



## Interim Report 2014 中期報告



**XIWANG PROPERTY HOLDINGS COMPANY LIMITED**

**西王置業控股有限公司\***

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock code 股份代號 : 2088



**LANTING**  
PROJECT



**QINGHE**  
PROJECT

# XIWANG PROPERTY PROJECT

**MEIJUN**  
PROJECT



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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. WANG Chuan Wu  
(*Chief Executive Officer*)  
Mr. ZHOU Xiang Lin  
Mr. CHENG Gang

### Non-Executive Directors

Mr. WANG Di (*Chairman*)  
Mr. WANG Yong (*Deputy Chairman*)  
Mr. SUN Xihu

### Independent Non-Executive Directors

Mr. WONG Kai Ming  
Mr. WANG An  
Mr. WANG Shu Jie

## Committees

### Audit Committee

Mr. WONG Kai Ming (*Chairman*)  
Mr. WANG An  
Mr. WANG Shu Jie

### Remuneration Committee

Mr. WANG An (*Chairman*)  
Mr. WONG Kai Ming  
Mr. SUN Xihu

### Nomination Committee

Mr. WONG Kai Ming (*Chairman*)  
Mr. WANG Shu Jie  
Mr. SUN Xihu

## Company Secretary

Ms. LAM Wai Lin  
(resigned on 25 July 2014)  
Miss. NG Weng Sin  
(appointed on 25 July 2014)

## Authorised Representatives

Mr. WANG Yong  
Ms. LAM Wai Lin  
(resigned on 25 July 2014)  
Miss. NG Weng Sin  
(appointed on 25 July 2014)  
Mr. SUN Xihu  
(*alternate to Mr. WANG Yong and Miss. NG Weng Sin*)

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Head Office and Principal Place of Business in the PRC

Xiwang Industrial Area  
Zouping County  
Shandong Province  
People's Republic of China

## Principal Place of Business in Hong Kong

Unit 2110, 21/F Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong



### Principal Bankers

Agricultural Bank of China  
Bank of China  
China Construction Bank  
Bank of East Asia  
Wing Lung Bank

### Auditors

Ernst & Young  
Certified Public Accountants  
22nd Floor CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

### Legal Advisers

As to Hong Kong law:  
Minter Ellison  
Level 25  
One Pacific Place  
88 Queensway  
Hong Kong

As to Bermuda law:  
Conyers Dill & Pearman  
2901, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda)  
Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Investor Relations and Corporate Communication

Mr. WANG Jianxiang  
Tel : (86) 543 461 9688  
Email : ir@xiwangproperty.com

### Company Website

[www.xiwangproperty.com](http://www.xiwangproperty.com)

# GROUP STRUCTURE

As at 30 June 2014:



# FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2014	2013	Increase/
	RMB'000	RMB'000	(Decrease)
	(Unaudited)	(Unaudited)	Percentage
<b>Operational Results</b>			
Revenue	53,441	57,470	(7.0%)
Gross profit	13,858	9,519	45.6%
Profit/(loss) from operations	3,798	(22,611)	116.8%
Profit/(loss) for the period	1,104	(978,003)	100.1%
	At 30 June	At 31 December	
	2014	2013	Increase/
	RMB'000	RMB'000	(Decrease)
	(Unaudited)	(Audited)	Percentage
<b>Financial Position</b>			
Non-current assets	330,257	252,355	30.9%
current assets	703,003	770,102	(8.7%)
Non-current liabilities	113,221	115,280	(1.8%)
Current liabilities	230,451	219,103	5.2%
Total equity	689,588	688,074	0.2%
Earnings/(loss) per share (RMB)	0.09 cents	(151.78) cents	
<b>Key Ratio Analysis</b>			
Gross profit margin	25.9%	16.6%	
Operating profit margin	7.1%	(39.3%)	
Net profit margin	2.1%	(1,701.8%)	
Current ratio (Note 1)	3.05	3.51	
Asset liability ratio (Note 2)	3.01	3.06	
Gearing ratio (Note 3)	49.8%	48.6%	

Notes:

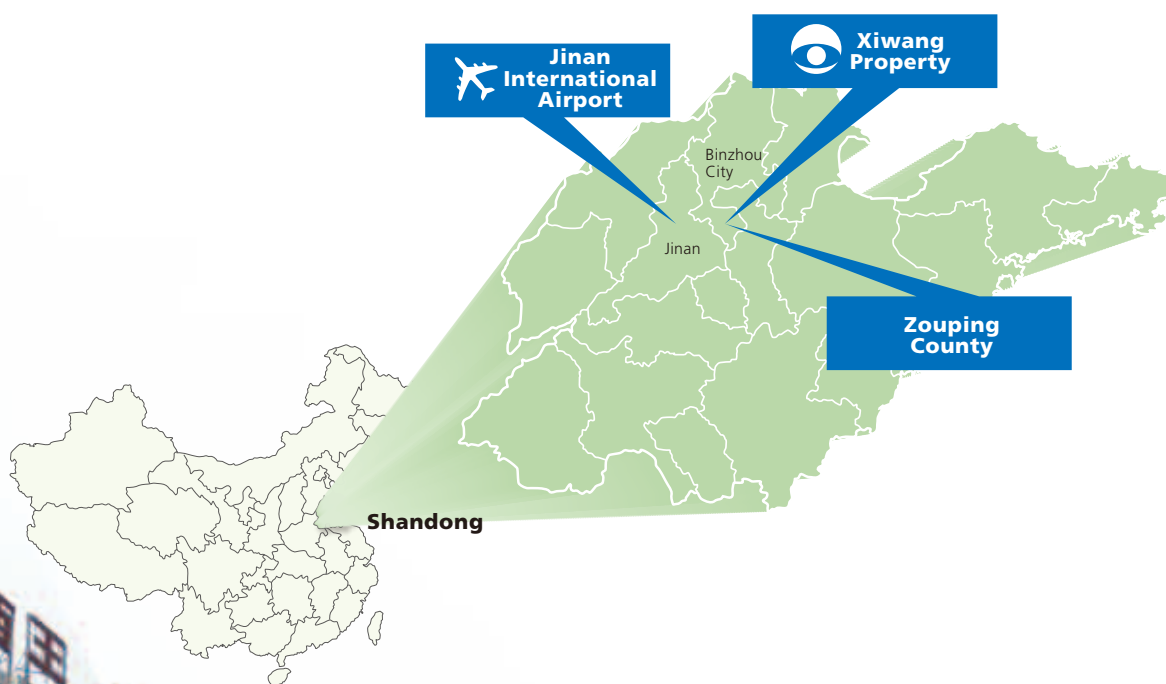
1. Current ratio: Current assets divided by current liabilities.
2. Asset liability ratio: Total assets divided by total liabilities.
3. Gearing ratio: Total liabilities divided by total equity.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Introduction

Xiawang Property Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) was established in 2001 with headquarters located in Zouping County, Shandong Province of the People’s Republic of China (the “**PRC**”). The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2005.

