

## 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





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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 Xinhu

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 Xinhu

### Nomination Committee

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

### COMPANY SECRETARY

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

### AUTHORISED REPRESENTATIVES

Mr. WANG Yong
Miss LAM Wai Lin (resigned on 25 July 2014)
Miss NG Weng Sin (appointed on 25 July 2014)
Mr. SUN Xinhu

(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

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

### PRINCIPAL BANKERS

Agricultural Bank of China Bank of China China Construction Bank The Bank of East Asia, Limited 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: MinterEllison 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

# CHAIRMAN'S STATEMENT

### WANG DI Chairman and Non-executive Director

### **Dear Shareholders**

In 2014, the gross domestic product ("GDP") of China grew by 7.4% to RMB63.6 trillion. As stated in the Government Work Report submitted to the National People's Congress by Li Keqiang, Premier of the State Council of the People's Republic of China (the "PRC") has set its GDP growth target for 2015 at around 7%. The Group's business is based in Shandong Province. In 2014, total investment in property development in Shandong Province grew by 6.9% to RMB581.8 billion. However, residential area sold dropped by 14.3% to 79.725 million square metres ("**sq m**"). The residential property market in Shandong Province is in a time of challenge.

On 28 September 2013, the Group signed an agreement with Jimo City People's Government (the "Jimo Government") in respect of the property redevelopment project in Jimo City, Qingdao, Shandong Province (the "Jimo Project"). The agreement was released on 20 August 2014 with the mutual consent between Glorious Prosper Limited, an indirect wholly-owned subsidiary of Xiwang Property Holdings Company Limited (the "Company", and together with its subsidiaries, the "Group") and Jimo Government.

In view of the progress of urbanization and improvement of living standard of people in Shandong, our strategy will pay particular attention on developing properties of higher class. Besides, the Group will keep on seeking business opportunities for property development project.

In order to retain fund for operation and business development, the board (the "**Board**") of directors (the "**Directors**") of the Company do not recommend the payment of final dividend for both ordinary shares and convertible preference shares.

I would like to take this opportunity to thank our shareholders, business partners, customers, the Board and our staff for their contribution in the past year.

WANG Di

Chairman

31 March 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

The Group was established in 2001 with headquarters located in Zouping County, Shandong Province of 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.



### **Financial Review**

### **Operating Results**

### 1. Revenue

The Group's revenue amounted to RMB122,122,000 during the year ended 31 December 2014 (the "**Year**") (2013: RMB179,149,000), representing a decrease of 31.8% as compared to last year. The decrease in revenue was mainly due to the decrease in gross floor area ("**GFA**") sold as compared to last year. The sales of Lanting Project, a high-class residential development, was higher than that of last year. The sales of each project was as follows:

	Reven	ue	GFA sold	I	Average GFA	orice
	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	square metres		RMB/	RMB/
			("sq m")	sq m	sq m	sq m
Meijun Project	43,086	121,282	14,733	49,766	2,924	2,437
Lanting Project	78,740	57,867	19,838	14,028	3,969	4,125
	121,826	179,149	34,571	63,794	3,524	2,808
Others*	296	_				
	122,122	179,149				

\* Others mainly represent rental income from car parking units

# 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 11 blocks of 6 to 14-storey residential buildings providing around 390 residential units.



### **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.

# 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 the area is expected to commence in 2015 and be completed in 2019. During the year ended 31 December 2014, Qinghe Home Settlements were under construction.

### 2. Cost of sales

The Group's cost of sales amounted to RMB176,855,000 during the Year (2013: RMB145,235,000), representing an increase of 21.8% as compared to last year. The increase in cost of sales was mainly due to (i) the sales of Lanting Project increased as compared to that of last year, as Lanting Project is a relative high-class residential project, and its construction costs was higher than that of Meijun Project; and (ii) impairment provisions of RMB40,644,000 made for the completed properties held for sale during the Year.

	2014 RMB'000	2013 RMB'000
Costs of land	8,017	12,218
Compensation for relocation	25,991	7,040
Development costs	72,110	100,651
Other costs^^	70,737	25,326
	176,855	145,235
Average Floor Area cost (net of impairment		
provisions) (RMB/sq m)	3,940	2,277

^^ Other costs include write-down of completed properties held for sale to net realisable value amounted to RMB40,644,000, loan interests capitalised, planning fees, initial fees, adjustments to fair value and taxes.

### 3. Gross (loss)/profit

The Group's gross loss amounted to RMB54,733,000 during the Year (2013 gross profit: RMB33,914,000), representing a decrease of 2.6 times as compared to last year. The gross loss margin was 44.8% (2013 gross profit margin: 18.9%) and was 63.7 percentage points lower than that of last year. The decrease in gross profit margin was mainly due to:

 the average GFA price of Lanting Project (its revenue accounts for 64.5% of our total revenue) decreased slightly by RMB156 per sq m or 3.8%.

## MANAGEMENT DISCUSSION AND ANALYSIS

(ii) impairment provisions of RMB40,644,000 made for completed properties held for sale, which accounts for 23.0% of the total cost of sales.

Due to the above reasons, we have recorded gross loss during the Year.

### 4. Other income

Other income represents interest income from promissory note receivables and bank deposits. Other income amounted to RMB908,000 during the Year (2013: RMB2,107,000), representing a decrease of 56.9% as compared to that of last year, which was mainly due to the decrease in interest income as Xiwang Investment Company Limited ("**Xiwang Investment**") has repaid the remaining balance of promissory note payable to the Company during the Year.

### 5. Other expenses

Other expenses represent exchange loss. The exchange loss amounted to RMB1,771,000 during the Year (2013: RMB20,160,000), representing a decrease of 91.2% as compared to that of last year. The exchange loss incurred during the Year was mainly due to the repayment of remaining balance of promissory note receivable from Xiwang Investment.

### 6. Selling and marketing expenses

Selling and marketing expenses include wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB3,440,000 during the Year (2013: RMB1,464,000), which increased by 1.3 times as compared to that of last year. It was mainly due to the increase in property sale promotion activities during the Year.

### 7. Administrative expenses

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The administrative expenses amounted to RMB28,721,000 during the Year (2013: RMB15,771,000), representing an increase of 82.1% as compared to that of last year, which was mainly due to the termination of the development cooperation agreement dated 28 September 2013 entered into by Glorious Prosper Limited, an indirect wholly-owned subsidiary of the Company, and Jimo Government in respect of the Jimo Project in Jimo City, Shandong Province on 20 August 2014. As the project had already commenced after the agreement was entered into in 2013, certain development, design and other expenses incurred for the project were not recoverable and written-off during the Year, and hence, our administrative expenses had increased accordingly.

### 8. Finance costs

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

### 9. Income tax

The Group credited an income tax of RMB5,780,000 to the consolidated statement of profit or loss during the Year (2013: RMB9,697,000 charged to the consolidated statement of profit or loss), which was mainly due to the utilisation of deferred income tax liabilities from fair value adjustment arising from acquisition of subsidiaries.

#### **Financial position**

### 1. Liquidity and capital resources

As at 31 December 2014, the Group's cash and cash equivalents amounted to RMB11,243,000, representing an increase of RMB2,574,000, or 29.7%, as compared to RMB8,669,000 as at 31 December 2013. During the Year, the net cash outflow from operating activities amounted to RMB118,197,000, while the net cash inflow from investing activities amounted to RMB120,153,000. There was no cash flow from financing activities during the Year.

The Group primarily utilized the cash flow from operations, cash inflow from investing activities and cash on hand to finance operational requirements during the Year. As at 31 December 2014, the Group's capital commitment amounted to RMB7,647,000, which was mainly expenditures for property developments.

### 2. Capital structure

As at 31 December 2014, the Group's total liabilities amounted to RMB315,351,000, our total assets was RMB922,188,000, representing an asset to liability ratio (total assets divided by total liabilities) of 2.92. The total equity was RMB606,837,000 and the gearing ratio (total liabilities divided by total equity) was 52.0%.

# 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 Year, 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.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE RISK

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

### **HUMAN RESOURCES**

As at 31 December 2014, the Group employed approximately 38 staff (2013: 79). Staff-related costs (including Directors' remuneration) incurred during the Year was RMB4,514,000 (2013: RMB6,444,000). 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 were set out in the 2012 Circular.

\* for identification purpose only.

### **II. BUSINESS OUTLOOK**

The economic development of China has entered a new stage, with a change from rapid growth to moderate growth. According to the National Bureau of Statistics of China, the GDP of China in 2014 grew by 7.4% to RMB63,600 billion. As at the end of 2014, China's population reached 1.368 billion, with an urbanization rate of 54.8%. In 2014, total investment in property development in China amounted to RMB9.5 trillion, grew by 10.5% as compared to that of last year, and the growth in the investment in residential sector was 9.2%.

The Group operates and develops residential properties in Zouping County in Binzhou City, Shandong Province. The GDP of Shandong Province grew by 8.7% in 2014, which was 1.3 percentage points higher than the national one. In 2014, the urbanization rate of Shandong Province was 55%, which was approximate to the country's overall level. In 2014, total investment in property development in Shandong Province grew by 6.9% to RMB581.8 billion. However, residential area sold dropped by 14.3% to 79.725 million sq m. The residential property market in Shandong Province is in a time of challenge, the Group has taken positive measures to overcome the challenge and plans to develop residential properties of higher class to drive up the gross profit and revenue.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### **Executive Directors**

# WANG Chuan Wu (王傳武)

Chief Executive Officer

Aged 46, is executive Director and the chief executive officer of the Company since 15 July 2013. Mr. WANG possess approximately 27 years of solid experience in property development. He graduated from the Professional Course in Industrial and Residential Construction from Zouping County Professional College\* (鄒平縣成人中等專業學校) of Shandong province in 1998. During the period from 1986 to 1993, Mr. WANG worked at Zouping County Handian Town Construction Company\* (鄒平縣 韓店鎮建築公司) and participated in various construction and technical duties. He was the general manager of Zouping County Xiwang Construction Company Limited\* (鄒平縣西王建築有限責任公司) from 1993 to 2006. Since 2006, he is the general manager of Shandong Xiwang Property, a subsidiary of the Company.



## ZHOU Xiang Lin (周相林)

Aged 40, is an executive Director since 15 July 2013. Mr. ZHOU is also the general manager of Qingdao Xiwang Property Company Limited\* (青島西王置業有限公司) ("Qingdao Xiwang Property"), a subsidiary of the Company and has around 17 years of experience in property development and construction. Mr. ZHOU graduated from Qingdao Architecture and Construction College\* (青島建築工程學院) with a bachelor degree in Architecture in 1997. He was qualified as a national first-class architect in 2007 and was qualified as a senior engineer by Human Resources Bureau of Shandong Province (山東省人事廳) in 2008. During the period from 1997 to 2002, Mr. ZHOU worked as a construction designer at Qingdao Chemical Industrial Design Institute\*(青島化工設計院). He joined Qingdao Public Utilities Design and Research Institute Company Limited\* (青島市公用 建築設計研究院有限公司) as deputy general manager and project in-charge from 2002 to 2010. From 2010 to 2012, Mr. ZHOU worked for Hutchison Whampoa Properties (Qingdao) Limited as construction manager. Before joining Qingdao Xiwang Property in April 2013, he was the manager of Design and Management Department of Hong Kong China Merchants Group Qingdao Lanwan Wangu Limited (香港招商局青島藍灣網谷有限公司). He has participated in a number of construction projects in Qingdao and Shandong Province, including residential and office buildings, shopping centres, elderly activity centre and schools etc.



## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## CHENG Gang (程剛)

Aged 42, is an executive Director since 15 July 2013. Mr. CHENG has around 17 years of experience in property development. He studied Construction and Structural Engineering Professional Course at Tsinghu University from 1997 to 2000 and was qualified as a registered national first-class constructor in 2010. During the period from 1996 to 2006, Mr. CHENG worked at Shandong Tonglian Information Industrial (Group) Company Limited\* (山東通聯信息產業 (集團) 有限公司) as technician and was promoted from assistant engineer to manager of construction department in 2002. Since 2006, Mr. CHENG joined Shandong Xiwang Property as project-in-charge and was promoted to deputy general manager in 2011.

### **Non-executive Directors**

## WANG Di (王棣)

Chairman

Aged 31, is non-executive Director and the chairman of the Company. He was appointed as an executive Director in November 2010 and the deputy chairman of the Company in July 2012. He was the head of branding of the Group from 2006 to June 2013. Mr. WANG has been re-designated as non-executive Director and the chairman of the Company from 15 July 2013. Mr. WANG attended the bachelor's degree course of Information Conflict from the Electronic Engineering Institute of the Chinese People's Liberation Army (中國人民解放軍電子工程學院 ) from 2001 to 2005. He joined Xiwang Group Company Limited ("Xiwang Group") in August 2005 and the Group in January 2006. He was in charge of the international trading business of the Group from 2005 to June 2013 and has been in charge of international trading business of Xiwang Group for more than eight years. Mr. WANG has been granted with various awards and honours, including outstanding worker for enterprise education and training of Shandong Province in 2006, labour model of Binzhou City of Shangdong Province of the PRC, labour model of Shandong Province and outstanding entrepreneur in food industry of Shandong Province. Mr. WANG is the chairman of Xiwang Foodstuffs Co. Ltd. ("Xiwang Foodstuffs") (a company listed on the Main Board of the Shenzhen Stock Exchange under stock code 000639 in February 2010 and is effectively held as to 52.08% by Xiwang Group), and the chairman and non-executive director of Xiwang Special Steel Company Limited ("Xiwang Special Steel") (a company listed on the Main Board of the Stock Exchange under stock code 1266 in February 2012 and is effectively held as to 75% by Xiwang Holdings Limited ("Xiwang Holdings"), the ultimate holding company of the Company before 14 February 2014). Mr. WANG Di is the son of Mr. WANG Yong, who is a non-executive Director and the deputy chairman of the Company.

