



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

Interim Report
中期報告

2015





Contents

Corporate Information	2
Financial Highlights	4
Corporate Profile	5
Group Structure	9
Management Discussion and Analysis	10
Condensed Consolidated Statement of Profit or Loss	15
Condensed Consolidated Statement of Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Financial Statements	21
Other Information	35
Corporate Governance	42

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Miss. NG Weng Sin

Authorised Representatives

Mr. WANG Yong
Miss. NG Weng Sin
Mr. SUN Xihu
*(alternate to Mr. WANG Yong and
Miss. NG Weng Sin)*

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in the PRC

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

Principal Place of Business in Hong Kong

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

Principal Bankers

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

Auditors

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

Legal Advisers

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

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Investor Relations and Corporate Communication

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Email : ir@xiwangproperty.com

Company Website

www.xiwangproperty.com

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	Increase/
	RMB'000	RMB'000	(Decrease)
	(Unaudited)	(Unaudited)	Percentage
Operational Results			
Revenue	59,832	53,441	12.0%
Gross profit	1,174	13,858	(91.5%)
Operating (loss)/profit	(6,159)	3,798	(262.2%)
(Loss)/profit for the period	(5,766)	1,104	(622.3%)
	At 30 June	At 31 December	
	2015	2014	
	RMB'000	RMB'000	(Decrease)
	(Unaudited)	(Audited)	Percentage
Financial Position			
Non-current assets	235,474	236,345	(0.4%)
current assets	624,325	685,843	(9.0%)
Non-current liabilities	101,419	104,320	(2.8%)
Current liabilities	152,635	211,031	(27.7%)
Total equity	605,745	606,837	(0.2%)
(Loss)/earnings per share (RMB)	(0.46 cents)	0.09 cents	
Key Ratio Analysis			
Gross profit margin	2.0%	25.9%	
Operating (loss)/profit margin	(10.3%)	7.1%	
Net (loss)/profit margin	(9.6%)	2.1%	
Current ratio (Note 1)	4.09	3.25	
Asset liability ratio (Note 2)	3.38	2.92	
Gearing ratio (Note 3)	0.42	0.52	

Notes:

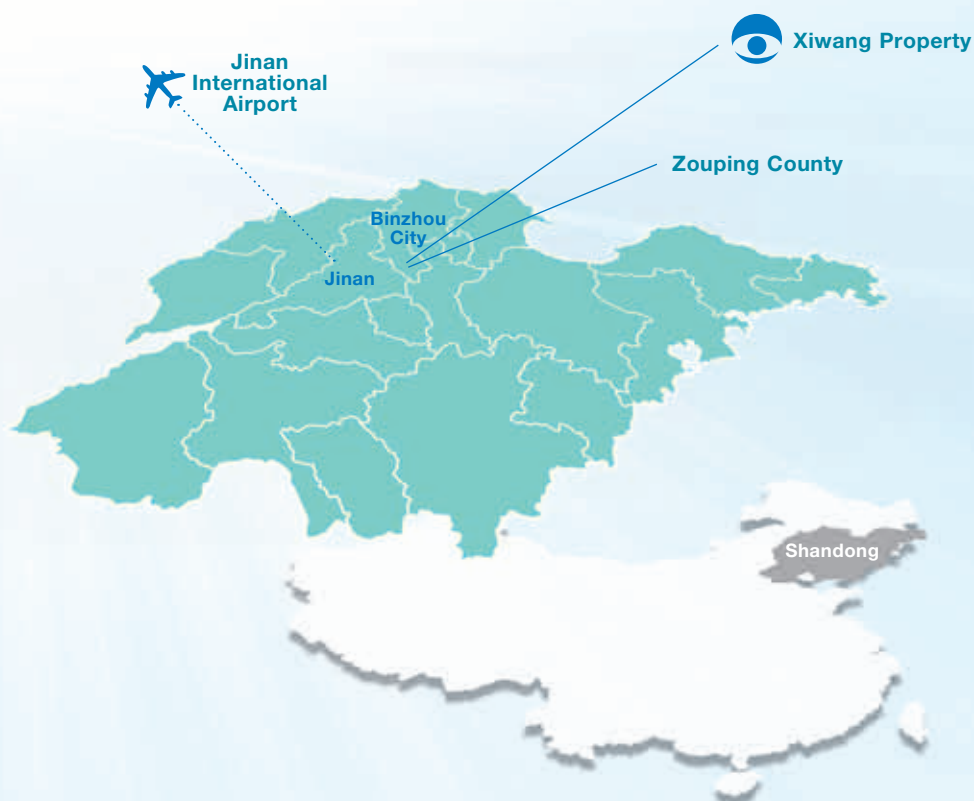
1. Current ratio: Current assets divided by current liabilities.
2. Asset liability ratio: Total assets divided by total liabilities.
3. Gearing ratio: Total liabilities divided by total equity.