The Group is principally engaged in property development in the PRC.





Currently, the Group has three property projects in Shandong Province of the PRC, namely Lanting Project, Meijun Project and Qinghe Project, which are under development and on sales. The details are as follows:

Project name	Land Area sq m	Construction progress			Contracted Gross Floor Area ("GFA") sold		Contracted sales	
		Estimated Total GFA sq m	Accumulated Completed Total GFA as at 30 June 2014 sq m	Total GFA not yet completed as at 30 June 2014 sq m	Accumulated Contracted GFA sold as at 30 June 2014 sq m	Contracted GFA sold for the six months ended 30 June 2014 sq m	Accumulated Contracted Sales as at 30 June 2014 RMB'000	Contracted Sales for the six months ended 30 June 2014 RMB'000
Lanting Project								
North zone	25,964	60,308	31,832	28,476	21,661	4,219	91,281	18,395
South zone	16,067	52,381	–	52,381	21,603	2,020	63,947	6,355
Sub-total	42,031	112,689	31,832	80,857	43,264	6,239	155,228	24,750
Meijun Project								
Phase One	13,333	21,407	21,407	–	18,194	237	36,470	820
Phase Two	54,330	153,674	153,674	–	138,705	11,472	334,919	33,743
Phase Three	159,821	489,051	–	489,051	–	–	–	–
Sub-total	227,484	664,132	175,081	489,051	156,899	11,709	371,389	34,563
Qinghe Project	131,258	200,000	–	200,000	–	–	–	–
Total	400,773	976,821	206,913	769,908	200,163	17,948	526,617	59,313

Note: Revenue is recognized upon an issuance of occupation permit for a building, and the issuance of occupation permit for a building is subject to three conditions: (1) the buildings having fulfilled the basic requirements for accommodation after completion; (2) sales and purchase agreements having been entered with purchasers; and (3) purchasers having made full payments.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Lanting Project



Lanting Project is located at the junction between the south of Heban 3rd Road and the west of Liquan 1st Road which is a newly developed area in Zouping County closed to the county government headquarters, Lanting Project is a comprehensive residential development which will be developed in two phases, known as North Zone and South Zone. There will be 14 blocks of 6 to 14-storey residential buildings providing around 510 residential units.



North Zone of Lanting



South Zone of Lanting



## Meijun Project



Meijun Project is located at the east of Daiqi 3rd Road South of Chengnan New District, a newly developed area in Zouping County and the county government headquarters, hospital and colleges are nearby. The Meijun Project is a residential development divided into 3 phases. Phase One, completed in December 2008, comprises 4 blocks of 5-storey residential buildings providing around 110 residential units. Phase Two comprises 19 blocks of 5 to 18-storey residential buildings providing around 700 residential units, and was completed in December 2013. Phase Three is in the planning stage.



Phase One of Meijun

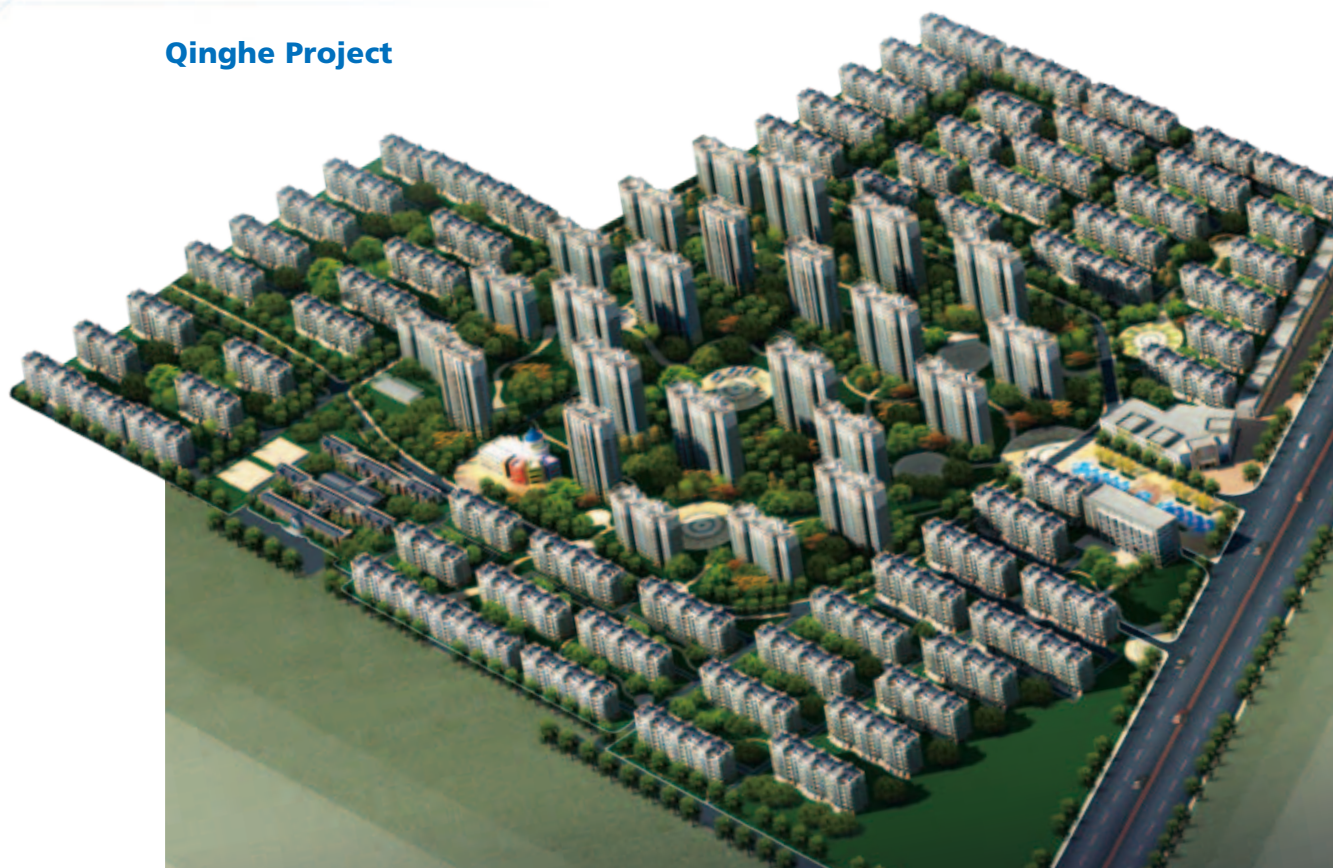


Phase Two of Meijun



# MANAGEMENT DISCUSSION AND ANALYSIS

## Qinghe Project



Qinghe Project is located at Kaihe Village, Handian Town of Zouping County. The project comprises a parcel of land with a site area of approximately 131,258 sq m for the construction of residential units. The construction work in respect of a site area of approximately 66,667 sq m is currently expected to commence during this year and be completed in 2017. In respect of the remaining site area of approximately 64,591 sq m is expected to commence in 2015 and be completed in 2018. During the six months ended 30 June 2014 (the “**Period**”), Qinghe Home Settlements were under construction.