## WANG Yong (王勇)

Deputy Chairman

Aged 64, is non-executive Director and the deputy chairman of the Company. He is one of the founders of the Group. Mr. WANG was appointed as executive Director and the Chairman of the Company in March 2005 and has been re-designated as non-executive Director and the deputy chairman of the Company from 15 July 2013. Mr. WANG was the legal representative of Zouping County Xiwang Social Benefits Oil and Cotton Factory (鄒平 縣西王社會福利油棉廠) from 1986 to 1992 and of Zouping County Xiwang Industrial Head Company (鄒平縣西王 實業總公司) from 1993 to 1996. He was the managing director of Xiwang Group from 1996 to 2001. Mr. WANG has been the chairman of the board of directors of Xiwang Group since 2001. Mr. WANG has been assessed by Professional Position Evaluation Committee of Binzhou Non-Public Ownership Organisations (濱州市非公有制經 濟組織專業技術職務評審委員會) as a senior economist. He was awarded as the National Labour Role Model (全 國勞動模範) by the State Council in 2000 and was appointed as the vice president of the third council of China Fermentation Industry Association (中國發酵工業協會) in 2004.

Mr. WANG was awarded with several prizes and titles, including the National Advanced Worker in Quality Management of Township Enterprise (全國鄉鎮企業質量管理先進工作者) awarded by the Ministry of Agriculture of China (中國農業部) in 2000, the Fourth National Township Entrepreneur Award (第四屆全國鄉鎮企業家) and National Advanced Worker in Technological Progress of Township Enterprise of the Eighth Five-year Plan (「八五」全國鄉鎮企業科技進步先進工作者) awarded by the Ministry of Agriculture of the PRC in 2001. Mr. WANG Yong received secondary education in the PRC. Mr. WANG has held several positions in listed companies. Mr. WANG is a director of Xiwang Foodstuffs. He is also the chairman and non-executive director of Xiwang Special Steel. Mr. WANG Yong is father of Mr. WANG Di, who is a non-executive Director and the chairman of the Company.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## SUN Xinhu (孫新虎)

Aged 40, is a non-executive Director and the head of the Business Development Department of the Group. Mr. SUN joined the Group since 2003. He had over 4 years of experience in an international fast food chain in China. Mr. SUN graduated with a bachelor's degree in food science from Shandong Polytechnic University (山東輕工業學 院) in July 1997, and a master's degree in food science from Southern Yangtze University (江南大學) in July 2004. Mr. SUN has been a director of Xiwang Foodstuffs since 2010 and the vice chairman of the board of Xiwang Foodstuffs since June 2014. Mr SUN was the secretary of the board of Xiwang Foodstuffs from 2010 to October 2013. Mr. SUN has been a non-executive director of Xiwang Special Steel since 2011 and was re-designated as an executive director in April 2015. Mr. SUN has been serving as vice general manager since he joined Xiwang Group in March 2003. Mr. SUN was appointed as an executive Director in December 2008 and re-designated as a non-executive Director on 5 July 2012. Mr. SUN is the spouse of Dr. LI Wei, a previous executive Director who resigned on 15 July 2013. Mr. SUN is a member of the nomination committee ("Nomination Committee") and the remuneration committee (the "Remuneration Committee") of the Company.

### Independent non-executive Directors

## WONG Kai Ming (黃啟明)

Aged 60, is an independent non-executive Director. Mr. WONG has over 23 years of experience in accounting and finance and is presently the proprietor of Wong Kai Ming, Certified Public Accountant. Mr. WONG holds a higher diploma in accountancy and a bachelor of arts in accountancy degree from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). He is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. Mr. WONG was appointed as an independent non-executive Director in November 2005. Mr. WONG is the chairman of the audit committee of the Company (the "**Audit Committee**") and the Nomination Committee, and also a member of the Remuneration Committee.

## WANG AN (王安)

Aged 68, is an independent non-executive Director. Mr. WANG has extensive experience in agriculture and knowledge in economics. He graduated from Beizhen Agricultural Professional College of Shandong Province\* (山東省北鎮農業專科學校) in 1968. In 1971, he graduated from the Professional Course in Economic Statistics from the Party School of Liaoning Province\* (遼寧省黨校函授經濟統計專業班) and was promoted to Senior Professor. During the period from 1968 to 1998, Mr. WANG worked at Agricultural Bureau and Forestry Bureau of Zouping County (鄒平縣農業局及林業局) and was the secretary and deputy director of the County Government Office and Director of Bureau of the Legislative Affairs (法制局), Director of the County Government Office, and communist party member of the County Government Office of Zouping County, Shandong Province, of the PRC. Before retirement in 2007, he was the secretary of the Party's Committee at the Luzhong Professional School in Shandong Province, of the PRC\* (山東省魯中職業學院). Mr. WANG was appointed as an independent non-executive Director on 1 April 2013. Mr. WANG is the chairman of the Remuneration Committee and a member of the Audit Committee.

## WANG Shu Jie (王淑杰)

Aged 41, is an independent non-executive Director. Mr. WANG studied Laws of Economics at Xibei Textile Vocational College (西北紡織工學院) from 1995 to 1997. He passed the China Judicial Examination (國家司法考試) and obtained a qualification in legal professional in 2002. He participated in legal services at Zouping County Chengzhong Legal Firm (鄒平縣城中法律服務所) of Shandong Province from 1999 to 2005 and since 2006, he joined Shandong Tianjian Legal Firm (山東天健律師事務所) as a lawyer. He has around 15 years of experience in legal practice. Mr. WANG was appointed as an independent non-executive Director on 15 July 2013. Mr. WANG is a member of the Audit Committee and Nomination Committee.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### **Senior Management**

## NG Weng Sin (吳永蒨)

(appointed on 25 July 2014)

Aged 43, is the chief financial officer and company secretary of the Company. Miss NG joined the Company in May 2014 and is responsible for the financial management and company secretarial functions of the Group. Miss NG has over 17 years of experience in finance, accounting and auditing. Prior to joining the Company, Miss NG worked at Deloitte Touche Tohmatsu from August 1997 to September 2001. From September 2001 to May 2006, she worked at finance departments in two companies listed on the main board of the Stock Exchange and a company listed on the NASDAQ Stock Market in the United States. From May 2006 to February 2010, she was the financial controller, the company secretary and authorized representative of China Information Technology Development Limited, a company listed on the Stock Exchange. From August 2010 to October 2013, she was the chief financial officer, the company secretary and the authorized representative of Billion Industrial Holdings Limited, a company listed on the Stock Exchange. Miss NG obtained her bachelor's degree of arts in accountancy in 1996, a master's degree of professional accounting in 2010 and a master's degree of corporate finance in 2013 from the Hong Kong Polytechnic University. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Miss NG is also the chief financial officer and company secretary of Xiwang Special Steel.

## LAM Wai Lin (林惠蓮)

(resigned on 25 July 2014)

Aged 45, was the financial controller and company secretary of the Company. Ms. LAM joined the Company in June 2007 and is responsible for the financial management and company secretarial functions of the Group. Ms. LAM has over 17 years of experience in auditing, accounting and financial management. Ms. LAM is also the company secretry of Xiwang Special Steel since June 2011. Prior to joining the Company, Ms. LAM was the finance manager of a media company listed on the Main Board of the Stock Exchange. From 2000 to 2004, she was an auditor of an international accounting firm in Hong Kong. Ms. LAM graduated from the University of London with a bachelor degree in Economics. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.

\* For identification purpose only

### **Corporate Governance Practices**

The Company is committed to maintain good corporate governance practices and procedures. The Company has adopted the code provisions contained in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Year.

The Board is committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximize the interests of the shareholders.

The Board is responsible for performing the duties on corporate governance function as set out below:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance and legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Year, the Board has reviewed the Company's corporate governance practices and the duties performed by the committees of the Board.

The Board adopted a board diversity policy (the "**Board Diversity Policy**") which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and review the same as appropriate. In designing the Board's composition, the Board should have a balance of skills, experience and knowledge in the industry and diversity of perspectives appropriate to the Company's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The full set of the Board Diversity Policy is published on the Company's website for public information.

The Board has set objectives (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Detailed discussion of the major corporate governance practices adopted and observed by the Company during the Year or where applicable, up to the date of this report is set out as below.

### A. Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the Year and up to the date of this report.

### **B.** Board of Directors

### (i) Board composition

The Board currently comprises a combination of three executive Directors, three non-executive Directors and three independent non-executive Directors. During the Year and up to the date of this annual report, the Board consisted of the following 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 Xinhu

Independent Non-executive Directors: Mr. WONG Kai Ming Mr. WANG An Mr. WANG Shu Jie

During the Year, the Board at all times met the requirements under Rules 3.10 and 3.10 (A) of the Listing Rules that, at least one-third of members of the Board being independent non-executive directors, with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

(ii) Appointment and re-elections of directors

In accordance with the Bye-laws of the Company, the Board is authorized to appoint any person as a director of the Company either to fill a casual vacancy on the Board or, subject to authorization by the members in general meeting, as an additional member of the Board.

According to the Bye-laws of the Company, new appointments to the Board are subject to reelection by shareholders at the next following annual general meeting. Moreover, one-third of the Directors of the Board (or, the number nearest to but not less than one-third if the number of directors is not a multiple of three) shall retire from office by rotation and is eligible for re-election by shareholders at the annual general meeting. A retiring Director shall continue to act as a Director throughout the meeting at which he retires. The Board should ensure that every Director shall be subject to retirement at least once every three years.

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of shareholders of the Company as a whole. One of the independent non-executive Directors, Mr. WONG Kai Ming, has over 23 years of experience in the accounting and finance fields and is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. Non-executive Directors are appointed for a term of three years.

The Company has received the annual written confirmations from each of Mr. WONG Kai Ming, Mr. WANG An and Mr. WANG Shu Jie in respect of their independence respectively pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Board considers that all independent non-executive Directors are independent.

### (iii) Responsibilities and contributions of the Board

The Board, with the assistance from the senior management, forms the core management team of the Company. The Board takes the overall responsibility for management of the Company, formulating the business strategies and development plan of the Company, decision making on important issues, including but not limited to substantial mergers and acquisitions and disposals, Directors' appointments and significant operational and financial matters, and review and approval of annual and interim results of the Company. The senior management are responsible for supervising and executing the Board policies and strategies including the provision of monthly updates of the Group's performance, position and prospects to the Board, to enable the Board and each of the Directors to deliver and discharge their duties under the Listing Rules. Daily management, administration and operation of the Company are delegated to the management team of the Company.

The Directors have timely and full access to all relevant information of the Company. The company secretary of the Company (the "**Company Secretary**") provides advice and services to the Directors to ensure the Directors follow all the Company's Board procedures and all applicable rules and regulations. Company Secretary notifies the Directors of rule amendments and updates in respect of corporate governance practices, to assist the Directors of the Company to fulfill their responsibilities.

### (iv) Financial reporting

The Directors acknowledge their responsibility for preparing the financial statements for the Year, which give a true and fair view of the state of affairs of the Group, and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The financial statements of the Company and the Group for the Year were prepared on a going concern basis. The Audit Committee reviewed and recommended the Board to adopt the audited accounts for the Year. The Board is not aware of any material uncertainties relating to the events or condition that may undermine the Company's ability to continue as a going concern.

The statements of the external auditors of the Company with regard to their reporting responsibilities on the financial statements of the Company are set out in the Independent Auditors' Report on page 51 to 52.

#### (v) Relationship among members of the Board

Mr. WANG Di, the chairman and non-executive Director, is the son of Mr. WANG Yong, the deputy chairman and non-executive Director. Saved as disclosed, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between any of the Directors or chief executive officer of the Company.

Each of Mr. WANG Di, Mr. WANG Chuan Wu and Mr. SUN Xinhu, among others, have entered into a voting agreement in respect of their shares held in Xiwang Holdings dated 27 September 2011 and as supplemented by a supplemental voting agreement dated 7 February 2012. Under these agreements, each of the shareholders of Xiwang Holdings shall only vote, when in the capacity of a shareholder of Xiwang Holdings, in accordance with the instruction of Mr. WANG Yong at any shareholders meeting of Xiwang Holdings.

### (vi) Continuous professional development of directors

Induction seminars of comprehensive guidance on directors' duties and liabilities are provided by the Company's legal advisors to Directors once they joined the Board. Senior management of the Company provides briefings to all Directors for updates of their knowledge and skills of the industry of the Company. Company Secretary provides updates or amendments of the Listing Rules of the Stock Exchange and other statutory regulations for Directors' fulfillment of their responsibilities and duties in the Company.