CORPORATE PROFILE

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

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

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



CORPORATE PROFILE

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, Binzhou City, Shandong Province and is close to the county government headquarter. Lanting Project is a comprehensive residential development with two phases, namely 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, Binzhou City, Shandong Province and is close to the county government headquarter, hospital and colleges. Meijun Project is a residential development with 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 still under planning.



CORPORATE PROFILE

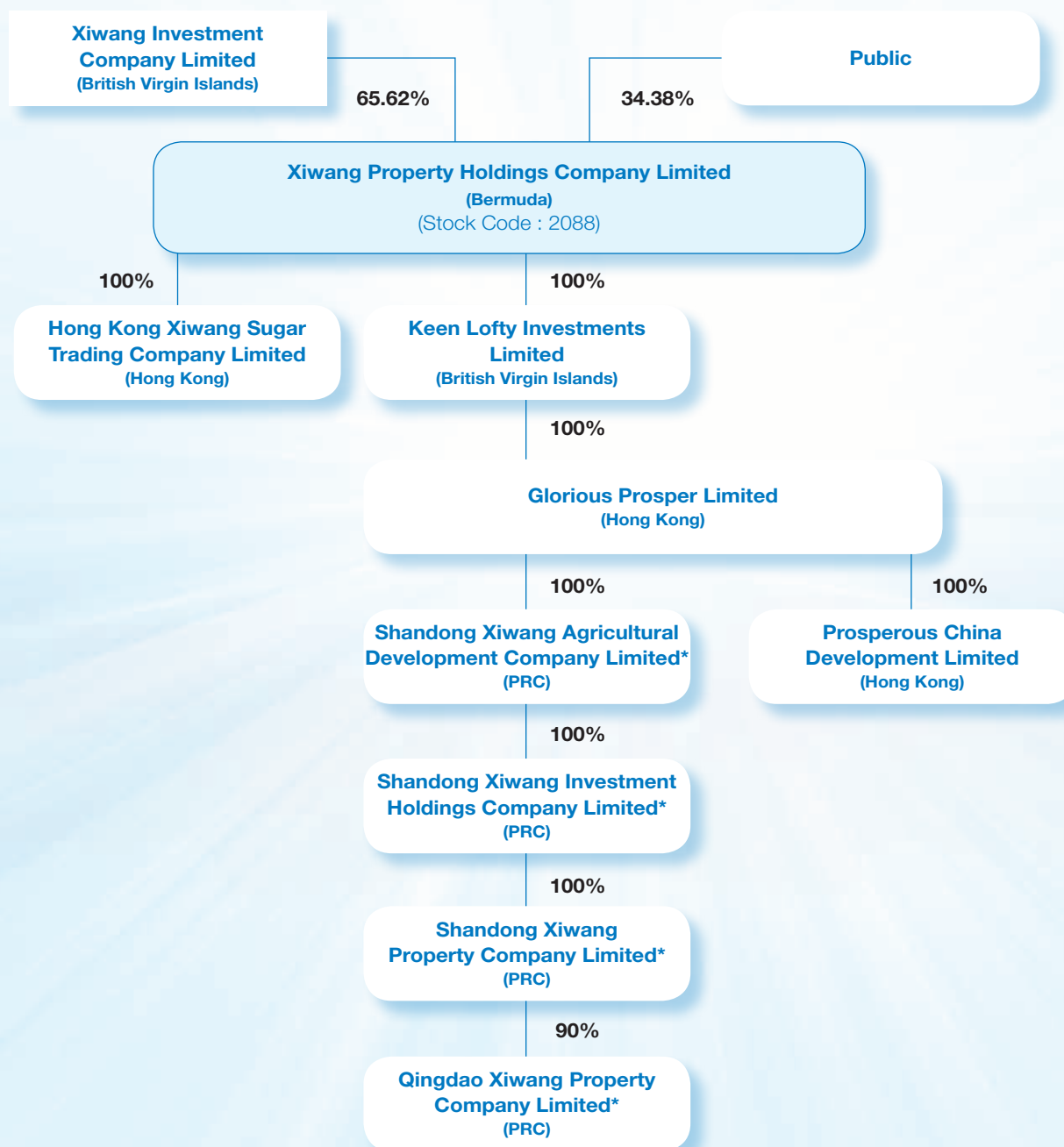
QINGHE PROJECT

Qinghe Project is located at Kaihe Village, Handian Town of Zouping County, Shangdong Province. The project comprises a parcel of land with a site area of approximately 131,258 square metres (“**sq m**”) for the construction of residential units. The construction work is expected to commence during 2016 and be completed in 2020. As of 30 June 2015, Qinghe Home Settlements were under construction.



GROUP STRUCTURE

As at 30 June 2015:



MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB59,832,000 during the six months ended 30 June 2015 (the **"Period"**) (first half of 2014: RMB53,441,000), representing an increase of 12.0% as compared to the same period of last year. Revenue increased despite of a slight decrease in gross floor area (**"GFA"**) sold, which was mainly due to an increase in sales of Lanting Project as compared to the same period of last year, as well as the fact that Lanting Project is a relatively high-class residential units with higher average selling price compared to that of Meijun Project.

Sales breakdown:

	Revenue		GFA sold		Average GFA price	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	square metre ("sq m")	sq m	RMB/sq m	RMB/sq m
Meijun Project	5,599	34,750	1,893	11,704	2,958	2,969
Lanting Project	54,233	18,395	13,835	4,219	3,920	4,360
	59,832	53,145	15,728	15,923	3,804	3,338
Others [^]	-	296				