Qinghe Home Settlements



### **Yintaishan Corn Cultural Project**

Yintaishan Corn Cultural Project lies to the south of Jinan-Qingdao expressway and to the north of Yintai Mountain. The project will include a conference reception centre, a corn kingdom film studio, a corn museum, a leisure aged nursing home as well as tourist and cultural real estates. Of the total estimated GFA of 1,400,000 sq m, it is expected that the cultural real estate will take up a GFA of not less than 400,000 sq m, ancillary residences will take up a GFA of not less than 800,000 sq m, the ancillary commercial real estate for the residential cluster area will cover a GFA of not less than 200,000 sq m. The project was under preliminary work, pending completion of the procedures of the listing-for-sale and entering into the State-owned Land Use Rights Grant Contract as at the end of the Period.

### **Jimo Project**

The Group and the Jimo Government entered into a development cooperation agreement in respect of a redevelopment project in Jimo City of Qingdao (the “**Development Cooperation Agreement**”) on 28 September 2013. Having considered the long investment-return cycle of and the huge investment required for the Jimo project, the Group decided to terminate the project and entered into the release agreement in respect of the Development Cooperation Agreement with Jimo Government on 20 August 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### Operating Results

#### 1. Revenue

The Group's revenue amounted to RMB53,441,000 (first half of 2013: RMB57,470,000) during the Period, representing a 7.0% decrease as compared to the same period of last year. The decrease in revenue was due to a decrease in GFA sold, in spite of higher average selling price as compared to the same period of last year. Lanting Project renders high-class residential units with higher sale prices. The sales during the Period are as follows:

	Revenue		GFA sold		Average GFA price	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	sq m	sq m	RMB/sq m	RMB/sq m
Meijun Project	34,750	57,470	11,704	24,943	2,969	2,304
Lanting Project	18,395	–	4,219	–	4,360	–
	53,145	57,470	15,923	24,943	3,338	2,304
Others <sup>^</sup>	296	–				
	53,441	57,470				

<sup>^</sup> Others mainly include rental income from car parking units.

## 2. Cost of sales

The Group's cost of sales amounted to RMB39,583,000 (first half of 2013: RMB47,951,000) during the Period, representing a 17.5% decrease as compared to the same period of last year. The lower cost of sales during the Period than that of the same period last year was due to a decrease in GFA sold as compared to the same period of last year. However, the average GFA cost per sq m for the Period was higher than that of the same period of last year, which was due to an increase in development costs and the fact that Lanting Project renders high-class residential units which requires construction materials with better quality which are more costly. The cost of sales during the Period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
Costs of land	<b>4,391</b>	702
Compensation of relocation	<b>2,517</b>	3,721
Development costs	<b>23,507</b>	31,613
Other costs <sup>^^</sup>	<b>9,168</b>	11,915
	<b>39,583</b>	47,951
Average Floor Area cost (RMB/sq m)	<b>2,486</b>	1,922

<sup>^^</sup> Other costs include loan interests capitalised, planning fees, initial fees, adjustments to fair value and taxes.

## 3. Gross profit

The Group's gross profit amounted to RMB13,858,000 (first half of 2013: RMB9,519,000) during the Period, representing an increase of 45.6% as compared to the same period of last year.

The gross profit margin during the Period was 25.9% (first half of 2013: 16.6%) and was 9.3 percentage points higher than the same period of last year. The increase was mainly due to the rise in selling price per sq m. Moreover, Lanting Project sold luxurious units resulting in higher selling prices and gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

4. Other income

Other income includes interest income from promissory note receivables and bank deposits. Other income amounted to RMB648,000 (first half of 2013: RMB48,000) during the Period, representing an increase of 12.5 times as compared to the same period of last year, which was mainly due to the receipt of interest income of outstanding promissory note issued by Xiwang Investment Company Limited ("**Xiwang Investment**") to the Company at the rate of 2.5% per annum.

5. Other expenses

Other expenses include exchange loss. The exchange loss amounted to RMB15,000 (first half of 2013: RMB20,693,000) during the Period, representing a 99.9% decrease as compared to the same period of last year. The exchange loss incurred in the same period of last year amounted to approximately RMB20,000,000, which was arisen from the assignment of the loans owed by Master Team International Limited and its subsidiaries being disposed on 29 June 2013.

6. Selling and marketing expenses

Selling and marketing expenses include wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB2,459,000 (first half of 2013: RMB677,000) during the Period, which increased 2.6 times as compared to the same period of last year. It was mainly due to the increase in property sale promotion activities during the Period.

7. Administrative expenses

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The administrative expenses amounted to RMB8,234,000 (first half of 2013: RMB10,808,000) during the Period, representing a 23.8% decrease as compared to the same period of last year, which was mainly due to higher legal and professional fees incurred in the same period of last year for a very substantial disposal.

8. Finance costs

Finance costs represent interest expenses on promissory note payables and bank loans. There was no finance cost during the Period as the promissory note payable and bank loans had been fully repaid in 2013.

9. Income tax expense

The Group's income tax expense amounted to RMB2,694,000 (first half of 2013: RMB1,517,000) during the Period, representing a 77.6% increase as compared to the same period of last year, which was mainly due to a higher profit before tax than the same period of last year.



## **Financial position**

### **1. Liquidity and capital resources**

As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB3,281,000, which decreased by RMB5,388,000, or 62.2% as compared to RMB8,669,000 as at 31 December 2013. During the Period, the net cash outflow from operating activities amounted to RMB5,578,000 while the net cash inflow from investing activities amounted to RMB616,000. There was no cash flow from financing activities during the Period.

The Group primarily utilized the cash flow and cash held from operations to finance operational requirements. As at 30 June 2014, the Group's capital commitment amounted to RMB21,965,000, which was mainly comprised expenditures in property developments.

### **2. Capital structure**

As at 30 June 2014, the Group's total liabilities amounted to RMB343,672,000 while total assets was RMB1,033,260,000 and the asset liability ratio (total assets divided by total liabilities) was 3.01. The total equity was RMB689,588,000 and the gearing ratio (total liabilities divided by total equity) was 49.8%.

## **Significant investments held, significant acquisitions and disposals of subsidiaries and future plans for significant investments or capital asset acquisitions**

Save as disclosed herein, during the Period, the Group had no other significant investments and neither it had entered into any significant acquisitions and disposals of subsidiaries nor had made future plans for significant investments or capital asset acquisitions.