During the Year, the Company provided the Directors with written materials for the updates of corporate governance practices, especially the sections related to the Board and discussion and case study of market misconduct affairs. All Directors have confirmed they have studied the materials provided by the Company.

### C. Chairman and Chief Executive Officer

Mr. WANG Di is the chairman of the Company who is principally responsible for formulation of plans and policies of the Group. The chairman also chairs the Board meetings and briefs the Board members on the issues discussed at the Board meetings. The chief executive officer of the Company is Mr. WANG Chuan Wu who is responsible for the supervision for the execution of the plans and policies determined by the Board.

### D. Board Committees

The Board has three board committees, namely Audit Committee, Remuneration Committee and Nomination Committee. Independent non-executive Directors are majority of members of these committees appointed by the Board. Written terms of reference of these committees based on the CG Code have been approved and adopted by the Board.

Sufficient resources are provided to the Board committees for their discharge of their duties. They are able to seek independent professional advice, at the Company's expenses, upon reasonable request and under appropriate circumstances.

### (i) Audit Committee

In accordance with the written terms of reference of the Audit Committee, all members of the Audit Committee should be non-executive Directors with majority of them being independent non-executive Directors. At least one of them shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. Former partner of the Company's existing external auditors from time to time may not act as a member of the Audit Committee for a period of at least one year from the date of his ceasing (a) to be a partner of the firm or (b) to have any financial interest in the firm, whichever is later.

At present, the members of Audit Committee comprised Mr. WONG Kai Ming (chairman), Mr. WANG An and Mr. WANG Shu Jie.

The primary responsibilities of the Audit Committee are to monitor the integrity of the Group's financial statements and reports and review significant financial reporting judgements contained therein, exercise independent judgment in reviewing and supervising the Group's financial reporting process and internal control procedures; and system of the Group, to provide recommendations to the Board for the improvements of the Group's financial reporting system and internal control procedures and system and to provide recommendations to the Board for the appointment and removal of external auditors. The terms of reference of the Audit Committee are available on the Company's website and the website of the Stock Exchange.

Two meetings were held by the Audit Committee during the Year. During the Year, the Audit Committee reviewed the Company's internal control procedures and financial reporting system. The Audit Committee reviewed and recommended the Board to adopt the audited accounts and final result announcement for the year ended 31 December 2013 and the unaudited accounts and interim result announcement for the six months ended 30 June 2014. The Audit Committee reviewed and made recommendation to the Board for the re-appointment of external auditor.

At the meeting held on 31 March 2015, the Audit Committee has reviewed the Company's annual results for the year ended 31 December 2014.

### (ii) Remuneration Committee

In accordance with the written terms of reference of the Remuneration Committee, majority of members of the Remuneration Committee should be independent non-executive Directors, with the chairman must be an independent non-executive Director. The terms of reference of the Remuneration Committee are available on the Company's website and the website of the Stock Exchange.

At present, the members of Remuneration Committee comprised Mr. WANG An (chairman), Mr. WONG Kai Ming and Mr. SUN Xinhu.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the policy and structure of the Company for all Directors and senior management remuneration, and to review and recommend to the Board on the remuneration packages of individual executive Directors and senior management, by reference to the duties, responsibilities, experience and gualifications of each candidate.

One meeting was held by the Remuneration Committee during the Year. During the Year, Remuneration Committee has reviewed remuneration of senior management.

### (iii) Nomination Committee

In accordance with the written terms of reference of the Nomination Committee, majority of members of the Nomination Committee should be independent non-executive Directors, with the chairman must be an independent non-executive Director. The terms of reference of the Nomination Committee are available on the Company's website and the website of the Stock Exchange.

At present, the members of the Nomination Committee comprised Mr. WONG Kai Ming (chairman), Mr. WANG Shu Jie and Mr. SUN Xinhu.

The primary responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspective) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and make recommendations to the Board on the nominees for appointment as Directors and senior management of the Group, by reference to the experience and qualification of each candidate.

Nomination Committee is also responsible for monitoring the implementation of the Board Diversity Policy and review the same as appropriate.

One meeting was held by the Nomination Committee during the Year. The Nomination Committee performed annual review of the structure of the Board during the Year.

(iv) Attendance record of the Board, and Board committee meetings and general meetings
 The details of Directors' attendance of the Board and board committee meetings as well as general meetings held during the Year are set out in the following table:

	No. of meetings attended/no. of meetings held				
		Audit	Remuneration	Nomination	
	Board	Committee	Committee	Committee	General
	Meeting	Meeting	Meeting	Meeting	Meeting
Executive Directors:					
WANG Chuan Wu					
(Chief Executive Officer)	4/5	N/A	N/A	N/A	0/1
ZHOU Xiang Lin	3/5	N/A	N/A	N/A	0/1
CHENG Gang	3/5	N/A	N/A	N/A	0/1
Non-executive Directors:					
WANG Di (Chairman)	4/5	N/A	N/A	N/A	0/1
WANG Yong (Deputy Chairman)	4/5	N/A	N/A	N/A	0/1
SUN Xinhu	5/5	N/A	1/1	1/1	1/1
Independent Non-executive Directors:					
WONG Kai Ming	4/5	2/2	1/1	1/1	1/1
WANG An	4/5	2/2	1/1	N/A	0/1
WANG Shu Jie	4/5	2/2	N/A	1/1	0/1

### E. Remuneration of Senior Management

The remuneration payable to members of senior management (comprising executive Directors) of the Company by band is as follows:

	Number of senior management
Nil to RMB500,000	5
RMB500,001 to RMB1,000,000	0
	5

### F. Auditors' Remuneration

A breakdown of the remuneration of the Group's external auditor is as follows:

For the year ended 31 December 2014 (RMB'000)	

Ernst & Young

Annual audit services

### G. Internal Control

All Directors acknowledge their responsibility for establishing and maintaining a sound and effective internal control system to safeguard the Group's assets and shareholders' interests, and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations.

During the Year, the Board has reviewed through the Audit Committee the effectiveness of the Group's internal control systems and financial reporting system. Relevant recommendations made by the Audit Committee would be adopted, if appropriate, as soon as possible by the Group to improve its internal control systems. There were no irregularities or material deficiencies found during the Year.

1,250

### H. Company Secretary

The Company Secretary provides advice and services to the Board to ensure the Board follows all the Company's Board procedures and all applicable rules and regulations. Company Secretary notifies the Board of rule amendments and updates in respect of corporate governance practices, to assist the Directors of the Company to fulfill their responsibilities.

During the Year, Ms. LAM Wai Lin resigned as the Company Secretary and Miss NG Weng Sin was appointed as the Company Secretary, both with effect from 25 July 2014.

The biographical details of the Company Secretary are set out on page 22 of this Annual Report.

Miss NG Weng Sin has confirmed that she has sufficient relevant professional training during the Year as required under Rule 3.29 of the Listing Rules.

### I. Directors' and Officers' Liability Insurance

The Company has taken out liability insurance to indemnify its Directors and senior management for their liabilities arising from the performance of their duties. The insurance coverage is reviewed by the Company on an annual basis. No claim has been made against the Directors and senior management of the Company during the Year.

### J. Shareholders' Rights and Investor Relations

The Company's shareholders' communication policy is to maintain transparency and provide timely information of the Group's material developments to shareholders and investors.

General meetings of the Company are formal channels for communication between shareholders and the Board. The chairmen of the Board and the Board committees are invited to attend the general meetings to have direct communication with the shareholders. External auditor of the Company also attend annual general meetings to answer shareholders' enquires.

Under the Company's bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Clarendon House, 2 Church Street, Hamilton, Bermuda HM11 and its principal office at Unit 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary, to require a special general meeting ("**SGM**") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

The notice period to be given to all the registered shareholders for consideration of the proposal raised by the shareholder(s) concerned at a SGM varies according to the nature of the proposal, as follows:

- at least twenty-one (21) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and
- at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Shareholders who have enquires about the above procedures or have enquires to put to the Board or have suggestions on the Company's business may write to the Company Secretary at Unit 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Board and senior management of the Company will seriously consider shareholders' enquiries and address them accordingly and in compliance with the Listing Rules. During the Year, no shareholders' written enquiry was received.

The investor relations and corporate communication department of the Company in Hong Kong maintains regular communication and dialogue with shareholders, investors and analysts. It can be accessed during normal business hour by phone (Telephone: 3188 4518) or email (ir@xiwangproperty.com).

Shareholders and investors can also visit the Company's website at www.xiwangproperty.com and the Stock Exchange's website for the Company's announcements, circulars, financial information, corporate governance practices, annual reports, interim reports and other corporate information and updates of business development and operations.

## CORPORATE GOVERNANCE REPORT

Business Model and Strategy

The Group generates revenue from selling properties in the PRC. The Group will maintain flexible strategies in business development and prudent risk and capital management in order to achieve sustainable long term profitability and asset growth which in turns will maximize the shareholders' interest. The Group aims in maintaining its gearing at reasonable level and good banking relationships which enables the Group to obtain the funding for business needs and investments when opportunities arise.

The Group is optimistic about the long term economic potentials of the real estate market in China, and will focus on the development of residential projects in Shandong Province and look for development potential in other areas in China from time to time to explore new markets.

On behalf of the Board

### WANG Di

Chairman

Hong Kong, 31 March 2015

The Board is pleased to present its annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

### **Principal Activities**

The Group is principally involved in property development.

### Dividend

No final dividend was proposed by the Board for both ordinary shares and convertible preference shares in respect of the Year (2013: Nil).

Payment of the preferred annual distribution of RMB0.01 per convertible preference share will be deferred as at 31 December 2014.

### **Property, Plant and Equipment**

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

### **Share Capital**

Details of movements in the Company's share capital for the Year are set out in note 26 to the consolidated financial statements.

### **Five Year Financial Summary**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 137.

### **Share Option Scheme**

The Company adopted a share option scheme (the "**Scheme**") on 6 November 2005. The purpose of the Scheme is to enable the Group to grant options to selected participants as defined in Clause 4 of the Scheme as incentives or rewards for their contribution to the Group.

The principal terms of the Scheme are summarised as follows:

The maximum number of ordinary shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group must not exceed 80,000,000 ordinary shares, being 10% of ordinary shares in issue on the date of listing of the ordinary shares on the Stock Exchange (the "Listing Date") and approximately 6.47% of ordinary shares in issue and listed on the Stock Exchange as at the date of this report and which must not in aggregate exceed 30% of the ordinary shares in issue from time to time.

The maximum number of ordinary shares issued and to be issued upon exercise of the options granted to any eligible person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued ordinary shares from time to time.

The subscription price for the ordinary shares under the Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the option but the subscription price shall not be less than the highest of (i) the closing price of the ordinary share as stated in the Stock Exchange's daily quotations sheet on the date of the Board approving the grant of an option, which must be a business day (the "**Offer Date**"); (ii) the average closing price of the ordinary share as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the ordinary share.

An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during the period commencing immediately after the business day on which the option is deemed to be granted and accepted in accordance with the Scheme (the "**Commencement Date**") and expiring on such date of the expiry of the option as the Board may in its absolute discretion determine and which shall not exceed ten years from the Commencement Date but subject to the provisions for early termination thereof as set out in the Scheme.

Upon acceptance of the option, the grantee shall pay HKD1.00 to the Company as consideration for the grant.

The Scheme shall be valid and effective for a period of ten years commencing on 6 November 2005 i.e. the date of adoption of the Scheme.

As at 31 December 2014, options to subscribe for 6,400,000 ordinary shares of the Company were outstanding, details of which are set out in note 27 to the consolidated financial statements and below:

			During the year er 31 December 20		Outstanding as at	Outstanding as at	Exercise	
Class of					1 January	31 December	price per	Exercise
grantee	Date of grant	Granted	Exercised	Lapsed	2014	2014	Share	period
							(HK\$)	
Directors								
WANG Di	5 November 2013	-	_	-	3,000,000	3,000,000	1.112	(Note 4,5)
SUN Xinhu	5 November 2013	-	-	-	3,000,000	3,000,000	1.112	(Note 4,5)
Employees (Note 1)	8 May 2009	-	-	2,193,000	2,193,000	-	1.32	(Note 2,5)
	14 September 2011	_	-	7,000,000	7,000,000	-	1.55	(Note 3,5)
	5 November 2013	-	_	1,000,000	1,400,000	400,000	1.112	(Note 4,5)
		-	_	10,193,000	16,593,000	6,400,000		

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 57 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 HKD1.49 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 HKD1.10 per share.
- 5. These options can only be exercised by the grantee in the following manner:

	Maximum cumulative
	number of ordinary
	shares under the options
	that can be subscribed
	for pursuant to
Commencing from	the exercise of the options
5 November 2014	2,100,000
5 November 2014 5 November 2015	2,100,000 2,100,000

### **Pre-emptive Rights**

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### Purchase, Sale or Redemption of Listed Securities of the Company

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

### Reserves

Details of movements in the reserves of the Company during the Year are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity.

As the 31 December 2014, the reserves available for distribution to shareholders of the Company was approximately RMB444,399,000.

