses

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

Administrative expenses increased from approximately RMB70.4 million for the six months ended 30 June 2023 to approximately RMB72.1 million for the six months ended 30 June 2024, representing an increase of approximately 2.3% as compared with the corresponding period of last year. During the reporting period, the Group continued to maintain tight cost control policies which included the control of headcount, across-the-broad reduction of salaries and reduction of year-end bonuses.

Finance costs

Finance costs consisted primarily of interest expenses on bank loans and senior notes net of capital finance costs. Finance costs decreased from approximately RMB162.1 million for the six months ended 30 June 2023 to approximately RMB138.2 million for the six months ended 30 June 2024, primarily due to the reduction of interest expense capitalized since less projects were under progress and decreased in interests on bank loans as compared to the same period last year.

Income tax

The Group recorded a credit balance of income tax which was due to the decrease in deferred taxation arising from the valuation loss on investment properties.

Loss for the period

With the impact of the tough business environment in the real estate industry resulting a fair value loss of investment properties of approximately RMB325.9 million, the Group incurred a net loss of approximately RMB507.7 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: net loss of approximately RMB518.9 million).

Liquidity, financial and capital resources

Cash position

As at 30 June 2024, the Group's cash and bank balances were approximately RMB339.7 million (31 December 2023: RMB586.3 million), including restricted bank deposits of approximately RMB202.3 million (31 December 2023: RMB377.0 million). The decrease in cash and bank balances was mainly due to the decrease in proceeds received from property sales which was a result of the substantial decrease in contracted sales during the reporting period.

Breach of loan agreements and cross defaults under certain loan facilities

As at 30 June 2024, bank loans of US$ 40,000,000 (equivalent to approximately RMB278,584,000) and HK$374,680,000 (equivalent to approximately RMB334,690,000) were originally due on 31 August 2022 and the maturity date was extended to 31 October 2022. The maturity date has not been further extended and the Group failed to repay these bank loans on 31 October 2022 (the "**Default**"). These bank loans are pledged by the Group's completed property for sale amounting to RMB877,095,000 as at 31 December 2022. The receivers arranged for a tender process for the sale of the pledged property, Golden Wheel Plaza, 68 Electric Road, Tin Hau, Hong Kong (i.e. Hong Kong Golden Wheel Plaza). Under an agreement dated 13 November 2023, the pledged property was agreed to be sold to an independent third party at a consideration of HK$511,000,000 (equivalent to approximately RMB471,142,000). This transaction was completed on 12 January 2024.

The Default triggered cross-defaults of other bank loans with an aggregate carrying amount of approximately RMB460,265,000 as of 30 June 2024, which became repayable on demand and were included in current liabilities. Those defaulted or cross-defaulted bank loans were secured by the Group's assets with an amount of approximately RMB2,287,787,000 and the related banks have the right to sell, transfer or otherwise dispose of any of those assets if the Group cannot repay the loans upon request. Up to the date of approval of these interim financial statements, the Group continues to be in cross-default and the banks have not demanded immediate repayment of these bank loans.

In addition, as of 30 June 2024, the Group failed to repay an accumulated interest of US$103,562,000 (equivalent to approximately RMB724,547,000) on the senior notes and failed to redeem 25% of the principal amount of approximately US$494,667,000 of the senior notes during the period ended 30 June 2024, when they were due. On 11 July 2024, the Group also failed to redeem 10% of the principal amount of approximately US$494,667,000 of the senior notes. Such non-payment has caused an event of default itself. As of the date of approval of these interim financial statements, the senior notes continue to be defaulted and the senior notes holders have not exercised their rights to require immediate redemption of the senior notes or payment of interest.

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 six months ended 30 June 2024 and 2023 were approximately 9.3% and 9.7%, respectively.

Gearing ratio

The net gearing ratio was calculated by dividing the total borrowings net of cash and restricted bank deposits by the total equity. As at 30 June 2024, the net gearing ratio of the Group was approximately 840.8% (31 December 2023: 387.3%).

The Group's debt-to-asset ratio (total indebtedness minus contract liabilities divided by total assets) was approximately 91.2% as at 30 June 2024 versus approximately 86.0% as at 31 December 2023.

Foreign exchange rate risk

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

Contingent liabilities

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

As at 30 June 2024, mortgage loan guarantees provided by the Group to the banks in favour of its customers amounted to approximately RMB8.9 million (31 December 2023: RMB8.8 million). In the opinion of the Directors, the fair value of the guarantees at initial recognition is insignificant as the default rate is low.

Employees and remuneration policies

As at 30 June 2024, the Group had a total of approximately 602 (31 December 2023: 581) full-time employees in Hong Kong and mainland China. The Group enters into employment contracts with its employees to cover matters such as job position, terms of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonuses and share options. Remuneration is determined with reference to the performance, skills, qualifications and experience of the employee concerned and the prevailing industry practice.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2024, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules and most of the recommended best practices contained therein save and except the following:

In respect of Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wong Yam Yin was absent at the annual general meeting held on 29 May 2024 (the "**AGM**"). In his absence, Mr. Wong Kam Fai, took the chair of the AGM. Other members of the Board, chairmen of each of the Audit Committee and Remuneration Committee, as well as the external auditor, who also attended the AGM, were of sufficient calibre for answering questions at the AGM.

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

AUDIT COMMITTEE

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

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

The Audit Committee had reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 and discussed with the Company's management regarding risk management, internal control and other important matters.

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code for securities transactions by the Directors. The Company has made specific enquiries with all the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 11 July 2024, the Group failed to redeem 10% of principal amount of approximately US$494,667,000 of the New Senior Notes according to the settlement schedule.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gwtd.com.hk). The interim report of the Group for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 30 August 2024

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