## **Foreign exchange risk**

The Group primarily operates in the PRC with RMB as its functional currency. During the Period, majority of the Group's assets, liabilities, incomes, payments and cash balances were denominated in RMB. Therefore, the directors of the Company (the "**Directors**") believed that the risk exposure of the Group to fluctuation of foreign exchange rate was not significant as a whole.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Human resources

As at 30 June 2014, the Group employed approximately 67 staff (30 June 2013: 62). Staff-related costs incurred during the Period was RMB3,562,000 (first half of 2013: RMB4,995,000). The Group reviews regularly the remuneration packages of the directors and employees with respect to their experience and responsibilities to the Group's business. The Group has established a remuneration committee to determine and review the terms of remuneration packages, bonuses and other compensation payables to the directors and senior management. In addition to basic remuneration packages and discretionary bonuses, share options may be granted based on individual performance.

## Contingent liabilities/Advance to an Entity

As at the date of this report and as disclosed in the circular of the Company dated 11 December 2012 (the **"2012 Circular"**), 山東西王置業有限公司 (Shandong Xiwang Property Company Limited\*) (**"Shandong Xiwang Property"**), a wholly-owned subsidiary of the Group, provided a guarantee in favour of Agricultural Development Bank of China, Zouping County Branch, in respect of the loan of an independent third party PRC company named "Zouping County State-owned Assets Investment Operation Company Limited\*" (鄒平縣國有資產投資經營有限公司) with a term of 10 years from December 2011 of RMB350 million, for a guarantee period up to the end of two years after the next day following repayment of the loan in full (the **"PRC Company Guarantee"**). The PRC Company Guarantee was provided by Shandong Xiwang Property with a view to maintaining a sound relationship with the local government. Xiwang Investment has provided an indemnity to the Company and Shandong Xiwang Property against any loss arising from any claim or demand of repayment made against Shandong Xiwang Property under the PRC Company Guarantee. Further details of the PRC Company Guarantee are set out in the 2012 Circular.

## II. Business outlook

The PRC government is determined to maintain the economic growth in Mainland China. Although its gross domestic product (**"GDP"**) can no longer sustain its extremely rapid growth, China's economy remains growing at a fast pace. According to the National Bureau of Statistics of China, the GDP of China recorded a 7.4% growth in the first half of 2014 as compared with the same period last year, amounting to RMB26.9 trillion. At the end of 2013, the population of Mainland China was 1.361 billion with 731 million of urban living population. The urbanization rate was 53.73%, which was 1.16 percentage points higher when compared with 2012. An annual disposable income in 2013 for an urban family was RMB26,955. While urbanization is a crucial factor for boosting domestic demands in its national policy, property construction is one of fundamental elements of urbanization. In the first half of 2014, total investment in property development of the whole country reached RMB4,201.9 billion, representing a 14.1% increase when compared with the same period last year. The construction area operated by property developers amounted to 6,114.06 million sq m, with a year-on-year increase of 11.3%, of which 4,371.95 million sq m is belonged to residential developments, with a year-on-year increase of 8.3%.

The Group is based on Zouping County of Binzhou City in Shandong Province and engages in local residential property developments in the area. For the first half of 2014, Shandong Province has a year-on-year GDP growth of 8.8%, which was 1.4 percentage points higher than average GDP growth in China, amounting to RMB2,808 billion. As at the end of 2013, the population of Shandong Province was 97.33 million, residents in urban area made up to 53.75% of the Province population which was slightly higher than nationwide ratio. As the Group is headquartered in Shandong Province, we are well positioned to ride with the tide of urbanization of the country. The Group plans to focus on the development of high-class residential properties to reap higher gross profit.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
	Note	Unaudited	Unaudited (Restated)
<b>Continuing operations</b>			
Revenue	3	53,441	57,470
Cost of sales		(39,583)	(47,951)
<b>Gross profit</b>		13,858	9,519
Other income	3	648	48
Other expenses		(15)	(20,693)
Selling and marketing expenses		(2,459)	(677)
Administrative expenses		(8,234)	(10,808)
<b>Profit/(loss) from operations</b>		3,798	(22,611)
Finance costs	5	–	(98,072)
<b>Profit/(loss) before tax from continuing operations</b>	4	3,798	(120,683)
Income tax expense	6	(2,694)	(1,517)
<b>Profit/(loss) for the Period from continuing operations</b>		1,104	(122,200)
<b>Discontinued operation</b>			
Loss for the Period from a discontinued operation	8	–	(855,803)
<b>Profit/(loss) for the Period</b>		1,104	(978,003)
<b>Attributable to:</b>			
Owners of the parent		1,162	(977,987)
Non-controlling interests		(58)	(16)
		1,104	(978,003)
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>	7		
<b>Basic and diluted</b>			
For profit/(loss) for the Period		RMB0.09 cents	RMB(151.78) cents
For profit/(loss) from continuing operations		RMB0.09 cents	RMB(66.94) cents

The notes on pages 23 to 42 are an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>1,104</b>	(978,003)
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(441)</b>	–
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>663</b>	(978,003)
Attributable to:		
Owners of the parent	<b>721</b>	(977,987)
Non-controlling interests	<b>(58)</b>	(16)
	<b>663</b>	(978,003)



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,563	1,857
Goodwill		180,405	180,405
Long-term prepayment	10	148,289	70,093
		<b>330,257</b>	252,355
<b>CURRENT ASSETS</b>			
Completed properties held for sale		88,505	120,298
Properties under development	11	461,452	432,564
Promissory note receivable	12	44,805	117,945
Trade and other receivables	13	101,143	86,828
Due from related parties	20	2,989	1,430
Restricted cash		828	2,368
Cash and cash equivalents		3,281	8,669
		<b>703,003</b>	770,102
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	226,988	211,230
Tax payables		726	5,789
Due to related parties	20	2,737	2,084
		<b>230,451</b>	219,103
<b>NET CURRENT ASSETS</b>		<b>472,552</b>	550,999
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>802,809</b>	803,354
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		113,221	115,280
<b>NET ASSETS</b>		<b>689,588</b>	688,074

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2014 RMB'000 Unaudited</b>	<b>31 December 2013 RMB'000 Audited</b>
	Note		
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	15		
– Ordinary shares		<b>120,304</b>	120,304
– Convertible preference shares		<b>55,368</b>	55,368
Other reserves		<b>408,504</b>	407,369
Retained profits		<b>103,594</b>	103,157
		<b>687,770</b>	686,198
Non-controlling interests		<b>1,818</b>	1,876
<b>Total equity</b>		<b>689,588</b>	688,074