### **Major Customers and Suppliers**

For the Year, purchases from the largest supplier of the Group accounted for approximately 63.8% of the Group's total purchase and purchases from the Group's five largest suppliers accounted for approximately 81.0% of the Group's total purchase.

For the Year, the Group's five largest customers accounted for approximately 5.3% of the Group's total revenue.

Save as disclosed in note 32 to the consolidated financial statements and save as disclosed above, none of the Directors or any of their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest suppliers and five largest customers of the Group during the Year.

### **Directors and Directors' Service Contracts**

The Directors during the Year and up to the date of this report were:

#### **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 Xinhu

#### Independent Non-executive Directors:

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

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, each of Mr. WANG Di, Mr. WANG Yong and Mr. WANG An shall retire from office at the forecoming annual general meeting and, being eligible, will offer himself for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considered all the independent non-executive Directors to be independent.

### **Directors' and Senior Management's Biographies**

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 22 of this annual report.

### **Directors' Interests in Contracts of Significance**

Save as disclosed in note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party subsisted at the end of the Year or at any time during the Year.

### **Directors' Rights to Acquire Shares or Debentures**

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries or the holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 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 (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 31 December 2014
WANG Yong	Company	Interest of controlled corporations (Note 2)	810,903,622 ordinary shares (L) <i>(Note 4)</i>	65.62%
			678,340,635 convertible preference shares (L) <i>(Note 4)</i>	99.68%
	Xiwang Investment	Interest of controlled corporations (Note 2)	3 shares (L)	100%
	Xiwang Holdings	Beneficial owner (Note 2)	6,649 shares (L)	3.32%
		Interest of controlled corporations (Note 2)	190,000 shares (L)	95%
	Xiwang Hong Kong Company Limited (" <b>Xiwang Hong Kong</b> ")	Interest of controlled corporations <i>(Note 2)</i>	694,132,000 shares (L)	100%

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 31 December 2014
	Xiwang Group	Beneficial owner (Note 2)	RMB1,305,000,000 (L)	65.25%
	Xiwang Special Steel	Interest of controlled corporations (Note 2)	1,500,000,000 shares (L) <i>(Note 3)</i>	75%
WANG Di	Company	Beneficial owner	3,000,000 ordinary shares (L) <i>(Note 5)</i>	0.24%
	Xiwang Holdings	Beneficial owner	177 shares (L)	0.09%
	Xiwang Group	Beneficial owner	RMB35,400,000 (L)	1.77%
WANG Chuan Wu	Xiwang Holdings	Beneficial owner	177 shares (L)	0.09%
	Xiwang Group	Beneficial owner	RMB35,400,000 (L)	1.77%
SUN Xinhu	Company	Beneficial owner	3,000,000 ordinary shares (L) <i>(Note 5)</i>	0.24%
	Xiwang Holdings	Beneficial owner	89 shares (L)	0.04%
	Xiwang Group	Beneficial owner	RMB17,800,000 (L)	0.89%

Notes:

- (1) The letter "L" represents the Director's interests in the shares.
- (2) As at 31 December 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 23 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) 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".

# 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 31 December 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:

Approvimato

			Approximate
		Number of	percentage
Name of substantial		shares of the	of interest as at
shareholder	Capacity	Company held	31 December 2014
		(Note 1)	
Xiwang Investment	Beneficial owner	810,903,622	65.62%
		ordinary shares (L)	
		678,340,635	99.68%
		convertible preference	
		shares (L)	
Xiwang Holdings	Interest of a controlled	810,903,622	65.62%
	corporation (Note 2)	ordinary shares (L)	
		678,340,635	99.68%
		convertible preference	
		shares (L)	
Xiwang Hong Kong	Interest of controlled	810,903,622	65.62%
	corporations (Notes 2, 3)	ordinary shares (L)	
		678,340,635	99.68%
		convertible preference	
		shares (L)	

Name of substantial shareholder	Capacity	Number of shares of the Company held <i>(Note 1)</i>	Approximate percentage of interest as at 31 December 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%
Prominent State Limited	Person having a security interests in shares <i>(Note 5)</i>	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
VMS Investment Group Limited	Interest of controlled corporations (Notes 5)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%

			Approximate
		Number of	percentage
Name of substantial		shares of the	of interest as at
shareholder	Capacity	Company held	31 December 2014
		(Note 1)	
VMS Holdings Limited	Interest of controlled	810,903,622	65.62%
	corporations (Notes 5)	ordinary shares (L)	
		678,340,635	99.68%
		convertible preference	
		shares (L)	
Mak Siu Hang Viola	Interest of controlled	810,903,622	65.62%
	corporations (Notes 5)	ordinary shares (L)	
		678,340,635	99.68%
		convertible preference	
		shares (L)	

#### 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 23 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.
- (5) Prominent State Limited is wholly-owned by VMS Investment Group Limited, VMS Investment Group Limited is wholly-owned by VMS Holdings Limited, which is in turn wholly-owned by Ms. MAK Siu Hang Viola. Each of Ms. MAK Siu Hang Viola, VMS Holdings Limited and VMS Investment Group Limited is deemed to be interested in the number of Shares of the Company held by Prominent State Limited.

# (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 31 December 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.

### **Connected Transactions**

#### **Related Party Transactions**

Details of the related party transactions undertaken by the Group during the Year are set out in note 32 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

#### **Corporate governance**

A report on the principal corporate governance practices adopted by the Company is set out on pages 23 to 36 of this annual report.

### **Audit Committee**

The Company established an Audit Committee with written terms of reference based upon the provisions and recommended practices of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures and system of the Group. During the Year, members of the Audit Committee comprised Mr. WONG Kai Ming (chairman), Mr. WANG An and Mr. WANG Shu Jie, being the three independent non-executive Directors.

The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee, which is of the opinion that such statement complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

### Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float not less than 25% of the total issued share capital as at the date of this report.

### Annual general meeting

The forthcoming annual general meeting ("AGM") of the Company will be held on Friday, 29 May 2015.

### **Closure of register of members**

The register of members in respect of ordinary shares of the Company will be closed from Wednesday, 27 May 2015 to Friday, 29 May 2015, (both days inclusive), during which period no transfer of ordinary shares will be registered for the purpose of ascertaining shareholders' entitlement for attending and voting at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and, in the case of holders of convertible preference shares, all duly completed notices of conversion accompanied by the relevant certificates of convertible preferences shares, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 26 May 2015.

### Auditors

The Company's auditors changed from PricewaterhouseCoopers to Ernst & Young, with effect from 26 September 2013. The consolidated financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the AGM to re-appoint Ernst & Young as auditors of the Company.

On behalf of the Board

#### WANG Di

Chairman

Hong Kong, 31 March 2015

## INDEPENDENT AUDITORS' REPORT



22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong

# To the shareholders of Xiwang Property Holdings Company Limited (Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Xiwang Property Holdings Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 53 to 136, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibility for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

## INDEPENDENT AUDITORS' REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

Certified Public Accountants Ernst & Young 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

31 March 2015

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014	Note	2014 RMB'000	2013 RMB'000
CONTINUING OPERATIONS			
REVENUE	5	122,122	179,149
Cost of sales		(176,855)	(145,235)
Gross profit		(54,733)	33,914
Other income	5	908	2,107
Other expenses		(1,771)	(20,160)
Selling and marketing expenses		(3,440)	(1,464)
Administrative expenses	7	(28,721)	(15,771)
Finance costs	7		(98,918)
LOSS BEFORE TAX FROM CONTINUING		<i></i>	<i>(</i> )
OPERATIONS	6	(87,757)	(100,292)
Income tax	10	5,780	(9,697)
LOSS FOR THE YEAR FROM CONTINUING			
OPERATIONS		(81,977)	(109,989)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	12	-	(855,803)
LOSS FOR THE YEAR		(81,977)	(965,792)
Attributable to:			
Owners of the parent		(80,950)	(965,518)
Non-controlling interests		(1,027)	(274)
		(81,977)	(965,792)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	14		
Basic and diluted			
– For loss for the year		RMB(7) cents	RMB(131) cents

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014	2014 RMB'000	2013 RMB'000
LOSS FOR THE YEAR	(81,977)	(965,792)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	618	(4,163)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(81,359)	(969,955)
Attributable to:		
Owners of the parent	(80,332)	(969,681)
Non-controlling interests	(1,027)	(274)
	(81,359)	(969,955)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,355	1,857
Goodwill	17	180,405	180,405
Long-term prepayment	20	54,585	70,093
Total non-current assets		236,345	252,355
CURRENT ASSETS			
Completed properties held for sale		202,502	120,298
Properties under development	18	297,358	432,564
Trade and other receivables	21	172,865	86,828
Promissory note receivable	23	-	117,945
Due from related parties	32	-	1,430
Restricted cash	22	1,875	2,368
Cash and cash equivalents	22	11,243	8,669
Total current assets		685,843	770,102
CURRENT LIABILITIES			
Trade and other payables	24	206,586	211,230
Tax payable		-	5,789
Due to related parties	32	4,445	2,084
Total current liabilities		211,031	219,103
NET CURRENT ASSETS		474,812	550,999
TOTAL ASSETS LESS CURRENT LIABILITIES		711,157	803,354

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2014	31 December 2013
31 December 2014	Note	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		711,157	803,354
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	104,320	115,280
Total non-current liabilities		104,320	115,280
Net assets		606,837	688,074
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	175,672	175,672
Reserves	28	430,316	510,526
		605,988	686,198
Non-controlling interests		849	1,876
Total equity		606,837	688,074

WANG Di	WANG Yong
Director	Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Attributable to owners of the parent

Year ended 31 December 2014	Note	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Statutory Di reserve RMB'000	iscretionary reserve RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	<b>Total</b> RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2013 Loss for the year Other comprehensive loss		175,672 -	1,114,359 -	7,345 -	103,060 -	89,679 -	507,722	409,040 -	(118,063) –	-	524,012 (965,518)	2,812,826 (965,518)	- (274)	2,812,826 (965,792)
for the year		-	-	-	-	-	-	-	-	(4,163)	-	(4,163)	-	(4,163)
Total comprehensive loss for the year Capital contribution from		-	-	-	-	-	-	-	-	(4,163)	(965,518)	(969,681)	(274)	(969,955)
non-controlling interests Acquisition of		-	-	-	-	-	-	-	-	-	-	-	6,000	6,000
non-controlling interests Decrease in the interests		-	-	-	(274)	-	-	-	-	-	-	(274)	(5,726)	(6,000)
without loss of control Transfer from share premium		-	-	-	124	-	-	-	-	-	-	124	1,876	2,000
to contributed surplus Transfer of reserves upon disposal of a discontinued		-	(1,114,359)	(7,345)	-	-	-	1,121,704	-	-	-	-	-	-
operation Equity-settled share option		-	-	-	-	(39,084)	(507,722)	-	-	-	546,806	-	-	-
arrangement	27	-	-	941	-	-	-	-	-	-	-	941	-	941
Special dividend declared	13	-	-	-	-	-	-	(1,157,738)	-	-	-	(1,157,738)	-	(1,157,738)
Transfer from retained profits		-	-	-	-	2,143	-	-	-	-	(2,143)	-	-	-
At 31 December 2013		175,672	-*	941*	102,910*	52,738*	ب_	373,006*	(118,063)*	(4,163)*	103,157*	686,198	1,876	688,074