	59,832	53,441				

[^] Others mainly include rental income from car parking units.

2. Cost of sales

The Group's cost of sales amounted to RMB58,658,000 during the Period (first half of 2014: RMB39,583,000), representing an increase of 48.2% as compared to the same period last year. The average GFA cost per sq m for the Period was higher than that of the same period of last year, which was mainly due to the fact that Lanting Project, which commands for higher construction costs and reallocation compensation as compared to those of Meijun Project as it is a relatively high-class residential at a prime location, accounted for 88.0% (first half of 2014: 26.5%) of the overall GFA sold.

Cost of sales breakdown:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Costs of land	3,246	4,391
Compensation of relocation	15,249	2,517
Development costs	31,536	23,507
Other costs ^{^^}	8,627	9,168
	58,658	39,583
Average GFA cost (RMB/sq m)	3,730	2,486

^{^^} Other costs include capitalised loan interests, planning fees, initial fees, adjustments to fair value and taxes.

3. Gross profit

The Group's gross profit amounted to RMB1,174,000 during the Period (first half of 2014: RMB13,858,000), representing a decrease of 91.5% as compared to the same period last year. The gross profit margin for the Period was 2.0% (first half of 2014: 25.9%) and was 23.9 percentage points lower than that of the same period last year. The decrease in gross profit margin was mainly due to the decrease in average GFA price of Lanting Project and the increase in cost of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Other income

Other income included interest income and exchange gains. Other income amounted to RMB276,000 (first half of 2014: RMB648,000) during the Period, representing a decrease of 57.4% as compared to the same period of last year, which was mainly because at the end of last year, Xiawang Investment Company Limited (“**Xiawang Investment**”) (西王投資有限公司) repaid the outstanding balance of promissory notes issued by Xiawang Investment to the Company and no interest income in relation thereto was generated during the Period.