**WANG Di**  
Director

**WANG Yong**  
Director

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent											Non-controlling interest	Total equity
		Issued capital	Share premium	Share option reserve	Capital reserve	Statutory reserve	Discretionary reserve	Contributed surplus	Merger reserve	Exchange fluctuation reserve	Retained profits	Total		
(Unaudited)														
At 1 January 2013		175,672	1,114,359	7,345	103,060	89,679	507,722	409,040	(118,063)	-	524,012	2,812,826	-	2,812,826
Comprehensive loss														
Loss and total comprehensive loss for the period		-	-	-	-	-	-	-	-	-	(977,987)	(977,987)	(16)	(978,003)
Contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Transfer from share premium to contributed surplus		-	(1,114,359)	(7,345)	-	-	-	1,121,704	-	-	-	-	-	-
Transfer of reserves upon disposal of a discontinued operation		-	-	-	-	(39,084)	(507,722)	-	-	-	546,806	-	-	-
Equity-settled share option arrangement	16	-	-	616	-	-	-	-	-	-	-	616	-	616
Special dividend declared		-	-	-	-	-	-	(1,157,738)	-	-	-	(1,157,738)	-	(1,157,738)
Transfer from retained profits		-	-	-	-	953	-	-	-	-	(953)	-	-	-
At 30 June 2013		175,672	-	616	103,060	51,548	-	373,006	(118,063)	-	91,878	677,717	5,984	683,701
(Unaudited)														
At 1 January 2014		175,672	-	941*	102,910*	52,738*	-	373,006*	(118,063)*	(4,163)*	103,157	686,198	1,876	688,074
Comprehensive income														
Profits/(loss) for the period		-	-	-	-	-	-	-	-	-	1,162	1,162	(58)	1,104
Other comprehensive loss for the period		-	-	-	-	-	-	-	-	(441)	-	(441)	-	(441)
Total comprehensive income/(loss) for the period		-	-	-	-	-	-	-	-	(441)	1,162	721	(58)	663
Equity-settled share option arrangement	16	-	-	851	-	-	-	-	-	-	-	851	-	851
Transfer from retained profits		-	-	-	-	725	-	-	-	-	(725)	-	-	-
At 30 June 2014		175,672	-	1,792*	102,910*	53,463*	-*	373,006*	(118,063)*	(4,604)*	103,594	687,770	1,818	689,588

\* Those reserve accounts comprise other reserves of RMB408,504,000 (31 December 2013: RMB407,369,000) in the consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net cash flows used in operating activities</b>	<b>(5,578)</b>	<b>(200,735)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(32)	(72,203)
Payments for prepaid land lease payments	–	(64)
Disposal of a discontinued operation	–	419,076
Interest received	648	2,161
<b>Net cash flows from investing activities</b>	<b>616</b>	<b>348,970</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contribution from non-controlling interests	–	6,000
Repayment of bank loans	–	(293,782)
<b>Net cash flows used in financing activities</b>	<b>–</b>	<b>(287,782)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,962)</b>	<b>(139,547)</b>
Cash and cash equivalents at beginning of period	8,669	591,690
Effect of foreign exchange rate changes, net	(426)	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,281</b>	<b>452,143</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1.1 Corporate Information

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Group is principally engaged in property development in the PRC.

During the Period, the immediate holding company of the Company is Xiwang Investment which in turn is wholly owned by Xiwang Holdings Limited (“**Xiwang Holdings**”) (西王控股有限公司). The ultimate holding company of the Company was Xiwang Holdings for the period from 1 January 2014 to 14 February 2014 and Xiwang Group Company Limited\* (“**Xiwang Group**”) (西王集團有限公司), through its wholly owned subsidiary, Xiwang Hong Kong Company Limited (“**Xiwang Hong Kong**”), for the remaining period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1.2 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements of the Group have not been audited but have been reviewed by the Company’s Audit Committee.

During the six months ended 30 June 2013, the Group recognised the shortfall arising from the disposal of the corn processing business (the “**Disposal**”) amounted to RMB818,344,000 in reserves. Subsequent to the interim reporting, on 28 March 2014, the Board approved the recognition of such shortfall as the loss on the disposal in profit or loss in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). Accordingly, the Group’s condensed consolidated financial statements for the six months ended 30 June 2013 have been restated.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with HKFRSs.

## 1.3 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the new standards, interpretations and amendments as of 1 January 2014 noted below.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of the new and revised standards, interpretations and amendments has had no significant financial effect on the accounting policies of the Group and methods of computation in the unaudited condensed consolidated financial statements. The Group has not early adopted any other standards, interpretation or amendments that has been issued but not yet effective.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2 Segment information

For the year ended 31 December 2012, the Group had three operating segments, including starch sugars, corn co-products and property development, after the disposal of the starch sugars and corn co-products business on 29 June 2013, which is presented as a discontinued operation in the financial statements for the period ended 30 June 2013, the Group is principally engaged in property development business.

Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of property development business which is the sole operating segment of the Group. Accordingly, no operating segment information is presented.

## 3 Revenue and other income

Revenue, which is also the Group's turnover, represents proceeds from the sale of properties.

An analysis of revenue and other income from continuing operations is as follows:

	Six months ended 30 June	
	2014 RMB'000 Unaudited	2013 RMB'000 Unaudited (Restated)
<b>Revenue</b>		
Sale of properties	53,441	57,470
<b>Other income</b>		
Bank interest income	23	30
Interest income from promissory note receivable	625	–
Others	–	18
	<b>648</b>	<b>48</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4 Profit/(loss) before tax

The Group's profit/(loss) before tax from continuing operations is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
Cost of inventories sold	<b>39,583</b>	47,951
Depreciation	<b>326</b>	246
Minimum lease payments under operating leases:		
Land and buildings	<b>559</b>	254
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	<b>2,570</b>	4,322
Equity-settled share option expense	<b>851</b>	616
Pension scheme contributions	<b>141</b>	57
	<b>3,562</b>	4,995
Foreign exchange loss <sup>#</sup>	<b>15</b>	20,693

<sup>#</sup> The foreign exchange loss is included in "other expenses" in the condensed consolidated statement of profit or loss. The exchange difference in 2013 was mainly arisen from the assignment of the loans due from a discontinued operation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5 Finance costs

An analysis of finance costs from continuing operations is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
Interest on bank loans wholly repayable within five years	–	3,354
Amortised cost of promissory note payable*	–	94,718
	–	98,072

\* It represented the amortised cost of the promissory note payable which was issued by the Company to Xiwang Investment for the acquisition of the property development business in 2012. The promissory note payable is measured at amortised cost using the effective interest rate method. Upon the Disposal, the promissory note payable was offset against part of the consideration payable by Xiwang Investment (note 12). The extinguishment of the promissory note payable accelerated the recognition of the amortised cost of approximately RMB 78,303,000 in 2013.