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent										
-							Exchange			Non-	
	Share	Share option	Capital	Statutory	Contributed	Merger	fluctuation	Retained		controlling	
Note	capital RMB'000	reserve RMB'000	reserve RMB'000	reserve RMB'000	surplus RMB'000	reserve RMB'000	reserve RMB'000	profits RMB'000	Total RMR'000	interests RMB'000	Total equity RMB'000
note	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000	11110 000
	175,672	941	102,910	52,738	373,006	(118,063)	(4,163)	103,157	686,198	1,876	688,074
	-	-	-	-	-	-	-	(80,950)	(80,950)	(1,027)	(81,977)
	-	-	-	-	-	-	618	-	618	-	618
	-	-	-	-	-	-	618	(80.950)	(80.332)	(1.027)	(81,359)
27	-	122	-	-	-	-	-	-	122	-	122
	-	(382)	-	-	-	-	-	382	-	-	-
	175,672	681*	102,910*	52,738*	373,006*	(118,063)*	(3,545)*	22,589*	605,988	849	606,837
	Note	capital RMB'000 175,672 - 27 - - - - - - - - -	capital         reserve           Note         RMB'000         RMB'000           175,672         941         -           -         -         -           27         -         122           -         (382)         -	Share capital RMB'000         Share option reserve RMB'000         Capital reserve RMB'000           175,672         941         102,910           -         -         -           27         -         -           27         -         122           -         (382)         -	Share capital         Share option reserve         Capital reserve         Statutory reserve           Note         RMB'000         RMB'000         RMB'000         RMB'000           175,672         941         102,910         52,738           -         -         -         -           -         -         -         -           27         -         -         -           27         -         122         -           -         (382)         -         -	Share option capital         Share option reserve RMB'000         Capital         Statutory reserve reserve surplus         Contributed surplus           Note         RMB'000         RMB'000 <td>Share capital capital         Share option reserve RMB'000         Capital reserve RMB'000         Statutory reserve reserve RMB'000         Merger reserve RMB'000           175,672         941         102,910         52,738         373,006         (118,063)           -         -         -         -         -         -           27         -         122         -         -         -           27         -         (382)         -         -         -</td> <td>Share option capital         Capital reserve RMB'000         Statutory reserve RMB'000         Contributed reserve RMB'000         Merger reserve RMB'000         Function reserve RMB'000           175,672         941         102,910         52,738         373,006         (118,063)         (4,163)           -         -         -         -         -         618           27         -         122         -         -         -         618           27         -         (382)         -         -         -         -         -</td> <td>Share capital         Share option reserve         Capital reserve         Statutory reserve         Contributed surplus         Merger RMB'000         Fuctuation RMB'000         Retained profits           Note         RMB'000         RMB'00</td> <td>Share capital         Share option reserve         Capital reserve RMB'000         Statutory RMB'000         Contributed reserve RMB'000         Merger RMB'000         Fuctuation RMB'000         Retained profits         Total RMB'000           175,672         941         102,910         52,738         373,006         (118,063)         (4,163)         103,157         686,198           -         -         -         -         -         -         (80,950)         (80,950)           -         -         -         -         -         -         618         -         618           27         -         122         -         -         -         -         122           -         (382)         -         -         -         -         382         -</td> <td>Share         Share option reserve         Capital reserve RMB'000         Statutory RMB'000         Contributed reserve RMB'000         Merger RMB'000         fluctuation RMB'000         Retained RMB'000         Total reserve RMB'000         Non- controlling reserve RMB'000           Note         RMB'000         RMB'000&lt;</td>	Share capital capital         Share option reserve RMB'000         Capital reserve RMB'000         Statutory reserve reserve RMB'000         Merger reserve RMB'000           175,672         941         102,910         52,738         373,006         (118,063)           -         -         -         -         -         -           27         -         122         -         -         -           27         -         (382)         -         -         -	Share option capital         Capital reserve RMB'000         Statutory reserve RMB'000         Contributed reserve RMB'000         Merger reserve RMB'000         Function reserve RMB'000           175,672         941         102,910         52,738         373,006         (118,063)         (4,163)           -         -         -         -         -         618           27         -         122         -         -         -         618           27         -         (382)         -         -         -         -         -	Share capital         Share option reserve         Capital reserve         Statutory reserve         Contributed surplus         Merger RMB'000         Fuctuation RMB'000         Retained profits           Note         RMB'000         RMB'00	Share capital         Share option reserve         Capital reserve RMB'000         Statutory RMB'000         Contributed reserve RMB'000         Merger RMB'000         Fuctuation RMB'000         Retained profits         Total RMB'000           175,672         941         102,910         52,738         373,006         (118,063)         (4,163)         103,157         686,198           -         -         -         -         -         -         (80,950)         (80,950)           -         -         -         -         -         -         618         -         618           27         -         122         -         -         -         -         122           -         (382)         -         -         -         -         382         -	Share         Share option reserve         Capital reserve RMB'000         Statutory RMB'000         Contributed reserve RMB'000         Merger RMB'000         fluctuation RMB'000         Retained RMB'000         Total reserve RMB'000         Non- controlling reserve RMB'000           Note         RMB'000         RMB'000<

\* These reserve accounts comprise the consolidated other reserves of RMB430,316,000 (2013: RMB510,526,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014	Note	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Loss before tax:			
From continuing operations		(87,757)	(100,292)
From a discontinued operation		-	(854,627)
Adjustments for:			
Finance costs		-	156,252
Interest income		(908)	(4,212)
Depreciation	15	632	87,893
Recognition of prepaid land			
lease payments	16	-	3,196
Loss on disposal of items of			
property, plant and equipment		-	1,688
Write-off of other receivables	6	-	1,256
Write-off of long- term prepayment	6	18,459	_
Write-down of completed properties			
held for sale to net realisable value	6	40,644	_
Impairment of trade receivables	6	340	_
Loss on disposal of a discontinued operation	12	-	818,344
Equity-settled share option expense		122	941
		(28,468)	110,439
Increase in inventories		-	(60,055)
Decrease in properties under development		135,206	28,092
Increase in completed properties for sale		(122,848)	(92,325)
Increase in long-term prepayment		(2,951)	(70,093)
Increase in trade and other receivables		(47,374)	(222,607)
Increase in amounts due from related parties		-	(76,798)
Decrease in trade and other payables		(44,311)	(173,099)
Increase/(decrease) in amounts due to related parties		2,361	(293,856)
Decrease in pledged deposits		-	171,198
Decrease in restricted cash		493	113,792
Cash used in operations		(107,892)	(565,312)
Interest paid		-	(61,589)
Mainland China taxes paid		(10,305)	(12,056)
Net cash flows used in operating activities		(118,197)	(638,957)

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014	Note	2014 RMB'000	2013 RMB'000
Net cash flows used in operating activities		(118,197)	(638,957)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,338	2,783
Acquisition of non-controlling interests		-	(6,000)
Receipt of promissory note receivable		117,945	_
Disposal of a discontinued operation		-	742,355
Purchases of items of property, plant and equipment Proceeds from decrease in the interests without		(130)	(74,265)
loss of control of a subsidiary		-	2,000
Net cash flows from investing activities		120,153	666,873
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		-	6,000
Repayment of bank and other borrowings		-	(362,922)
Dividends paid	13		(256,004)
Net cash flows used in financing activities		-	(612,926)
NET INCREASE/(DECREASE) IN CASH AND			
CASH EQUIVALENTS		1,956	(585,010)
Cash and cash equivalents at beginning of year		8,669	591,690
Effect of foreign exchange rate changes, net		618	1,989
CASH AND CASH EQUIVALENTS AT			
END OF YEAR		11,243	8,669
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the			
statement of cash flows	22	11,243	8,669

## STATEMENTS OF FINANCIAL POSITION

31 December 2014	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	224	341
Investments in subsidiaries	19	217,260	217,260
Total non-current assets		217,484	217,601
CURRENT ASSETS			
Trade and other receivables	21	292	511
Promissory note receivable	23	-	117,945
Due from subsidiaries	19	552,768	437,531
Due from related parties	32	-	1,430
Cash and cash equivalents	22	1,950	1,404
Total current assets		555,010	558,821
CURRENT LIABILITIES			
Trade and other payables	24	298	2,998
Due to related parties	32	2,078	2,061
Total current liabilities		2,376	5,059
NET CURRENT ASSETS		552,634	553,762
TOTAL ASSETS LESS CURRENT LIABILITIES		770,118	771,363
Net assets		770,118	771,363
EQUITY			
Share capital	26	175,672	175,672
Other reserves	28	594,446	595,691
Total equity		770,118	771,363

**WANG Di** Director WANG Yong Director

## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

Xiwang Property Holdings Company Limited (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 Company and its subsidiaries (collectively referred to as the "**Group**") was principally involved in property development.

In the opinion of the directors, the immediate holding company of the Company is Xiwang Investment Company Limited ("Xiwang Investment"), which is a private company incorporated in the British Virgin Islands (the "BVI"). The ultimate holding company of the Company is Xiwang Holdings Limited ("Xiwang Holdings"), which is incorporated in the BVI, before 14 February 2014 and Xiwang Group Company Limited ("Xiwang Group"), which is established in the People's Republic of China (the "PRC"), after 14 February 2014.

### 2.1 Basis of Preparation

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.1 Basis of Preparation (continued)

### **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## NOTES TO FINANCIAL STATEMENTS

### 2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10,	Investment Entities
HKFRS 12 and HKAS 27 (2011)	
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge
	Accounting
HK(IFRIC)-Int 21	Levies
Amendment to HKFRS 2	Definition of Vesting Condition <sup>1</sup>
included in Annual	
Improvements 2010-2012	
Cycle	
Amendment to HKFRS 3	Accounting for Contingent Consideration in a Business
included in Annual	Combination <sup>1</sup>
Improvements 2010-2012	
Cycle	
Amendment to HKFRS 13	Short-term Receivables and Payables
included in Annual	
Improvements 2010-2012	
Cycle	
Amendment to HKFRS 1	Meaning of Effective HKFRSs
included in Annual	
Improvements 2011-2013	
Cycle	

<sup>1</sup> Effective from 1 July 2014

The adoption of the revised standards and new interpretation has had no significant financial effect on these financial statements.

### 2.3 New and Revised HKFRS and New Disclosure Requirements under the Hong Kong Companies Ordinance Not Yet Adopted

The Group has not applied the following new and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance, that have been issued but are not yet effective, in the consolidated financial statements.

Disclosure Initiative <sup>2</sup>
Financial Instruments <sup>4</sup>
Sale or Contribution of Assets between an Investor
and its Associate or Joint Venture <sup>2</sup>
Investment Entities: Applying Consolidation
Exception <sup>2</sup>
Accounting for Acquisitions of Interests in Joint
Operations <sup>2</sup>
Regulatory Deferral Accounts <sup>5</sup>
Revenue from Contracts with Customers <sup>3</sup>
Clarification of Acceptable Methods of
Depreciation and Amortisation <sup>2</sup>
Agriculture: Bearer Plants <sup>2</sup>
Defined Benefit Plans: Employee Contributions <sup>1</sup>
Equity Method in Separate Financial Statements <sup>2</sup>
Amendments to a number of HKFRSs <sup>1</sup>
Amendments to a number of HKFRSs <sup>1</sup>
Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

## NOTES TO FINANCIAL STATEMENTS

### 2.3 New and Revised HKFRS and New Disclosure Requirements under the Hong Kong Companies Ordinance Not Yet Adopted (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

### 2.4 Summary of Significant Accounting Policies

### Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

## NOTES TO FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies (continued)

#### **Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

### 2.4 Summary of Significant Accounting Policies (continued)

### **Business Combinations and Goodwill (continued)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### **Business Combinations of Entities under Common Control**

Business combinations of entities under common control are accounted for using the pooling of interests method. Under the pooling of interests method, the assets and liabilities of the combining entities are reflected at their existing carrying values at the date of combination. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of common control combination, which is instead recorded as part of equity.

## NOTES TO FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies (continued)

### **Impairment of Non-Financial Assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

## 2.4 Summary of Significant Accounting Policies (continued) Related Parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly-controlled by a person identified in (a); and
  - (vii) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 2.4 Summary of Significant Accounting Policies (continued)

### Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.25%
Plant and machinery	6.3%
Equipment and motor vehicles	9.5% – 31.7%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

## 2.4 Summary of Significant Accounting Policies (continued)

### Property, Plant and Equipment and Depreciation (continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

#### **Operating Leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

#### **Investments and Other Financial Assets**

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

### 2.4 Summary of Significant Accounting Policies (continued)

### **Investments and Other Financial Assets (continued)**

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

### **Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

## 2.4 Summary of Significant Accounting Policies (continued)

### **Derecognition of Financial Assets (continued)**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of Financial Assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

## 2.4 Summary of Significant Accounting Policies (continued)

### **Impairment of Financial Assets (continued)**

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

#### **Financial Liabilities**

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and amounts due to related parties.

### Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

## 2.4 Summary of Significant Accounting Policies (continued)

### **Financial Liabilities (continued)**

### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

### **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.4 Summary of Significant Accounting Policies (continued)

### **Properties under Development**

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction of the relevant property development project is expected to complete beyond normal operating cycle.

#### **Completed Properties Held for Sale**

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

#### **Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

## 2.4 Summary of Significant Accounting Policies (continued)

### Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2.4 Summary of Significant Accounting Policies (continued)

### Income Tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.4 Summary of Significant Accounting Policies (continued) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties and goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) dividend income, when the shareholders' right to receive payment has been established.

### Dividends

Final and special final dividends proposed by the directors are classified as a separate allocation of retained profits or contributed surplus within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders, they are recognised as a liability.

#### **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.4 Summary of Significant Accounting Policies (continued)

### **Share-Based Payments**

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period. If the share options granted vest immediately, the Group recognises the fair value in the period in which the options are granted.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

## 2.4 Summary of Significant Accounting Policies (continued)

### **Share-Based Payments (continued)**

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **Other Employee Benefits**

#### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Each of the Group's subsidiaries operating in Mainland China participates in the central pension scheme (the "**CPS**") operated by the local municipal government for all of its staff of Mainland China. These subsidiaries are required to contribute a percentage of their payroll costs to the CPS. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the CPS.

### 2.4 Summary of Significant Accounting Policies (continued)

### **Foreign Currencies**

These financial statements are presented in RMB, which is the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on the settlement or transaction of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and certain Hong Kong and overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

### 3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Income tax

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is sufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the tax losses carried forward, and that the asset balance will be reduced and charged to the statement of profit or loss.

### 3. Significant Accounting Judgements and Estimates (continued)

### Judgements (continued)

### Land appreciation tax

Under the Provisional Regulations on Land Appreciation Tax ("LAT") implemented upon the issuance of the Provisional Regulations of the Public on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of these taxes varies amongst various Mainland China cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the income tax and provisions of land appreciation taxes in the period in which the determination is made.

#### **Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

### Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation may be made if the estimated useful lives and/or the residual values of items of the property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

## 3. Significant Accounting Judgements and Estimates (continued) Estimation Uncertainty (continued)

### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was RMB180,405,000 (2013: RMB180,405,000). Further details are given in note 17.

#### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### 4. Operating Segment Information

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.

### **Geographical Information**

- (a) All revenues are from Mainland China.
- (b) Non-current assets

	2014	2013
	RMB'000	RMB'000
Mainland China	55,716	71,609
Hong Kong	224	341
	55,940	71,950

The non-current asset information above is based on the locations of the assets and excludes goodwill.

### 5. 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:

	2014 RMB'000	2013 RMB'000
Revenue		
Sale of properties	122,122	179,149
Other income		
Bank interest income	15	78
Interest income from promissory note receivable	893	2,003
Others	-	26
	908	2,107

### 6. Loss Before Tax

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

	2014 RMB'000	2013 RMB'000
Cost of inventories sold	136,211	135,292
Auditors' remuneration	1,250	1,500
Depreciation	632	595
Minimum lease payments under operating leases:		
Land and buildings	582	637
Employee benefit expense (including directors' and		
chief executive's remuneration, note 8):		
Wages and salaries	4,128	5,195
Equity-settled share option expense	122	941
Pension scheme contributions	264	308
	4,514	6,444
Foreign exchange differences, net*	1,771	20,160
Write-off of other receivables**	-	1,256
Write-off of long-term prepayment**	18,459	_
Impairment of trade receivables**	340	-
Write-down of completed properties held for sale to		
net realisable value ***	40,644	-

### 6. Loss before Tax (continued)

- \* The foreign exchange differences, net is included in "Other expenses" in the consolidated statement of profit or loss. The exchange loss in 2013 was mainly arisen from the assignment of the loans due from a discontinued operation (note 12).
- \*\* The write-off of other receivables, long-term prepayment and the impairment of trade receivables are included in "Administrative expenses" in the consolidated statement of profit or loss.
- \*\*\* The write-down of completed properties held for sale to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

### 7. Finance Costs

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

	2014 RMB'000	2013 RMB'000
Interest on bank loans wholly repayable within five years Amortised cost of promissory note payable*	-	4,200 94,718
	-	98,918

\* It represented the amortised cost of the promissory note payable which was issued by the Company to Xiwang Investment for the acquisition of a property development business in 2012. The promissory note payable is measured at amortised cost using the effective interest rate method. On 29 June 2013, 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 RMB78,303,000 in 2013.

### 8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year from continuing operations, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Fees	218	222
Other emoluments:		
Salaries, allowances and benefits in kind	128	880
Equity-settled share option expense	406	74
Pension scheme contributions	7	18
	541	972
	759	1,194

## 8. Directors' and Chief Executive's Remuneration (continued)

### (a) Independent Non-executive Directors

The fees paid to independent non-executive directors during the year were as follows:

		Equity-settled share option	
	Fees	expense	Total
	RMB'000	RMB'000	RMB'000
2014			
Mr. WONG Kai Ming	118	-	118
Mr. WANG An	50	-	50
Mr. WANG Shu Jie	50	-	50
	218	-	218
2013			
Mr. WONG Kai Ming	122	_	122
Mr. WANG An	50	_	50
Mr. WANG Shu Jie	50	-	50
	222	-	222

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

## 8. Directors' and Chief Executive's Remuneration (continued)

### (b) Executive Directors and Non-executive Directors

2014	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:					
Mr. WANG Chuan Wu	-	-	-	-	-
Mr. ZHOU Xiang Lin	-	112	-	5	117
Mr. CHENG Gang	-	16	-	2	18
	_	128	-	7	135
Non-executive directors:					
Mr. WANG Yong	-	-	-	-	-
Mr. WANG Di	-	-	203	-	203
Mr. SUN Xinhu	-	-	203	-	203
	-	-	406	-	406

## 8. Directors' and Chief Executive's Remuneration (continued)

### (b) Executive Directors and Non-executive Directors (continued)

		Salaries,			
		allowances	Equity-settled	Pension	
		and benefits	share option	scheme	
	Fees	in kind	expense	contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2013					
Executive directors:					
Mr. WANG Chuan Wu	-	400	-	-	400
Mr. ZHOU Xiang Lin	-	360	-	9	369
Mr. CHENG Gang		120	_	9	129
		880	_	18	898
Non-executive directors:					
Mr. WANG Yong	-	-	-	-	-
Mr. WANG Di	_	-	37	_	37
Mr. SUN Xinhu		-	37	-	37
	-	_	74	-	74

Three (2013: Nil) executive directors waived remuneration amounting to RMB749,000 in aggregate during 2014 (2013: Nil).

### 9. Five Highest Paid Employees

The five highest paid employees during the year included four directors and no chief executive (2013: two directors and no chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2013: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2014	2013
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	476	1,427
Equity-settled share option expense*	(153)	867
Pension scheme contributions	7	12
	330	2,306

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	<b>2014</b> 2013		
Nil to RMB1,000,000	1	2	
RMB1,000,001 to RMB1,500,000	0	1	
	1	3	

\* The amount of the year 2014 represents the reversal of option expense of senior management (LAM Wai Lin), who was resigned in July 2014 and the option was forfeited accordingly.

### 10. Income Tax

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 established in the PRC is 25% (2013: 25%).

PRC 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 RMB2,668,000 (2013: RMB3,083,000) is charged to the consolidated statement of profit or loss for the year ended 31 December 2014.

	2014	2013
	RMB'000	RMB'000
Group:		
Current – Mainland China	-	8,667
LAT in Mainland China	2,668	3,083
Deferred Mainland China corporate income tax	(8,448)	(2,053)
Total tax (credit)/charge for the year	(5,780)	9,697

### 10. Income Tax (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory income tax rate to the tax expense at the Group's effective income tax rate for the year, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2014		2013		
	RMB'000	%	RMB'000	%	
			(Restated)		
Loss before tax from continuing					
	(07 757)		(100 202)		
operations	(87,757)		(100,292)		
Tax at the statutory tax rate	(21,939)	25	(25,073)	25	
Lower statutory tax rates for					
Hong Kong subsidiaries	405	(0.5)	10,594	(10.6)	
Income not subject to tax	-	-	(3)	0.0	
Tax losses and deductible temporary					
differences not recognised	8,077	(9.2)	21,312	(21.3)	
Expenses not deductible for tax	5,986	(6.8)	343	(0.3)	
LAT	2,668	(3.0)	3,083	(3.1)	
Tax effect of LAT and business tax	(977)	1.1	(559)	0.6	
Tax (credit)/charge at the Group's					
effective rate	(5,780)	6.6	9,697	(9.7)	

### 11. Loss Attributable to Owners of the Parent

The consolidated loss attributable to owners of the parent for the year ended 31 December 2014 includes a loss of RMB4,237,000 (2013: RMB124,482,000) which has been dealt with in the financial statements of the Company.

### 12. 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 to Xiwang Investment, and the assignment of the benefits of the loans owed by each of these 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 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 year ended 31 December 2013.

Analysis of the result of the discontinued operation for the year of 2013 is as follows:

	2013
	RMB'000
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	(1,176)
Loss for the year from the discontinued operation	(855,803)

## **12.** Discontinued Operation (continued)

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

	2013 RMB'000
Operating activities	(409,041)
Investing activities	(71,750)
Financing activities	7,328
Net cash (outflow)/inflow	(473,463)
Loss per share:	
Basic and diluted, from the discontinued operation	RMB(74) cents
The calculations of basic and diluted earnings per share from the discontinued ope	ration are based on:
	2013
Loss attributable to ordinary equity holders of the parent	
from the discontinued operation	RMB855,803,000
Weighted average number of ordinary shares in issue during	
the year used in the basic and diluted loss per share calculation (note 14)	1,155,117,645

### 13. Dividends

A special dividend of HK\$0.75 per ordinary share for ordinary shareholders and HK\$0.75 per convertible preference share for convertible preference shareholders, payable in cash, was approved at the special general meeting held on 29 June 2013. The deferred preferred distribution of RMB0.01 per convertible preference share of 2012 was paid together with the approved special dividend. Special dividend and preferred distribution of RMB1,157,738,000 in total was payable accordingly. The entitlement of Xiwang Investment to the total amount of special dividend and preferred distribution totaling RMB901,734,000, offset against part of the consideration of the disposal of a discontinued operation. As a result, special dividend and preferred distribution of RMB256,004,000 was paid in cash in July 2013.

No final dividend was proposed by the board of directors for both ordinary shares and convertible preference shares for the year ended 31 December 2014 (2013: Nil).

Payment of the preferred annual distribution of RMB0.01 per convertible preference share will be deferred as at 31 December 2014.

### 14. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,777,333 (2013: 1,155,117,645) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 31 December 2014 is based on the loss for the year 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 year, as used in the basic loss 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 loss per share amounts presented for the years ended 31 December 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 loss per share amounts presented.

# 14. Loss Per Share Attributable to Ordinary Equity Holders of the Parent (continued)

The calculations of basic and diluted loss per share amounts are based on:

	2014 RMB'000	2013 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	(80,950)	(109,715)
From a discontinued operation	-	(855,803)
	(80,950)	(965,518)
Less: Distribution to holders of convertible preference shares	-	(553,017)
Loss attributable to ordinary equity holders of the parent	(80,950)	(1,518,535)
Attributable to:		
Continuing operations	(80,950)	(662,732)
Discontinued operation	-	(855,803)
	(80,950)	(1,518,535)
	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue		
during the year used in the basic and diluted loss		
per share calculation	1,235,777,333	1,155,117,645

## 15. Property, Plant and Equipment

Group

	Equipment and motor vehicles RMB'000
31 December 2014	
At 31 December 2013 and	
at 1 January 2014:	
Cost	3,703
Accumulated depreciation	(1,846)
Net carrying amount	1,857
Additions	130
Depreciation provided during the year	(632)
At 31 December 2014, net of	
accumulated depreciation	
and impairment	1,355
At 31 December 2014:	
Cost	3,833
Accumulated depreciation	(2,478)
Net carrying amount	1,355

## 15. Property, Plant and Equipment (continued)

Group (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013					
At 31 December 2012 and					
at 1 January 2013:					
Cost	977,090	2,158,489	97,725	13,124	3,246,428
Accumulated depreciation	(47,149)	(504,828)	(13,917)	_	(565,894)
Impairment	(1,758)	(37,058)	-	-	(38,816)
Net carrying amount	928,183	1,616,603	83,808	13,124	2,641,718
At 1 January 2013, net of accumulated depreciation					
and impairment	928,183	1,616,603	83,808	13,124	2,641,718
Additions	54,949	8,993	7,393	2,930	74,265
Disposal of a discontinued operation	(971,287)	(1,556,913)	(80,291)	(16,054)	(2,624,545)
Disposals	(107)	(384)	(1,197)	-	(1,688)
Depreciation provided during the year	(11,738)	(68,299)	(7,856)	_	(87,893)
At 31 December 2013, net of accumulated depreciation					
and impairment	_	-	1,857	_	1,857
At 31 December 2013:					
Cost	_	_	3,703	-	3,703
Accumulated depreciation	_	-	(1,846)	_	(1,846)
Net carrying amount	_	_	1,857	_	1,857

Company	Furniture fixture and equipmen RMB'000
31 December 2014	
At 1 January 2014, net of accumulated depreciation	34
Depreciation provided during the year	(11
At 31 December 2014, net of accumulated depreciation	22
At 31 December 2014:	
Cost	83
Accumulated depreciation	(60
Net carrying amount	22
Company	Furniture, fixture
	and equipme
	RMB'00

## 15. Property, Plant and Equipment (continued)

At 1 January 2013, net of accumulated depreciation	457
Depreciation provided during the year	(116)
At 31 December 2013, net of accumulated depreciation	341
At 31 December 2013:	
Cost	833
Accumulated depreciation	(492)
Net carrying amount	341

## 16. Prepaid Land Lease Payments

		2014	2013
		RMB'000	RMB'000
Carrying amount at 1 January		-	268,518
Recognised during the year		_	(3,196)
Disposal of a discontinued operation		-	(265,322)
		-	-
17. Goodwill			
Group			RMB'000
At 1 January 2013 and 31 December 201	3:		
Cost			180,405
Accumulated impairment			
Net carrying amount			180,405
Cost at 1 January 2014, net of accumula	ted impairment		180,405
Impairment during the year			
Cost and net carrying amount at 31 Dece	ember 2014		180,405
At 31 December 2014:			
Cost			180,405
Accumulated impairment			
Net carrying amount			180,405

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("**CGUs**") for impairment testing:

### 17. Goodwill (continued)

	2014	2013
	RMB'000	RMB'000
Meijun project Phase Three	114,744	107,647
Qinghe project	65,661	61,600
Lanting project*	-	11,158
	180,405	180,405

\* During the year ended 31 December 2014, the number of allocated CGUs was changed from three to two as no future cash flow is expected from Lanting project which was aborted by management for further development.

The recoverable amount of all the above CGUs has been determined based on a value in use calculation using cash flow projections based on financial budgets covering three to five-year period approved by the senior management. The discounted rates applied to the cash flow projection range from 16% to 18% (2013: 16% to 18%).

The key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill are as follows:

The selling price of properties is based on the current selling price of similar properties in the same location with no growth expected.

