



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 **2016** 中期報告



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. WANG Jin Tao
(Chief Executive Officer)
Mr. WANG Wei Min
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 Zhen
(appointed on 23 March 2016)
Mr. YAO Yong Jun
(resigned on 23 March 2016)

Committees

Audit Committee

Mr. WONG Kai Ming (Chairman)
Mr. WANG An
Mr. WANG Zhen
(appointed on 23 March 2016)
Mr. YAO Yong Jun
(resigned on 23 March 2016)

Remuneration Committee

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

Nomination Committee

Mr. WONG Kai Ming (Chairman)
Mr. SUN Xihu
Mr. WANG Zhen
(appointed on 23 March 2016)
Mr. YAO Yong Jun
(resigned on 23 March 2016)

Company Secretary

Mr. WONG Kai Hing

Authorised Representatives

Mr. WANG Yong
Mr. WONG Kai Hing
Mr. SUN Xihu
(alternate to Mr. WANG Yong and
Mr. WONG Kai Hing)

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

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Legal Advisers

As to Hong Kong law:
Woo Kwan Lee & Lo
26th Floor,
Jardine House,
1 Connaught Place,
Central,
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

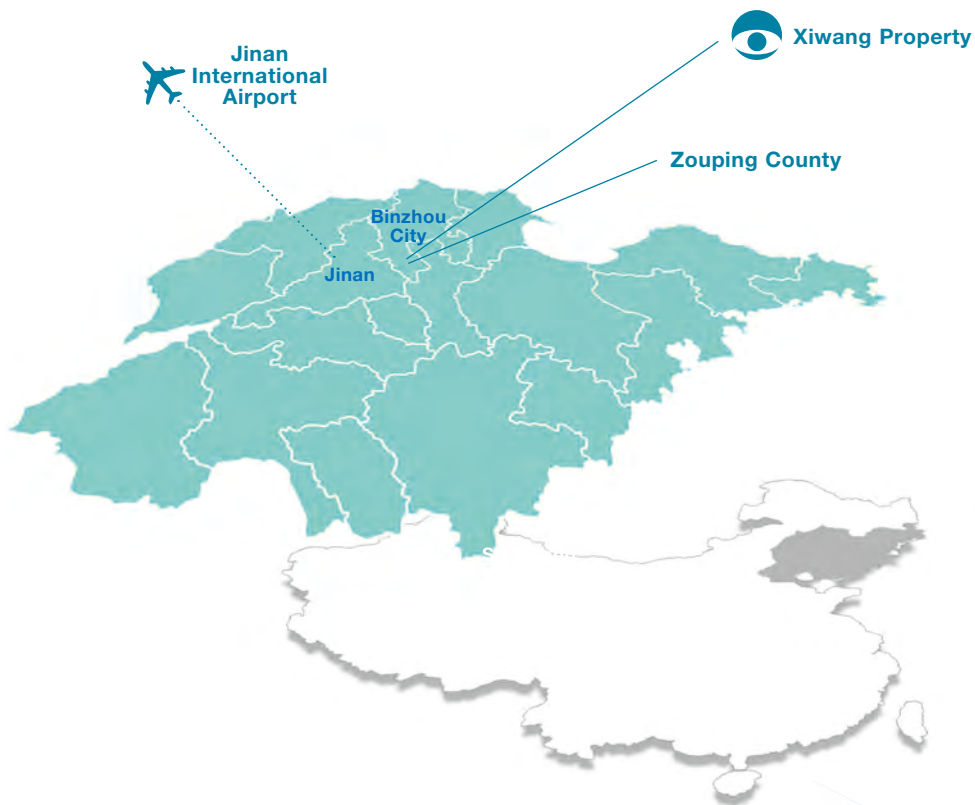
www.xiwangproperty.com

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 sale.



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, and were completed in December 2013 and December 2014 respectively. There are 11 blocks of 6 to 14-storey residential buildings providing around 390 residential units.



CORPORATE PROFILE

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.



QINGHE PROJECT

Qinghe Project is located at Kaihe Village, Handian Town of Zouping County, Binzhou City, 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. As of 30 June 2016, Qinghe Home Settlements were under construction.



MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The Group's sole source of revenue of the period is sales of developed property. Geographically, Shandong remains as the Group's main market. All revenues of the Group during the period were derived from Shandong.

The Group's revenue of the Period is RMB14,601,000 (first half of 2015: RMB59,832,000), representing a decrease of 75.6% as compared to the corresponding period of last year. The decrease of revenue is mainly due to the decrease in gross floor area (the "GFA") sold as compared to the corresponding period of last year, among which the GFA sold under Meijun Project and Lanting Project decreased from 1,893 and 13,835 square meters in the first half of 2015 to 489 and 2,582 square meters in the first half of 2016, representing a decrease of 74.2% and 81.3% respectively. The average GFA price increased from RMB3,804 per square meter in first half of 2015 to RMB4,754 per square meter in first half of 2016, representing an increase of 25.0%.

II. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB14,601,000 during the Period (first half of 2015: RMB59,832,000), representing a decrease of 75.6% as compared to the same period of last year. Revenue decreased despite of an increase in the average GFA price, was mainly due to a sharp decrease in GFA sold in both Meijun Project and Lanting Project as compared to the same period of last year.

Sales breakdown:

	Revenue		GFA sold		Average GFA price	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	sq m	sq m	RMB/sq m	RMB/sq m
Meijun Project	1,559	5,599	489	1,893	3,185	2,958
Lanting Project	13,042	54,233	2,582	13,835	5,051	3,920
	14,601	59,832	3,071	15,728	4,754	3,804

2. Cost of sales

The Group's cost of sales amounted to RMB12,484,000 during the Period (first half of 2015: RMB58,658,000), representing a decrease of 78.7% as compared to the same period of last year. The decrease in cost of sales was mainly due to the decrease in GFA sold as compared to the same period of last year.

Cost of sales breakdown:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Costs of land	760	3,246
Compensation of relocation	3,138	15,249
Development costs	6,996	31,536
Reversal of write-down of completed properties held for sales to net realisable value	(1,586)	(6,733)
Other costs^^	3,176	15,360
	12,484	58,658
Average GFA cost (RMB/sq m)	4,065	3,730
Average GFA cost (net of impairment reversals) (RMB/sq m)	4,582	4,158

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

MANAGEMENT DISCUSSION AND ANALYSIS

3. Gross profit

The Group's gross profit amounted to RMB2,117,000 during the Period (first half of 2015: RMB1,174,000), representing an increase of 80.3% as compared to the same period of last year. The gross profit margin for the Period was 14.5% (first half of 2015: 2.0%) and was 12.5 percentage points higher than that of the same period of last year. The increase in gross profit margin was mainly resulted from the increase of average GFA price from RMB3,804 per square meter in first half of 2015 to RMB4,754 per square meter in first half of 2016.

4. Selling and marketing expenses

Selling and marketing expenses included wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB102,000 (first half of 2015: RMB182,000) during the Period, which decreased by 44.0% as compared to the same period of last year. It was mainly due to the decrease in the number of sales staff during the Period.

5. Administrative expenses

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. Administrative expenses amounted to RMB2,396,000 (first half of 2015: RMB2,927,000) during the Period, representing a 18.1% decrease as compared to the same period of last year, which was mainly due to the cost control of the Group that results in a decrease in administrative expenses, such as legal fees and general administrative fees, during the Period.

Financial position

Liquidity and capital resources

As at 30 June 2016, the Group's cash and cash equivalents amounted to RMB103,843,000 which increased by RMB6,231,000 or 6.4%, as compared to RMB97,612,000 as at 31 December 2015. The Group primarily utilized the cash flow from operations and cash on hand to finance operational requirements during the Period.

As at 30 June 2016, the gearing ratio, being the ratio of total liabilities divided by total equity was 43.9% (31 December 2015: 47.9%). As at 30 June 2016, the Group had no bank borrowing (31 December 2015: nil).

Significant investments held, material acquisitions and disposals and future plans for material investments or capital assets

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

Capital commitments

As at 30 June 2016, the Group's capital commitment amounted to RMB8,676,000 (31 December 2015: RMB8,595,000), which was mainly expenditure incurred for property development.

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 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 2016, the Group employed approximately 25 staff (30 June 2015: 27). Staff-related costs incurred during the Period was RMB785,000 (first half of 2015: RMB1,108,000). 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.

III. BUSINESS OUTLOOK

In 2016, "Destocking" became a key word to the nationwide property market, which quickly emerged under the easing policies. Led by the construction of Zouping Chengnan High School and the Jiqing High Speed Railway Zouping Station, numerous new projects in Zouping recorded lively opening transactions with a rise in both quantity and prices. Most of the projects were sold out shortly after launched, which led to difficulties in purchasing flats during the first half of the year. During the second half of the year, along with advancement in the construction of new projects, the supply of commodity housing would increase, easing the situation described above. The management is confident in China's property market.

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
	Notes	Unaudited	Unaudited
REVENUE	4	14,601	59,832
Cost of sales		(12,484)	(58,658)
Gross profit		2,117	1,174
Other income	4	30	276
Other expenses		(4,860)	(4,500)
Loss on disposal of a subsidiary	17	(21)	–
Selling and marketing expenses		(102)	(182)
Administrative expenses		(2,396)	(2,927)
LOSS BEFORE TAX	5	(5,232)	(6,159)
Income tax (expense)/credit	6	(518)	393
LOSS FOR THE PERIOD		(5,750)	(5,766)
Attributable to:			
Owners of the parent		(5,750)	(5,707)
Non-controlling interests		–	(59)
		(5,750)	(5,766)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	7	RMB(0.46 cents)	RMB(0.46 cents)