5. Other expenses

Other expenses amounted to RMB4,500,000 during the Period (first half of 2014: RMB15,000), representing an increase on 299 times as compared to the same period last year. Such increase was mainly because that the Group decided to terminate the Jimo Project in August last year, and signed an agreement with Jimo Government to terminate the development cooperation agreement of this project. As the said project has been terminated, Qingdao Jimo City Xiawang Metropolitan Company Limited (青島即墨市西王商都有限公司), the subsidiary in charge of the project, was deregistered during the Period. The expenses and losses arising from the closing down of that company represents the main expenditure.

6. Selling and marketing expenses

Selling and marketing expenses included wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB182,000 (first half of 2014: RMB2,459,000) during the Period, which decreased by 92.6% as compared to the same period of last year. It was mainly due to the decrease in the Group’s property sale promotion activities and the number of sales staff during the Period.

7. Administrative expenses

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. Administrative expenses amounted to RMB2,927,000 (first half of 2014: RMB8,234,000) during the Period, representing a 64.5% decrease as compared to the same period of last year, which was mainly due to the decrease in number of staff and administrative expenses, such as legal fees, during the Period.

8. Income tax credit/(expenses)

The Group’s income tax credit for the Period amounted to RMB393,000. Since operation incurred losses for the Period, the deductible amount arose therefrom can be applied to deduct earnings arising in the future.

Financial position

1. Liquidity and capital resources

As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB3,326,000, which decreased by RMB7,917,000 or 70.4%, as compared to RMB11,243,000 as at 31 December 2014. During the Period, the net cash outflow from operating activities amounted to RMB8,360,000 while the net cash inflow from investing activities amounted to RMB378,000. There was no cash flow from financing activities during the Period.

The Group primarily utilized the cash flow from operations and cash in hand to finance operational requirements. As at 30 June 2015, the Group's capital commitment amounted to RMB7,648,000, which was mainly expenditure incurred for property development.

2. Capital structure

As at 30 June 2015, the Group's total liabilities amounted to RMB254,054,000 while total assets was RM859,799,000 and the asset liability ratio (total assets divided by total liabilities) was 3.38. The total equity was RMB605,745,000 and the gearing ratio (total liabilities divided by total equity) was 0.42.

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

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

Foreign exchange risk

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

MANAGEMENT DISCUSSION AND ANALYSIS

Human resources

As at 30 June 2015, the Group employed approximately 27 staff (30 June 2014: 67). Staff-related costs incurred during the Period was RMB1,108,000 (first half of 2014: RMB3,562,000). The Group reviewed regularly the remuneration packages of directors and employees with respect to their experience and responsibilities to the Group's business. The Group established a remuneration committee to determine and review the terms of remuneration packages, bonuses and other compensation payables to directors and senior management. In addition to basic remuneration packages and discretionary bonuses, share options may also 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 RMB350 million of an independent third party company in China 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, for a guarantee period up to the end of two years after the next day following repayment of the loan in full (the **"China Company Guarantee"**). The China Company Guarantee was provided by Shandong Xiwang Property with a view to maintaining a sound relationship with the local government. Xiwang Investment 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 China Company Guarantee. Further details of the China Company Guarantee are set out in the 2012 Circular.

II. BUSINESS OUTLOOK

The Group operates and develops residential properties in Zouping County in Binzhou City, Shandong Province, the PRC. During the Period, the downward pressure on the selling price of property units has brought challenge to our earnings. However, with the opportunities arising from urbanization and taking into account the country's growth in gross domestic product, the management is still optimistic towards China's property market.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
	Note	Unaudited	Unaudited
Revenue	3	59,832	53,441
Cost of sales		(58,658)	(39,583)
Gross profit		1,174	13,858
Other income	3	276	648
Other expenses		(4,500)	(15)
Selling and marketing expenses		(182)	(2,459)
Administrative expenses		(2,927)	(8,234)
Operating (loss)/profit	4	(6,159)	3,798
Income tax credit/(expenses)	5	393	(2,694)
(Loss)/profit for the Period		(5,766)	1,104
Attributable to:			
Owners of the parent		(5,707)	1,162
Non-controlling interests		(59)	(58)
		(5,766)	1,104
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted	6	RMB(0.46 cents)	RMB0.09 cents