The construction cost of properties is based on the actual cost of similar properties in the same location with 10% growth.

Pre-sale is expected to take place in 2016 and 2018 for Qinghe project and Meijun project Phase Three, respectively.

## 17. Goodwill (continued)

Plot ratio is calculated by the total gross floor areas divided the land areas and estimated based on the project design.

	Plot ratio		
	2014	2013	
Meijun project Phase Three	3.06	3.06	
Qinghe project	2.2	1.52	
Lanting project	-	2.07	

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

In the opinion of the directors, a decrease in the selling price of Meijun project Phase Three by 5% or a delay in pre-sale of Meijun project Phase Three by one year would cause the carrying amount of the CGU to exceed its recoverable amount by approximately RMB10,628,000 and RMB20,147,000, respectively.

In the opinion of the directors, a decrease in the selling price of Qinghe project by 5% or a delay in presale of Qinghe project by one year would cause the carrying amount of the CGU to exceed its recoverable amount by approximately RMB424,000 and RMB8,858,000, respectively.

## **18.** Properties under Development

	Group		
	2014	2013	
	RMB'000	RMB'000	
Land in Mainland China held, at cost:			
At 1 January	380,820	388,121	
Transfer to completed properties held for sale	(88,837)	(7,301)	
At 31 December	291,983	380,820	
Development expenditure, at cost:			
At 1 January	51,744	72,535	
Additions	116,123	199,338	
Transfer to completed properties held for sale	(162,492)	(220,129)	
At 31 December	5,375	51,744	
	297,358	432,564	
	Gro	up	
	2014	2013	
	RMB'000	RMB'000	
Properties under development expected to be recovered:			
Within one year	-	105,859	
After one year	297,358	326,705	
	297,358	432,564	

### 19. Investments in Subsidiaries

	Company		
	2014 RMB'000	2013 RMB'000	
Unlisted shares, at cost Capital contribution in respect of employee share-based compensation *	217,260	217,333 (73)	
	217,260	217,260	

\* The capital contribution arose from share-based payments relating to options over 500,000 shares granted to an employee of a subsidiary in the Group, which was forfeited in 2013.

The amounts due from subsidiaries included in the Company's current assets of RMB552,768,000 (2013: RMB437,531,000) are unsecured, interest-free and repayable on demand or within one year. The carrying amounts of amounts due from subsidiaries approximate to their fair values.

## **19. Investments in Subsidiaries (continued)**

Particulars of the principal subsidiaries are as follows:

			Percentage	e of equity	
	Place of	Issued ordinary/	interest at	ttributable	
Name	registration and business	registered capital	to the C	ompany	Principal activities
			Direct	Indirect	
			%	%	
Keen Lofty Investments Limited	British Virgin Islands	US\$15,756,000	100	-	Investment holding
Glorious Prosper Limited	Hong Kong	HK\$1	-	100	Investment holding
Prosperous China Development Limited	Hong Kong	HK\$1	-	100	Investment holding
Shandong Yintaishan Cultural Development Company Limited (山東印台山文化發展有限公司)#	Mainland China	US\$15,000,000	-	100	Property investment and development
Shandong Xiwang Investment Holdings Company Limited (山東西王投資控股有限公司)	Mainland China	RMB20,000,000	-	100	Investment holding
Shandong Xiwang Property Company Limited (山東西王置業有限公司)	Mainland China	RMB200,000,000	-	100	Property investment and development
Qingdao Xiwang Property Company Limited (青島西王置業有限公司)	Mainland China	RMB20,000,000	-	90	Property investment and development
Binzhou Xiwang Metropolitan Company Limited (濱州西王商都有限公司)	Mainland China	USD100,000,000	-	100	Greening project and property management

# Established in Mainland China as a wholly-foreign-owned enterprise

### 20. Long-Term Prepayment

Long-term prepayment as at 31 December 2014 mainly represented a prepayment of RMB54,585,000 (2013: RMB70,093,000) related to acquisition of land use rights.

During the year ended 31 December 2014, long-term prepayment of RMB18,459,000 was written off due to the termination of a property development project with local government.

## 21. Trade and Other Receivables

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	-	1,673	-	_
Prepayments	131,431	67,426	-	-
Prepaid tax	18,349	14,165	-	_
Other receivables	23,085	3,564	292	511
	172,865	86,828	292	511

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

### 21. Trade and Other Receivables (continued)

**Trade Receivables** 

	2014	2013
	RMB'000	RMB'000
Trade receivables Impairment	340 (340)	1,673 –
	-	1,673

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.

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

	Group		
	2014	2013	
	RMB'000	RMB'000	
0 – 30 days	-	114	
31 – 60 days	-	-	
61 – 90 days	-	-	
Over 90 days	-	1,559	
	_	1,673	

### 21. Trade and Other Receivables (continued)

#### **Trade Receivables (continued)**

The movements in provision for impairment of trade receivables are as follows:

	Group		
	2014		
	RMB'000	RMB'000	
At 1 January	-	-	
Impairment losses recognised (note 6)	340	_	
	340	-	

Included in the above provision for impairment of trade receivable is a provision for individually impaired trade receivable of RMB340,000 (2013: Nil) with a carrying amount before provision of RMB340,000 (2013: Nil).

The individually impaired trade receivables relate to customers that were in default in payment and not expected to be recovered.

### 21. Trade and Other Receivables (continued)

#### **Trade Receivables (continued)**

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Gro	Group		
	2014	2013		
	RMB'000	RMB'000		
Neither past due nor impaired	-	114		
Less than one year past due		1,559		
	-	1,673		

### 22. Cash and Cash Equivalents, Restricted Cash

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	13,118	11,037	1,950	1,404
Less: Restricted cash*	(1,875)	(2,368)	-	_
Cash and cash equivalents	11,243	8,669	1,950	1,404

\* In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts a certain amount of presale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained. These guarantee deposits will only be released after completion of the related pre-sold properties.

### 22. Cash and Cash Equivalents, Restricted Cash (continued)

At the end of the reporting period, the cash and cash equivalents of the Company's subsidiaries in the PRC denominated in RMB amounted to RMB7,341,000 (2013: RMB3,531,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

### 23. Promissory Note Receivable

The balance as of 31 December 2013 represented the principal amount outstanding of the promissory notes issued by Xiwang Investment for the partial settlement of the consideration of the disposal (note 12). The promissory note was settled in the year of 2014.

## 24. Trade and Other Payables

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	36,430	21,142	-	-
Deposits received	18,410	23,831	-	_
Receipts in advance	140,511	138,278	-	-
Other payables	8,864	23,433	-	-
Accruals	1,250	2,998	298	2,998
Salary and welfare payables	1,121	1,548	-	_
	206,586	211,230	298	2,998

#### **Trade Payables**

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

	Group		
	2014	2013	
	RMB'000	RMB'000	
0 – 30 days	30,758	12,668	
31 – 60 days	3,650	7,718	
61 – 90 days	-	-	
Over 90 days	2,022	756	
	36,430	21,142	

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.

## 25. Deferred Tax

The movements in deferred tax liabilities during the year are as follows:

### **Deferred Tax Liabilities:**

Group

	2014				
	LAT from sales of properties RMB'000	-	t Prepaid tax from advance f proceeds from properties	Total RMB'000	
At 1 January 2014 Deferred tax credited to the consolidated statement of	45,617	66,226	5 3,437	115,280	
profit or loss during the year	(2,512)	(7,470	)) (978)	(10,960)	
Gross deferred tax liabilities at 31 December 2014	43,105	58,756	5 2,459	104,320	
		20	13		
		Fair value			
		adjustment	Prepaid tax		
	LAT from	arising from	from advance		
	sales of	acquisition of	proceeds from		
	properties	subsidiaries	properties	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2013 Deferred tax credited to the consolidated statement of	48,026	68,279	3,437	119,742	
profit or loss during the year	(2,409)	(2,053)	_	(4,462)	
Gross deferred tax liabilities at					
31 December 2013	45,617	66,226	3,437	115,280	

## 25. Deferred Tax (continued)

## **Deferred Tax Assets:**

No deferred tax assets have been recognised as of December 31, 2014.

#### Group

	2013					
		Impairment				
		charge on				
		property,				
	Inventories	plant and				
	provision	equipment	Total			
	RMB'000	RMB'000	RMB'000			
	1.007	4 500	6 507			
At 1 January 2013	1,997	4,590	6,587			
Deferred tax charged to the consolidated						
statement of profit or loss during the year	(971)	-	(971)			
Disposal of a discontinued operation	(1,026)	(4,590)	(5,616)			
Gross deferred tax assets at 31 December 2013	_	-	_			

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses Deductible temporary differences	118,445 27,470	109,912 _	109,953 _	105,716 –
	145,915	109,912	109,953	105,716

The Group has tax losses of RMB108,824,000 (2013: RMB106,683,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

### 25. Deferred Tax (continued)

The Group has tax losses arising in Mainland China of RMB9,621,000 (2013: RMB3,229,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

At 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB187,000 at 31 December 2014 (2013: RMB3,914,000).

### 26. Share Capital

2014 HK\$'000	2013 HK\$'000
400,000	400,000
200,000	200,000
600,000	600,000
123,578	123,578
68,050	68,050
101 639	191,628
	HK\$'000 400,000 200,000 600,000

### 26. Share Capital (continued)

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

		Number of				
	Number	convertible		Convertible	Share	
	of shares	preference	Share	preference	option	
	in issue	shares	capital	shares	reserve	Total
	'000	'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	1,235,777	680,499	120,304	55,368	941	176,613
Equity-settled share option						
arrangement	-	-	-	-	122	122
Transfer of share option						
reserve upon the expiry						
of share options	_	-	-	-	(382)	(382)
At 31 December 2014	1,235,777	680,499	120,304	55,368	681	176,353

#### **Share Options**

Details of the Company's share option scheme and the share options issued under the scheme are included in note 27 to the financial statements.

#### 27. Share Option Scheme

The Company operates a share option scheme (the "**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 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 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).

### 27. Share Option Scheme (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 1% of the shares of the Company in issue at any time within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer, and (iii) the nominal value of a share in the Company.

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 Scheme during the year:

		2014	201	3
	Weighted		Weighted	
	average		average	
	exercise	Number	exercise	Number
	price	of options	price	of options
	HK\$	<b>'000</b>	HK\$	<b>'</b> 000
	per share		per share	
At 1 January	1.3119	16,593	1.5000	9,693
Granted during the year	-	-	1.1120	7,400
Forfeited during the year	1.4186	(3,333)	1.5500	(500)
Expired during the year	1.4969	(6,860)		
			-	
At 31 December	1.1120	6,400	1.3119	16,593

## 27. Share Option Scheme (continued)

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

		2014
Exercise period	Exercise price*	Number of options
	HK\$ per share	<b>'000</b>
5-11-2014 to 5-11-2023	1.112	2,100
5-11-2015 to 5-11-2023	1.112	2,100
5-11-2016 to 5-11-2023	1.112	2,200
		6,400
		2013
Exercise period	Exercise price*	Number of options
	HK\$ per share	'000
8-5-2012 to 7-5-2019	1.32	2,193
13-9-2012 to 12-9-2021	1.55	2,333
13-9-2013 to 12-9-202	1.55	2,333
13-9-2014 to 12-9-202	1.55	2,334
5-11-2014 to 5-11-2023	1.112	2,400
5-11-2015 to 5-11-2023	1.112	2,400
5-11-2016 to 5-11-2023	1.112	2,600

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

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### 27. Share Option Scheme (continued)

At the end of the reporting period, the Company had 6,400,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,400,000 additional ordinary shares of the Company and additional share capital of HK\$640,000 and share premium of HK\$6,477,000 (equivalent to RMB5,092,000) (before issue expenses).

As at the date of this report, options carrying rights to subscribe for 6,400,000 shares remain outstanding and yet to be exercised, which represented approximately 0.53% of the Company's ordinary shares in issue as at that date.

#### 28. Reserves

#### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations for Foreign Invested Enterprise ("**FIEs**") registered in the PRC, a portion of the profits of the Group's subsidiaries in Mainland China has been transferred to the statutory reserve which is restricted as to use and discretionary reserve which is not restricted to use.

Merger reserve represents the reserve arising from business combinations under common control.

Contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Pursuant to Bermuda company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 27 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire.

## 28. Reserves (continued)

## (b) Company

	Note	Share premium account RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	<b>Total</b> RMB'000
At 1 Jannuary 2013		1,114,359	7,345	151,442	409,040	-	18,766	1,700,952
Profit for the year Other comprehensive loss		-	-	-	-	-	56,482	56,482
for the year		_	-	-	-	(4,946)	-	(4,946)
Total comprehensive loss for the year Transfer from share premium to		-	-	-	-	(4,946)	56,482	51,536
contributed surplus Equity-settled share option		(1,114,359)	(7,345)	-	1,121,704	-	-	-
arrangement Special dividend declared	27 13	-	941 _	-	- (1,157,738)	-	-	941 (1,157,738)
At 31 December 2013		-	941	151,442	373,006	(4,946)	75,248	595,691
Loss for the year Other comprehensive income		-	-	-	-	-	(4,237)	(4,237)
for the year		-	-	-	-	2,870	-	2,870
Total comprehensive income/ (loss) for the year		-	_	-	-	2,870	(4,237)	(1,367)
Equity-settled share option arrangement	27	-	122	-	-	-	-	122
Transfer of share option reserve upon the expiry of share options		-	(382)	-	_	-	382	-
At 31 December 2014		-	681	151,442	373,006	(2,076)	71,393	594,446

### 29. Operating Lease Arrangements

#### As Lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for the properties are negotiated for terms ranging from three to nineteen years.