## 6 Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2013: Nil).

Pursuant to the PRC Corporate Income Tax ("CIT"), all PRC enterprises are subject to a standard enterprise income tax rate of 25%, except for enterprises under specific preferential policies and provisions. In 2014, the applicable tax rate for the subsidiaries of the Company incorporated in the PRC is 25% (2013: 25%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6 Income tax expense (*continued*)

PRC Land Appreciation Tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights and all property development expenditures. LAT of RMB 2,082,000 (2013: nil) is charged to the consolidated statement of profit or loss for the six months ended 30 June 2014.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
Group:		
Current – Mainland China	2,671	3,176
LAT in Mainland China	2,082	–
Deferred	(2,059)	(1,659)
Total tax charge for the period	2,694	1,517

## 7 Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,777,000 (2013: 1,008,719,000) in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 June 2014 is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic profit/(loss) per share amounts presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the impact of convertible preference shares outstanding and share option would not have a dilutive effect on the basic profit/(loss) per share amounts presented.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7 Earnings/(loss) per share attributable to ordinary equity holders of the parent (continued)

The calculations of basic and diluted profit/(loss) per share amounts are based on:

	Six months ended 30 June	
	2014 RMB'000 Unaudited	2013 RMB'000 Unaudited (Restated)
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	1,104	(122,184)
From a discontinued operation	–	(855,803)
	1,104	(977,987)
Less: Distribution to holders of convertible preference shares	–	(553,017)
Profit/(loss) attributable to ordinary equity holders of the parent	1,104	(1,531,004)
Attributable to:		
Continuing operations	1,104	(675,201)
Discontinued operation	–	(855,803)
	1,104	(1,531,004)
	Number of shares	
	Six months ended 30 June	
	2014	2013
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	1,235,777,000	1,008,719,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8 Discontinued operation

On 29 June 2013, the Company obtained the independent shareholders' approval to dispose the corn processing business, through the sale of the entire issued share capital of Master Team International Limited, the holding company of the companies which engaged in the corn processing business in the PRC prior to the Disposal, to Xiwang Investment and the assignment of the benefits of the loans owed by each of such companies to the Group to Xiwang Investment, for the consideration of RMB661,000,000 and RMB1,435,000,000 respectively. The Group decided to cease its corn processing business and to focus its resources on its property development business. The Disposal was completed on 29 June 2013. The corn processing business was presented as a discontinued operation for the six months ended 30 June 2013.

Analysis of the result of the discontinued operation for the six months ended 30 June 2013 is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
Revenue	–	2,844,008
Other income	–	11,154
Expenses	–	(2,834,111)
Finance costs	–	(57,334)
Loss on disposal	–	(818,344)
Loss before tax from the discontinued operation	–	(854,627)
Income tax expense	–	(1,176)
Loss for the period from the discontinued operation	–	(855,803)



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8 Discontinued operation (*continued*)

The net cash flows incurred by the discontinued operation are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
Operating activities	–	(409,041)
Investing activities	–	(71,750)
Financing activities	–	7,328
Net cash outflow	–	(473,463)
Loss per share:		
Basic and diluted, from the discontinued operation	–	RMB (84.84) cents

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	Six months ended 30 June	
	2014	2013
Loss attributable to ordinary equity holders of the parent from the discontinued operation	–	RMB 855,803,000
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (note 7)	–	1,088,719,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9 Dividends

No interim dividend was proposed for the six months ended 30 June 2014 (2013: Nil).

## 10 Long-term prepayments

Long-term prepayments as at 30 June 2014 mainly represented prepayments related to acquisition of land use rights and construction works.

## 11 Properties under development

	<b>30 June 2014 RMB'000 Unaudited</b>	<b>31 December 2013 RMB'000 Audited</b>
Properties under development expected to be recovered:		
Within one year	<b>101,994</b>	105,859
After one year	<b>359,458</b>	326,705
	<b>461,452</b>	432,564

The properties under development were located in Zouping County, Shandong Province, the PRC.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12 Promissory note receivable

This represented the principal amount of outstanding promissory note issued by Xiwang Investment to the Company for the partial settlement of the consideration of the Disposal completed on 29 June 2013. The principal amount of the promissory note was RMB441,224,000, which carries interest at the rate of 2.5% per annum and is secured by certain ordinary shares of Xiwang Special Steel Company Limited (“**Xiwang Special Steel**”), a company listed on the Stock Exchange (stock code: 1266) held by Xiwang Investment. The promissory note was partially settled in cash as to the principal amount of RMB323,279,000 in 2013 and RMB73,140,000 in 2014.

## 13 Trade and other receivables

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Trade receivables	1,246	1,673
Prepayments	79,820	67,426
Prepaid tax	15,734	14,165
Other receivables	4,343	3,564
	<b>101,143</b>	86,828

Under normal circumstances, for property sale, the Group does not grant any credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 13 Trade and other receivables (*continued*)

An ageing analysis of the trade receivables as at the end of reporting period, based on the contract date or invoice date, is as follows:

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
0 – 30 days	–	114
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	1,246	1,559
	<b>1,246</b>	1,673

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14 Trade and other payables

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Trade payables	51,267	21,142
Deposit received	22,891	23,831
Other payables	6,580	23,433
Receipt in advance as sales of properties	140,307	138,278
Accruals	4,375	2,998
Salary and welfare payable	1,568	1,548
	<b>226,988</b>	<b>211,230</b>

An ageing analysis of the trade payables as at the end of reporting period, based on the contract date or invoice date, is as follows:

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
0 – 30 days	49,358	12,668
31 – 60 days	223	7,718
61 – 90 days	1	–
Over 90 days	1,685	756
	<b>51,267</b>	<b>21,142</b>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

Other payables are non-interest-bearing and payable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15 Share capital

### Shares

	30 June 2014 HK\$'000 Unaudited	31 December 2013 HK\$'000 Audited
Authorised:		
4,000,000,000 (2013: 4,000,000,000) ordinary shares of HK\$0.1 (2013: HK\$0.1) each	400,000	400,000
2,000,000,000 (2013: 2,000,000,000) convertible preference shares of HK\$0.1 (2013: HK\$0.1) each	200,000	200,000
	600,000	600,000
Issued and fully paid:		
1,235,777,000 (2013: 1,235,777,000) ordinary shares of HK\$0.1 (2013: HK\$0.1)	123,578	123,578
680,499,000 (2013: 680,499,000) convertible preference shares of HK\$0.1 (2013: HK\$0.1) each	68,050	68,050
	191,628	191,628



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15 Share capital (*continued*)

During the period, the movements in share capital were as follows:

	Number of shares in issue '000	Number of convertible preference shares '000	Issued share capital RMB'000	Convertible preference shares RMB'000	Share option reserve RMB'000	Total RMB'000
<b>Unaudited</b>						
At 1 January 2014	1,235,777	680,499	120,304	55,368	941	176,613
Equity-settled share option arrangement	–	–	–	–	851	851
At 30 June 2014	1,235,777	680,499	120,304	55,368	1,792	177,464

### Share options

Details of the Company's share option scheme and share options issued under the scheme are included in note 16 to the financial statements.