The notes on pages 15 to 34 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
(LOSS)/PROFIT FOR THE PERIOD	(5,766)	1,104
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	3,350	(441)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,416)	663
Attributable to:		
Owners of the parent	(2,357)	721
Non-controlling interests	(59)	(58)
	(2,416)	663

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment		484	1,355
Goodwill		180,405	180,405
Long-term prepayment	8	54,585	54,585
Total non-current assets		235,474	236,345
CURRENT ASSETS			
Completed properties held for sale		146,992	202,502
Properties under development	9	297,945	297,358
Trade and other receivables	10	175,220	172,865
Restricted cash		842	1,875
Cash and cash equivalents		3,326	11,243
Total current assets		624,325	685,843
CURRENT LIABILITIES			
Trade and other payables	11	148,373	206,586
Due to related parties	17	4,262	4,445
Total current liabilities		152,635	211,031
NET CURRENT ASSETS		471,690	474,812
TOTAL ASSETS LESS CURRENT LIABILITIES		707,164	711,157
NON-CURRENT LIABILITIES			
Deferred tax liabilities		101,419	104,320
Total non-current liabilities		101,419	104,320
NET ASSETS		605,745	606,837

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
	Note		
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	175,672	175,672
Reserves		428,173	430,316
		603,845	605,988
Non-controlling interests		1,900	849
Total equity		605,745	606,837

WANG Di
Director

WANG Yong
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent										
		Issued capital	Share option reserve	Capital reserve	Statutory reserve	Contributed surplus	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interest	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)												
At 1 January 2014		175,672	941*	102,910*	52,738*	373,006*	(118,063)*	(4,163)*	103,157	686,198	1,876	688,074
Comprehensive income												
Profits/(loss) for the Period		-	-	-	-	-	-	-	1,162	1,162	(58)	1,104
Other comprehensive loss for the period		-	-	-	-	-	-	(441)	-	(441)	-	(441)
Total comprehensive (loss)/income for the Period												
		-	-	-	-	-	-	(441)	1,162	721	(58)	663
Equity-settled share option arrangement		13	-	851	-	-	-	-	-	851	-	851
Transfer from retained profits			-	-	-	725	-	-	-	(725)	-	-
At 30 June 2014		175,672	1,792*	102,910*	53,463*	373,006*	(118,063)*	(4,604)*	103,594*	687,770	1,818	689,588
(Unaudited)												
At 1 January 2015		175,672	681	102,910	52,738	373,006	(118,063)	(3,545)	22,589	605,988	849	606,837
Comprehensive income												
Loss for the Period		-	-	-	-	-	-	-	(5,707)	(5,707)	(59)	(5,766)
Other comprehensive income for the Period		-	-	-	-	-	-	3,350	-	3,350	-	3,350
Total comprehensive income/(loss) for the Period												
		-	-	-	-	-	-	3,350	(5,707)	(2,357)	(59)	(2,416)
Equity-settled share option arrangement		13	-	214	-	-	-	-	-	214	-	214
Deregistration of a subsidiary			-	-	-	-	-	-	-	-	1,110	1,110
At 30 June 2015		175,672	895*	102,910*	52,738*	373,006*	(118,063)*	(195)*	16,882*	603,845	1,900	605,745

* Those reserve accounts comprise other reserves of RMB428,173,000 (30 June 2014: RMB512,098,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	(8,360)	(5,578)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	–	(32)
Proceeds from disposal of property, plant and equipment	374	–
Interest received	4	648
Net cash flows from investing activities	378	616
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,982)	(4,962)
Cash and cash equivalents at beginning of Period	11,243	8,669
Effect of foreign exchange rate changes, net	65	(426)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,326	3,281

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 Corporate Information

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

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

The immediate holding company of the Company is Xiwang Investment which is wholly owned by Xiwang Holdings Limited (“**Xiwang Holdings**”) (西王控股有限公司). The ultimate holding company of the Company was Xiwang Group Company Limited* (“**Xiwang Group**”) (西王集團有限公司).

1.2 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with HKFRSs.