As at 31 December 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Com	ipany
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	574	689	574	689
In the second year	-	574	-	574
	574	1,263	574	1,263

## **30. Capital Commitments**

In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments at the end of the reporting period:

	Gro	Group		
	2014	2013		
	RMB'000	RMB'000		
Property development expenditure				
Contracted but not provided for	7,647	35,468		
	7,647	35,468		

### **31. Contingent Liabilities**

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

	2014	2013
	RMB'000	RMB'000
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 RMB350 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.

### 32. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties which were arisen from the discontinued operation and terminated in 2014:

	2014 RMB'000	2013 RMB'000
Fellow subsidiaries:		
Sales of corn germs:		
Shandong Xiwang Food Company Limited	-	268,978
Sales of corn starch:		
Xiwang Pharmaceutical Company Limited	-	527,878
Sales of crystalline glucose:		
Xiwang Pharmaceutical Company Limited	-	178,078
Provision of sewage service:		
Xiwang Group Company Limited	-	3,084
	_	978,018

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.

### 32. Related Party Transactions (continued)

#### (b) Outstanding Balances with Related Parties

Group 2014 2013 Note RMB'000 RMB'000 Promissory note receivable (i) 117,945 \_ Due from related parties: Xiwang Investment (ii) 1,430 \_ Due to related parties: Xiwang Group (iii) 2,078 2,084 Xiwang Investment Holdings Limited 482 (iv) Xiwang Hong Kong Company Limited 57 (iv) Xiwang Special Steel Company Limited (iv) 587 青島歐亞置業有限公司 357 (iv) Winning China Limited (iv) 884 4,445 2,084 Company Promissory note receivable (i) 117,945 \_ Due from related parties: Xiwang Investment (ii) 1,430 \_ Due to related parties: Xiwang Group (iii) 2,078 2,061

### 32. Related Party Transactions (continued)

#### (b) Outstanding Balances with Related Parties (continued)

- The Group received the principal amount outstanding of the promissory note of RMB117,945,000 and the interest of RMB893,000 from Xiwang Investment in 2014.
- (ii) The Group and the Company had an outstanding balance due from Xiwang Investment, the immediate holding company, of nil (2013: RMB1,430,000) as at the end of the reporting period. These balances are unsecured, interest-free and have no fixed terms of repayment.
- (iii) The Group had an outstanding balance due to Xiwang Group, of RMB2,078,000 (2013: RMB2,084,000) as at the end of the reporting period. The outstanding balance owed by the Company to Xiwang Group amounted to RMB2,078,000 (2013: RMB2,061,000). These balances are unsecured, interest-free and have no fixed terms of repayment.
- (iv) These outstanding balance with related party are unsecured, interest-free and have no fixed terms of repayment.

### (c) Compensation of Key Management Personnel of the Group:

	2014 RMB'000	2013 RMB'000
Short term employee benefits	822	2,007
Post-employment benefits	14	29
Equity-settled share option expense	122	941
Total compensation paid to key management personnel	958	2,977

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

## **33.** Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		
	2014	2013	
Financial assets – Loans and receivables	RMB'000	RMB'000	
Financial assets included in trade and other receivables (note 21)	23,085	19,402	
Due from related parties	-	1,430	
Promissory note receivable	-	117,945	
Restricted cash	1,875	2,368	
Cash and cash equivalents	11,243	8,669	
	36,203	149,814	

	Gro	up
	2014	2013
Financial liabilities at amortised cost	RMB'000	RMB'000
Financial liabilities included in trade and other payables (note 24)	47,666	49,121
Due to related parties	4,445	2,084
	52,111	51,205

## 33. Financial Instruments by Category (continued)

	Compan	ıy
	2014	2013
Financial assets – Loans and receivables	RMB'000	RMB'000
Trade and other receivables	292	511
Due from subsidiaries	552,768	437,531
Due from related parties	-	1,430
Promissory note receivable	-	117,945
Cash and cash equivalents	1,950	1,404
	555,010	558,821
	Compan	ıy
	2014	2013
Financial liabilities at amortised cost	RMB'000	RMB'000
Trade and other payables	298	2,998
Due to related parties	2,078	2,061
	2,376	5,059

### 34. Fair Value of Financial Instruments

At 31 December 2014 and 2013, the fair values of the Group's financial assets and financial liabilities approximated to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of cash and cash equivalents, restricted cash, due from related parties, financial assets included in trade and other receivables, promissory note receivable, financial liabilities included in trade and other payables, due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

#### 35. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### **Foreign Currency Risk**

All of the Group's turnover and substantially all of the Group's cost of sales and operating expenses are denominated in RMB. The group had no significant assets and liabilities dominated in foreign currency other than the functional currency. Accordingly, the transactional currency exposures of the Group are not significant.

#### **Credit Risk**

There are no significant concentrations of credit risk within the Group as the Group's trade receivables are widely dispersed among different customers. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 21. The Group is also exposed to credit risk through the granting of financial guarantee, further details of which is disclosed in note 31 to the financial statements.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

To manage the risk, deposits are mainly placed with licensing banks which are all high credit quality financial institutions. The Group would not release the property ownership certificates to the buyers before the buyers fully settle the payment. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

## **35. Financial Risk Management Objectives and Policies (continued)** Liquidity Risk

Liquidity risk arises when the Group is unable to meet its current liabilities that fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short and long- term bank loans. Through maintaining a reasonable proportion in its asset and liability structure, the Group is able to meet its ongoing financial needs.

The maturity profile of the Group's financial liabilities as at the end of the reporting period is as follows:

Group			2014			
		Within one	One to two	Two to five	Over five	
	On demand	year	years	years	years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	11,236	36,430	_	_	_	47,666
Due to related parties	4,445	-	-	-	-	4,445
Total	15,681	36,430	_	-	_	52,111
Group			2013			
		Within one	One to two	Two to five	Over five	
	On demand	year	years	years	years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	27,979	21,142	_	_	_	49,121
Due to related parties	2,084	-	-	-	_	2,084
Total	30,063	21,142	_	_	-	51,205

## 35. Financial Risk Management Objectives and Policies (continued) Liquidity Risk (continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period is as follows:

Company			2014			
		Within	One to	Two to	Over	
	On demand	one year	two years	three years	three years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	298	-	-	-	-	298
Due to other related parties	2,078	-	-	-	-	2,078
Total	2,376	-	-	-	_	2,376
Company			2013			
		Within one	One to two	Two to	Over three	
	On demand	year	years	three years	years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,998	_	_	_	_	2,998
Due to other related parties	2,061	-	-	-	-	2,061
Total	5,059	-	_	_	_	5,059

## 35. Financial Risk Management Objectives and Policies (continued) Capital Management

The objectives of the Group's capital management policy are to ensure the financing capabilities of the Company in running its operation on a going concern basis, to maintain an optimal capital structure, to reduce capital cost and to maximise shareholders' value.

The Group manages and adjusts its capital structure appropriately according to the specific features of the risks of its assets and the changes in various economic conditions. Through adjustments in dividend distribution, injections and repayments of capital by shareholders or issuance of new shares, the Group is able to maintain an optimal capital structure of the Company.

The Group monitors capital using a gearing ratio, which is net debts divided by equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio at a reasonable level. Net debts are trade and other payables less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods are as follows:

Group	2014	2013
	RMB'000	RMB'000
Trade and other payables (note 24)	206,586	211,230
Less: Cash and cash equivalents (note 22)	11,243	8,669
Restricted cash (note 22)	1,875	2,368
Net debts	193,468	200,193
Equity attributable to owners of the parent	605,988	686,198
Gearing ratio	32%	29%

### 36. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 31 March 2015.

## FIVE-YEAR FINANCIAL SUMMARY

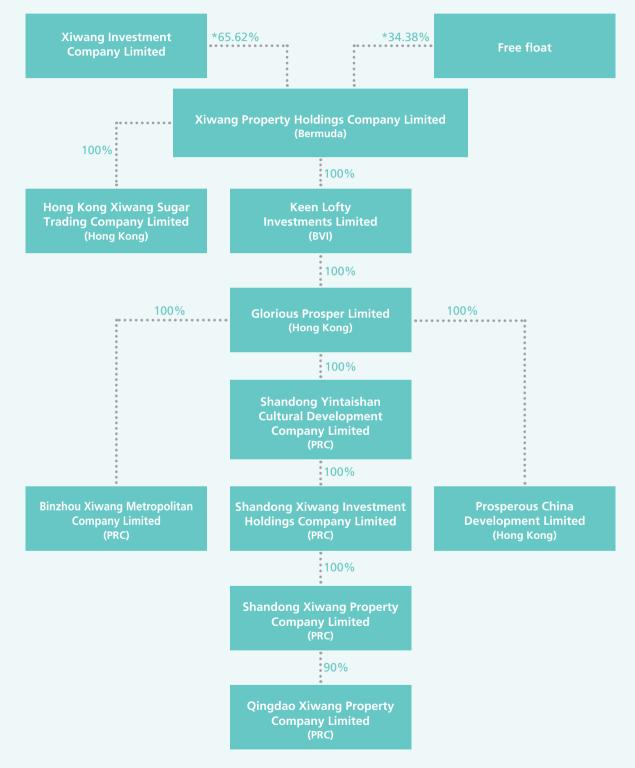
	2014	2013	2012	2011	2010
For the year (RMB million)					
Revenue	122	179	173	3,633	3,257
Gross (loss)/profit	(55)	34	27	456	472
(LBITDA)/EBITDA*	(88)	19	14	382	395
Operating (loss)/profit	(88)	17	14	256	293
Net (loss)/profit	(82)	(966)	(18)	179	210
As at December 31 (RMB million)					
Current assets	686	770	3,348	2,075	1,976
Non-current assets	236	252	3,091	2,065	2,005
Total assets	922	1,022	6,439	4,140	3,981
Current liabilities	211	219	3,289	1,672	1,184
Non-current liabilities	104	115	337	319	831
Total liabilities	315	334	3,626	1,991	2,015
Total equity	607	688	2,813	2,149	1,966
Total liabilities and equity	922	1,022	6,439	4,140	3,981
Per share (RMB)					
Basic (loss)/earnings per share	(0.07)	(1.31)	(0.05)	0.18	0.21
Dividends per ordinary share**	-	0.60	_	0.028	_
Dividends per CPS**	-	0.61	-	0.038	N/A
Financial and performance ratios					
Gross (loss)/profit margin (%)	(44.8)	18.9	15.8	12.6	14.5
Operating (loss)/profit margin (%)	(71.9)	9.3	8.0	7.0	9.0
Net (loss)/profit margin (%)	(67.1)	(539.1)	(10.4)	4.9	6.4
Current ratio	3.25	3.51	1.02	1.24	1.67
Net debts to equity	5.25	5.51	0.55	0.56	0.52
Net debts to equity	_	_	0.55	0.50	0.52

\* amount of the year 2013 excluded non-recurring expenses amounted to approximately RMB 20,160,000

\*\* amount of the year 2013 represented special dividend declared and paid

## ORGANIZATION STRUCTURE

As at the date of this annual report:



\* These represent the percentage shareholdings of ordinary shares of the Company issued as at the date of this annual report.

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# INFORMATION FOR SHAREHOLDERS

## **Corporate Calendar**

Announcement of 2014 annual results	31 March 2015 (Tuesday)
Annual general meeting	29 May 2015 (Friday)
Website	www.xiwangproperty.com
Stock Code	
The Stock Exchange of Hong Kong Limited:	2088
Bloomberg:	2088 HK EQUITY
Board lot	2,000 shares
Financial year-end date	31 December
As at 31 December 2014	
Market Value:	HKD463 million
Issued shares:	
Ordinary shares	1,235,777,333 shares
Convertible preference shares	680,499,122 shares
Closing market price:	HKD0.375 per share

## **Annual Report**

This annual report is printed in English and Chinese and available on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty.com).

## **Closure of Register of Members**

The register of members in respect of ordinary shares of the Company will be closed from Wednesday, 27 May 2015 to Friday, 29 May 2015, (both days inclusive), during which period no transfer of ordinary shares will be registered for the purpose of ascertaining shareholders' entitlement for attending and voting at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and, in the case of holders of convertible preference shares, all duly completed notices of conversion accompanied by the relevant certificates of convertible preference shares must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 26 May 2015.

# INFORMATION FOR SHAREHOLDERS

## **Annual General Meeting**

The AGM of the Company will be held on Friday, 29 May 2015. A notice convening the AGM will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty. com). The proxy form together with the annual report are expected to be dispatched to shareholders on or around Monday, 27 April 2015.

## **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



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XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司

(Incorporated in Bermuda with limited liability) (於百墓建註冊成立之有限公司) \*For identification purpose only 僅供識別

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