## 16 Share option scheme

The Company operates a share option scheme (the “**Share Option Scheme**”), which was adopted pursuant to a resolution passed at a shareholders' meeting held on 6 November 2005, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Share Option Scheme became effective on 6 November 2005 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable upon exercise of all outstanding options which may be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 80,000,000 ordinary shares in aggregate. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting (with such participant and his associates abstaining from voting).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 16 Share option scheme (*continued*)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the Period:

	Six months ended 30 June			
	2014		2013	
	Weighted average exercise price HK\$ per share	Number of options '000 Unaudited	Weighted average exercise price HK\$ per share	Number of options '000 Unaudited
At 1 January	1.3119	16,593	1.5000	9,693
Forfeited during the period	–	–	1.5500	(500)
At 30 June	1.3119	16,593	1.5000	9,193

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

### 30 June 2014

Number of options '000	Exercise price HK\$ per share	Exercise period
2,193	1.32	8-5-2012 to 7-5-2019
2,333	1.55	13-9-2012 to 12-9-2021
2,333	1.55	13-9-2013 to 12-9-2021
2,334	1.55	13-9-2014 to 12-9-2021
2,400	1.112	5-11-2014 to 5-11-2023
2,400	1.112	5-11-2015 to 5-11-2023
2,600	1.112	5-11-2016 to 5-11-2023
16,593		

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17 Operating lease arrangements

The Group leases certain of its office properties under operating lease arrangement. Leases for the properties are negotiated for terms of two years.

As at the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>Unaudited</b>	Audited
Within one year	<b>964</b>	689
In the second year	<b>321</b>	574
	<b>1,285</b>	1,263

## 18 Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>Unaudited</b>	Audited
Property development expenditure:		
– Contracted but not provided for	<b>21,965</b>	35,468
	<b>21,965</b>	35,468

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 19 Contingent liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Guarantee given to an independent third party in respect of borrowings	350,000	350,000

This represented the maximum exposure of the guarantee provided by a subsidiary of the Company, in favour of a PRC bank in respect of a bank loan of RMB 350 million to an independent company for a term of 10 years from December 2011, with a guarantee period up to the end of two years after the next day following repayment of the bank loan in full (the “**PRC Company Guarantee**”). Xiwang Investment agreed to provide an indemnity on 18 November 2012 to the Group against any loss arising from any claim or demand of repayment made against the Group under the PRC Company Guarantee.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 20 Related party transactions and balances

- (a) In addition to the related party transactions as disclosed in other notes to these financial statements, the Group had the following significant transactions from discontinued operation carried out with related parties during the six months ended 30 June 2013:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
<b>Sales of corn germ</b>		
– Shandong Xiwang Food Company Limited	–	268,978
<b>Sales of crystalline glucose</b>		
– Xiwang Pharmaceutical Company Limited	–	178,018
<b>Sales of corn starch</b>		
– Xiwang Pharmaceutical Company Limited	–	527,878
<b>Provision of sewage services</b>		
– Xiwang Group	–	3,084
	–	977,958

The pricing of these transactions was determined based on mutual negotiation and agreement reached between the Group and the related parties on each individual transaction pursuant to the guidance laid down in the relevant framework agreements executed.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 20 Related party transactions and balances (*continued*)

### (b) Balances due from/to related parties

		30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
<b>Outstanding at end of the period:</b>			
Promissory note receivable	(i)	<b>44,805</b>	117,945
Receivables	(i)	<b>2,989</b>	1,430
Payables		<b>2,737</b>	2,084

- (i) The amount of RMB44,805,000 represented the promissory note receivable due from Xiwang Investment with details stated in Note 12.

Except for the promissory note receivable mentioned in Note (i) above, the balances due from/to related parties are interest-free, unsecured, and repayable on demand.

## 21 Event after the reporting period

Subsequent to the reporting period, the Group entered into a release agreement with the Jimo Government dated 20 August 2014 for the termination of the Development Cooperation Agreement in respect of the Jimo project.

In connection with the Jimo project, the Group has made payments or incurred expenses of approximately RMB93,706,000 to various parties for the preliminary work in relation to the demolition and resettlement of the intended project site. In view of the termination of the Development Cooperation Agreement, the Group will negotiate with certain parties for refund of the payments made by the Group to them and it is expected that the Group will be refunded of approximately RMB87,000,000.

## 22 Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 29 August 2014.

## OTHER INFORMATION

### Interim Dividend

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2013: Nil).

### Directors' Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested and interests in debentures in the relevant corporation (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 30 June 2014
WANG Yong	Company	Interest of controlled corporations (Note 2)	810,903,622 ordinary shares (L) (Note 4)	65.62%
			678,340,635 convertible preference shares (L) (Note 4)	99.68%
	Xiwang Investment	Interest of controlled corporations (Note 2)	3 shares (L)	100%
			Promissory note with outstanding amount of RMB 44,805,000 (Note 5)	N/A
	Xiwang Holdings	Beneficial owner (Note 2)	6,525 shares (L)	3.26%
		Interest of controlled corporations (Note 2)	190,000 shares (L)	95%
	Xiwang Hong Kong	Interest of controlled corporations (Note 2)	694,132,000 shares (L)	100%
	Xiwang Group	Beneficial owner (Note 2)	147,200,000 shares (L)	65.25%
	Xiwang Special Steel	Interest of controlled corporations (Note 2)	1,500,000,000 shares (L) (Note 3,6)	75%

## OTHER INFORMATION

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested and interests in debentures in the relevant corporation (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 30 June 2014
WANG Di	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 7)	0.24%
	Xiwan Holdings	Beneficial owner	177 shares (L)	0.09%
	Xiwan Group	Beneficial owner	4,000,000 shares (L)	1.77%
WANG Chuan Wu	Xiwan Holdings	Beneficial owner	177 shares (L)	0.09%
	Xiwan Group	Beneficial owner	4,000,000 shares (L)	1.77%
SUN Xihu	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 7)	0.24%
	Xiwan Holdings	Beneficial owner	89 shares (L)	0.04%
	Xiwan Group	Beneficial owner	2,000,000 shares (L)	0.89%

## OTHER INFORMATION

### Notes:

- (1) The letter “L” represents the Director’s interests in the shares.
- (2) As at 30 June 2014, Xiwang Group is the ultimate holding company of the Company. Xiwang Group is owned as to 65.25% by Mr. WANG Yong and remaining 34.75% by 24 individuals. Further, these 24 individuals are accustomed to act in accordance with the directions of Mr. WANG Yong in respect of the exercise by such 24 individuals of their voting powers as a shareholder of Xiwang Group. Accordingly, Mr. WANG Yong is deemed to be interested in all the shares of the Company in which Xiwang Group is interested.