1.3 Impact of new and revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new standards, interpretations and amendments as of 1 January 2015 noted below.

Amendments to HKFRS
Amendments to HKFRS
Amendments to HKAS 19

Annual Improvements to HKFRS 2010-2012 Cycle
Annual Improvements to HKFRS 2011-2013 Cycle
Defined Benefits Plans – Employee Contributions

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.3 Impact of new and revised Hong Kong Financial Reporting Standards

(continued)

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

2 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

The Group operates within one geographical area. For the six months ended 30 June 2015, 100% (six months ended 30 June 2014: 100%) of its revenue was generated in the PRC and the principal assets and capital expenditure of the Group were located and incurred in the PRC. Accordingly, no geographical information is presented.

3 Revenue and other income

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue		
Sale of properties	59,832	53,441
Other income		
Bank interest income	4	23
Interest income from promissory note receivable	–	625
Foreign exchange gain, net	267	–
Others	5	–
	276	648

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 (Loss)/profit before tax

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

	Six months ended 30 June	
	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Cost of inventories sold	58,658	39,583
Depreciation	297	326
Loss on disposal of property, plant and equipment	97	–
Minimum lease payments under operating leases:		
Land and buildings	571	559
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	763	2,570
Equity-settled share option expense	213	851
Pension scheme contributions	132	141
	1,108	3,562
Foreign exchange loss, net	–	15

5 Income tax credit/(expenses)

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 Period (six months 30 June 2014: 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 2015, the applicable tax rate for the subsidiaries of the Company incorporated in the PRC is 25% (six months 30 June 2014: 25%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 Income tax credit/(expenses) (continued)

PRC Land Appreciation Tax (“**LAT**”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights and all property development expenditures. LAT of RMB950,000 (six months ended 2014: RMB2,082,000) is charged to the condensed consolidated statement of profit or loss for the six months ended 30 June 2015.

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	–	2,671
LAT in Mainland China	950	2,082
Deferred	(1,343)	(2,059)
Total tax (credit)/charge for the Period	(393)	2,694

6 (Loss)/earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,777,333 (six months ended 30 June 2014: 1,235,777,333) in issue during the Period.

The calculation of the diluted earnings per share amount for the Period is based on the loss for the Period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 (Loss)/earnings per share attributable to ordinary equity holders of the parent *(continued)*

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2015 and 2014 in respect of a dilution as the impact of convertible preference share outstanding and share option would not have a dilutive effect on the basic (loss)/earnings per share amounts presented.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basis (loss)/earnings per share calculation	(5,707)	1,162
	Number of shares	
	Six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted (loss)/earnings per share calculation	1,235,777,333	1,235,777,333

7 Dividends

No interim dividend was proposed for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 Long-term prepayments

Long-term prepayments as at 30 June 2015 and 31 December 2014 mainly represented prepayments related to acquisition of land use rights and construction works.

9 Properties under development

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Properties under development expected to be recovered:		
Within one year	–	–
After one year	297,945	297,358
	297,945	297,358

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

10 Trade and other receivables

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Trade receivables	–	–
Prepayments	136,762	131,431
Prepaid tax	15,377	18,349
Other receivables	23,081	23,085
	175,220	172,865

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 Trade and other receivables (continued)

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Trade receivables		
Trade receivables	–	340
Impairment	–	(340)
	–	–

Under normal circumstances, for property sale, the Group does not grant any credit terms to its customers

11 Trade and other payables

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Trade payables	22,685	36,430
Deposits received	17,667	18,410
Receipts in advance	101,902	140,511
Other payables	5,647	8,864
Accruals	22	1,250
Salary and welfare payables	450	1,121
	148,373	206,586

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

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
0 – 30 days	17,907	30,758
31 – 60 days	–	3,650
61 – 90 days	–	–
Over 90 days	4,778	2,022
	22,685	36,430

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 Trade and other payables (continued)

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.

12 Share capital

Shares

	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
Authorised:		
4,000,000,000 (2014: 4,000,000,000) ordinary shares of HK\$0.1 (2014: HK\$0.1) each	400,000	400,000
2,000,000,000 (2014: 2,000,000,000) convertible preference shares of HK\$0.1 (2014: HK\$0.1) each	200,000	200,000
	600,000	600,000
Issued and fully paid:		
1,235,777,000 (2014: 1,235,777,000) ordinary shares of HK\$0.1 (2014: HK\$0.1)	123,578	123,578
680,499,000 (2014: 680,499,000) convertible preference shares of HK\$0.1 (2014: HK\$0.1) each	68,050	68,050
	191,628	191,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 Share capital (continued)

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

	Number of shares in issue '000	Number of convertible preference shares '000	Share capital RMB'000	Convertible preference shares RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2015	1,235,777	680,499	120,304	55,368	681	176,353
Equity-settled share option arrangement	-	-	-	-	214	214
At 30 June 2015	1,235,777	680,499	120,304	55,368	895	176,567

Share options

Details of the Company's share option scheme and share options issued under the scheme are included in note 13 to the financial statements.

13 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 Share option scheme (continued)

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

	Six months ended 30 June			
	2015		2014	
	Weighted average exercise price HK\$ per share	Number of options '000 Unaudited	Weighted average exercise price HK\$ per share	Number of options '000 Unaudited
At 1 January	1.1120	6,400	1.3119	16,593
Forfeited during the Period	–	–	–	–
At 30 June	1.1120	6,400	1.3119	16,593

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

30 June 2015		
Number of options '000	Exercise price HK\$ per share	Exercise period
2,100	1.112	5-11-2014 to 5-11-2023
2,100	1.112	5-11-2015 to 5-11-2023
2,200	1.112	5-11-2016 to 5-11-2023
6,400		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Operating lease arrangements

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

As at 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Within one year	319	574
In the second year	–	–
	319	574

15 Capital commitments

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

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Property development expenditure Contracted but not provided for	7,648	7,647
	7,648	7,647

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 Contingent liabilities

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

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Guarantee given to an independent third party in respect of borrowings	350,000	350,000

This represented the maximum exposure of the guarantee provided by a subsidiary of the Company, in favour of a PRC bank in respect of a bank loan of 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 Related party transactions and balances

Outstanding Balances with Related Parties

		30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Due to related parties:			
Xiwang Group	(i)	2,078	2,078
Xiwang Investment	(ii)	2,184	482
Xiwang Hong Kong Company Limited	(ii)	–	57
Xiwang Special Steel Company Limited	(ii)	–	587
青島歐亞置業有限公司	(ii)	–	357
Winning China Limited	(ii)	–	884
		4,262	4,445

(i) The Group had an outstanding balance due to Xiwang Group, of RMB2,078,000 (31 December 2014: RMB2,078,000) as at the end of the reporting period. These balances are unsecured, interest-free and have no fixed terms of repayment.

(ii) These outstanding balance with related party are unsecured, interest-free and have no fixed terms of repayment.

18 Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 31 August 2015.

OTHER INFORMATION

Interim Dividend

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2014: nil).

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

As at 30 June 2015, 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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 in the relevant corporation (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 30 June 2015
WANG Yong	Company	Interest of controlled corporations (Note 2)	810,903,622 ordinary shares (L) (Note 4)	65.62%
			678,340,635 convertible preference shares (L) (Note 4)	99.68%
	Xiwang Investment	Interest of controlled corporations (Note 2)	3 shares (L)	100%
	Xiwang Holdings	Beneficial owner (Note 2)	6,738 shares (L)	3.37%
		Interest of controlled corporations (Note 2)	190,000 shares (L)	95%
	Xiwang Hong Kong Company Limited ("Xiwang Hong Kong")	Interest of controlled corporations (Note 2)	694,132,000 shares (L)	100%
	Xiwang Group	Beneficial owner (Note 2)	RMB1,322,730,084 (L)	66.14%
	Xiwang Special Steel Company Limited ("Xiwang Special Steel")	Interest of controlled corporations (Note 2)	1,500,000,000 shares (L) (Note 3)	75%