Xiwang Hong Kong is a wholly-owned subsidiary of Xiwang Group. Xiwang Hong Kong directly holds 95% and Mr. WANG Yong and 24 individuals directly hold 5% of the issued share capital of Xiwang Holdings, respectively. Xiwang Investment is a wholly-owned subsidiary of Xiwang Holdings. Therefore, Xiwang Holdings, Xiwang Hong Kong and Xiwang Group are deemed to be interested in the number of shares of the Company held by Xiwang Investment.

- (3) These shares are registered in the name of Xiwang Investment. Mr. WANG Yong is deemed to be interested in all the shares of Xiwang Special Steel held by Xiwang Investment.
- (4) These shares are registered in the name of Xiwang Investment. Mr. WANG Yong is deemed to be interested in all shares held by Xiwang Investment.
- (5) This promissory note (the “**Promissory Note**”) with principal amount of RMB441,223,765 was issued by Xiwang Investment in favour of the Company on 29 June 2013 to satisfy part of the consideration of the disposal of the entire issued share capital of Master Team International Limited by the Company to Xiwang Investment in 2013. Mr. WANG Yong is deemed to have interest in the Promissory Note through his interest in the Company and Xiwang Group.

As at 30 June 2014, the outstanding amount under the Promissory Note was RMB44,805,000.

- (6) Xiwang Investment has charged all its shares in Xiwang Special Steel in favour of the Company as security for its indebtedness owed to the Company under the Promissory Note. Mr. WANG Yong is deemed to have interest in the security interest over the shares of Xiwang Investment in Xiwang Special Steel through his interest in the Company and Xiwang Group.
- (7) These interests represent the Directors’ beneficial interests in the underlying shares in respect of the share options granted by the Company to the Directors. Details of which are set out in the section headed “Share Option Scheme”.

## OTHER INFORMATION

### Substantial Shareholders and Other Persons who are Required to Disclose their Interests pursuant to Part XV of the SFO

(a) Substantial shareholders of the Company

As at 30 June 2014, so far as it is known to any Directors of the Company, the following shareholders (other than the Directors and chief executive of the Company whose interests and short positions in the shares and underlying shares of the Company are set out above) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2014
Xiwang Investment	Beneficial owner	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
Xiwang Holdings	Interest of a controlled corporation (Note 2)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
Xiwang Hong Kong	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%



## OTHER INFORMATION

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2014
Xiwang Group	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
ZHANG Shufang	Interest of spouse (Note 4)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%

### Notes:

- (1) The letter "L" represents the entity's interests in the shares.
- (2) Xiwang Holdings directly holds 100% of the issued share capital of Xiwang Investment and therefore is deemed to be interested in the number of shares of the Company held by Xiwang Investment.
- (3) Xiwang Hong Kong directly holds 95% and Mr. WANG Yong and 24 individuals directly hold 5% of the issued share capital of Xiwang Holdings, respectively. Xiwang Hong Kong is in turn wholly-owned by Xiwang Group. Therefore, Xiwang Hong Kong and Xiwang Group are deemed to be interested in the number of shares of the Company held by Xiwang Investment.
- (4) Ms. ZHANG Shufang, being the spouse of Mr. WANG Yong, is deemed to be interested in all the shares in which Mr. WANG Yong is deemed to be interested.

## OTHER INFORMATION

- (b) Other persons who are required to disclose their interests pursuant to Part XV of the SFO
- Save as disclosed in the paragraph headed “Directors’ Interests in shares, underlying shares and debentures of the Company and its associated corporations” and paragraph (a) above, as at 30 June 2014, no other person had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

### Share Option Scheme

The Company adopted the Share Option Scheme on 6 November 2005. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. As at 30 June 2014, options to subscribe for 16,593,000 ordinary shares of the Company were outstanding, details of which are set out in note 16 to the condensed consolidated financial statements and below:

Class of grantee	Date of grant	During the six months ended 30 June 2014				Outstanding as at 1 January 2014	Outstanding as at 30 June 2014	Exercise price per share (HK\$)	Exercise period
		Granted	Exercised	Cancelled	Lapsed				
Directors									
WANG Di	5 November 2013	–	–	–	–	3,000,000	3,000,000	1.112	(Notes 4, 5)
SUN Xinhua	5 November 2013	–	–	–	–	3,000,000	3,000,000	1.112	(Notes 4, 5)
Employees (Note 1)									
	8 May 2009	–	–	–	–	2,193,000	2,193,000	1.32	(Notes 2, 5)
	14 September 2011	–	–	–	–	7,000,000	7,000,000	1.55	(Notes 3, 5)
	5 November 2013	–	–	–	–	1,400,000	1,400,000	1.112	(Notes 4, 5)
		–	–	–	–	16,593,000	16,593,000		

## OTHER INFORMATION

### Notes:

- (1) Employees include employees of the Group (other than the directors) working under employment contracts with the Group which are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 571 of the Laws of Hong Kong).
- (2) The closing price of the ordinary shares as stated in the Stock Exchange’s daily quotations sheet on 7 May 2009, being the trading day immediately preceding the date of grant of options, was HK\$1.28 per share.
- (3) The closing price of the ordinary shares as stated in the Stock Exchange’s daily quotations sheet on 12 September 2011, being the trading day immediately preceding the date of grant of options, was HK\$1.49 per share.
- (4) The closing price of the ordinary shares as stated in the Stock Exchange’s daily quotations sheet on 4 November 2013, being the trading day immediately preceding the date of grant of options was HK\$1.10 per share.
- (5) The maximum cumulative numbers of ordinary shares under the options that can be subscribed for pursuant to the exercise of the options at different periods are set out below:

### Commencing from

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8 May 2012	2,193,000
13 September 2012	2,333,333
13 September 2013	2,333,333
13 September 2014	2,333,334
5 November 2014	2,400,000
5 November 2015	2,400,000
5 November 2016	2,600,000

### Purchase, Sale or Redemption of the Company’s Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Period.

# CORPORATE GOVERNANCE

## Corporate Governance Practices

The Company has complied throughout the Period with all the code provisions set out in the “Corporate Governance Code and Corporate Governance Report” (“**CG Code**”) contained in Appendix 14 to the Listing Rules.

## Model Code for Securities Transactions by Directors

The Company has also 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 own code for securities transactions of the Directors. Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Period.

## Audit Committee

The Company has set up an Audit Committee with written terms of reference based upon the provisions and recommended practices of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee comprises Mr. WONG Kai Ming (chairman), Mr. WANG An and Mr. WANG Shu Jie, being the three independent non-executive Directors.

The Group’s unaudited condensed consolidated financial statements for the Period have been reviewed by the Audit Committee, which is of the opinion that such statements complied with the applicable accounting standards, the Listing Rules, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

\* For identification purpose only







**XIWANG PROPERTY HOLDINGS COMPANY LIMITED**

**西王置業控股有限公司\***

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)

\* For identification purpose only 僅供識別