OTHER INFORMATION

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested in the relevant corporation (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 30 June 2015
WANG Di	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 5)	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 Xihu	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 5)	0.24%
	Xiwang Holdings	Beneficial owner	89 shares (L)	0.04%
	Xiwang Group	Beneficial owner	RMB17,800,000 (L)	0.89%

OTHER INFORMATION

Notes:

- (1) The letter “L” represents the Director’s interests in the shares.
- (2) As at 30 June 2015, Xiwang Group is the ultimate holding company of the Company. Xiwang Group is owned as to 66.14% by Mr. WANG Yong and remaining 33.86% by 23 individuals. Further, these 23 individuals are accustomed to act in accordance with the directions of Mr. WANG Yong in respect of the exercise by such 23 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 22 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 of the Company 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”.

OTHER INFORMATION

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

(a) Substantial shareholders of the Company

As at 30 June 2015, so far as it is known to any Directors of the Company, the following shareholders (other than the Directors and chief executive of the Company whose interests and short positions in the shares and underlying shares of the Company are set out above) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2015
Xiwang Investment	Beneficial owner	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
Xiwang Holdings	Interest of a controlled corporation (Note 2)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
Xiwang Hong Kong	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%

OTHER INFORMATION

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2015
Xiwang Group	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%
ZHANG Shufang	Interest of spouse (Note 4)	810,903,622 ordinary shares (L)	65.62%
		678,340,635 convertible preference shares (L)	99.68%

Notes:

- (1) The letter "L" represents the entity's interests in the shares.
- (2) Xiwang Holdings directly holds 100% of the issued share capital of Xiwang Investment and therefore is deemed to be interested in the number of shares of the Company held by Xiwang Investment.
- (3) Xiwang Hong Kong directly holds 95% and Mr. WANG Yong and 22 individuals directly hold 5% of the issued share capital of Xiwang Holdings, respectively. Xiwang Hong Kong is in turn wholly-owned by Xiwang Group. Therefore, Xiwang Hong Kong and Xiwang Group are deemed to be interested in the number of shares of the Company held by Xiwang Investment.
- (4) Ms. ZHANG Shufang, being the spouse of Mr. WANG Yong, is deemed to be interested in all the shares in which Mr. WANG Yong is deemed to be interested.

OTHER INFORMATION

(b) Other persons who are required to disclose their interests pursuant to Part XV of the SFO

Save as disclosed in the paragraph headed “Directors’ Interests in shares, underlying shares and debentures of the Company and its associated corporations” and paragraph (a) above, as at 30 June 2015, no other person had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company adopted the Share Option Scheme on 6 November 2005. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. As at 30 June 2015, options to subscribe for 6,400,000 ordinary shares of the Company were outstanding, details of which are set out in note 13 to the condensed consolidated financial statements and below:

Class of grantee	Date of grant	During the six months ended 30 June 2015				Outstanding as at 1 January 2015	Outstanding as at 30 June 2015	Exercise price per share (HK\$)	Exercise period
		Granted	Exercised	Cancelled	Lapsed				
Directors									
WANG Di	5 November 2013	-	-	-	-	3,000,000	3,000,000	1.112	(Notes 2, 3)
SUN Xihu	5 November 2013	-	-	-	-	3,000,000	3,000,000	1.112	(Notes 2, 3)
Employees (Note 1)	5 November 2013	-	-	-	-	400,000	400,000	1.112	(Notes 2, 3)
		-	-	-	-	6,400,000	6,400,000		

OTHER INFORMATION

Notes:

- (1) Employees include employees of the Group (other than the directors) working under employment contracts with the Group which are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 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 4 November 2013, being the trading day immediately preceding the date of grant of options was HK\$1.10 per share.
- (3) These options can only be exercised by the grantee in the following manner:

Commencing from	Maximum cumulative number of ordinary shares under the options that can be subscribed for pursuant to the exercise of the options
5 November 2014	2,100,000
5 November 2015	2,100,000
5 November 2016	2,200,000

Purchase, Sale or Redemption of the Company’s Securities

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

CORPORATE GOVERNANCE

Corporate Governance Practices

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

Model Code for Securities Transactions by Directors

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

Audit Committee

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

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

* For identification purpose only





XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

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

* For identification purpose only 僅供識別