The notes on pages 19 to 31 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
LOSS FOR THE PERIOD	(5,750)	(5,766)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	3,803	3,350
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,947)	(2,416)
Attributable to:		
Owners of the parent	(1,947)	(2,357)
Non-controlling interests	–	(59)
	(1,947)	(2,416)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		169	226
Goodwill		180,405	180,405
Long-term prepayment	9	54,585	54,585
Total non-current assets		235,159	235,216
CURRENT ASSETS			
Completed properties held for sale		93,158	104,831
Properties under development	10	300,672	300,418
Other receivables	11	119,465	140,460
Cash and cash equivalents		103,843	97,612
Total current assets		617,138	643,321
CURRENT LIABILITIES			
Trade and other payables	12	104,521	127,353
Due to related parties	19	58,212	58,948
Total current liabilities		162,733	186,301
NET CURRENT ASSETS		454,405	457,020
TOTAL ASSETS LESS CURRENT LIABILITIES		689,564	692,236
NON-CURRENT LIABILITIES			
Deferred tax liabilities		97,467	98,236
Total non-current liabilities		97,467	98,236
NET ASSETS		592,097	594,000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
	Notes		
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	175,672	175,672
Reserves		416,425	418,328
Total equity		592,097	594,000

WANG Di
Director

WANG Yong
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent										
		Share capital	Share option reserve	Capital reserve	Statutory reserve	Contributed surplus	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	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 2015		175,672	681	102,910	52,738	373,006	(118,063)	(3,545)	22,589	605,988	849	606,837
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	14	-	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
(Unaudited)												
At 1 January 2016		175,672	1,080	102,910	52,738	373,006	(118,063)	(846)	7,503	594,000	-	594,000
Loss for the Period		-	-	-	-	-	-	-	(5,750)	(5,750)	-	(5,750)
Other comprehensive income for the Period		-	-	-	-	-	-	3,803	-	3,803	-	3,803
Total comprehensive income/(loss) for the Period		-	-	-	-	-	-	3,803	(5,750)	(1,947)	-	(1,947)
Equity-settled share option arrangement	14	-	44	-	-	-	-	-	-	44	-	44
At 30 June 2016		175,672	1,124*	102,910*	52,738*	373,006*	(118,063)*	2,957*	1,753*	592,097	-	592,097

* Those reserve accounts comprise other reserves of RMB416,425,000 (30 June 2015: RMB428,173,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows generated from/(used in) operating activities	2,419	(8,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of a subsidiary	(21)	–
Proceeds from disposal of property, plant and equipment	–	374
Interest received	30	4
Net cash flows from investing activities	9	378
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,428	(7,982)
Cash and cash equivalents at beginning of Period	97,612	11,243
Effect of foreign exchange rate changes, net	3,803	65
CASH AND CASH EQUIVALENTS AT END OF PERIOD	103,843	3,326

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 People's Republic of China ("**PRC**").

The immediate holding company of the Company is Xiwang Investment Company Limited ("**Xiwang Investment**") (西王投資有限公司) 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).

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 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 the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

The accounting policies and method of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015.

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 2015, which have been prepared in accordance with HKFRSs.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these interim financial statements.

Amendments to HKFRS 10,
HKFRS 12 and HKAS 28 (2011)
Amendments to HKFRS 11

Amendments to HKAS 1
Amendments to HKAS 16 and
HKAS 38
Amendments to HKAS 16 and
HKAS 41

Amendments to HKAS 27 (2011)

Annual Improvements to 2012-2014
Cycle

Investment Entities: Applying the
Consolidation Exception
Accounting for Acquisitions of Interests
in Joint Operations
Disclosure Initiative
Clarification of Acceptable Methods of
Depreciation and Amortisation
Agriculture: Bearer Plants

Equity Method in Separate Financial
Statements

Amendments to numbers of HKFRSs

The adoption of the revised HKFRSs has had no significant financial effect on these interim financial statements and there have been no significant changes to the accounting policies applied in these interim financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 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.

3.2 GEOGRAPHICAL INFORMATION

The Group operates within one geographical area. For the six months ended 30 June 2016, 100% (six months ended 30 June 2015: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 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	
	2016 RMB'000 Unaudited	2015 RMB'000 Unaudited
Revenue		
Sale of properties	14,601	59,832
Other income		
Bank interest income	30	4
Foreign exchange gain, net	–	267
Others	–	5
	30	276

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories sold	12,484	58,658
Depreciation	57	297
Loss on disposal of property, plant and equipment	–	97
Minimum lease payments under operating leases:		
Land and buildings	579	571
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	660	763
Equity-settled share option expense	44	213
Pension scheme contributions	81	132
	785	1,108
Foreign exchange loss, net	4,860	–

6 INCOME TAX (EXPENSE)/CREDIT

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.

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	(660)	–
Land Appreciation Tax in Mainland China	(627)	(950)
Deferred	769	1,343
Total tax (expense)/credit for the Period	(518)	393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 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 Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,236,677,333 (six months ended 30 June 2015: 1,235,777,333) in issue during the Period.

The calculation of the diluted loss 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.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2016 and 2015 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 per share amounts presented.

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(5,750)	(5,707)
	Number of shares	
	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted loss per share calculation	1,236,677,333	1,235,777,333

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

9 LONG-TERM PREPAYMENT

Long-term prepayment as at 30 June 2016 and 31 December 2015 mainly represented a prepayment related to the acquisition of land use rights.

10 PROPERTIES UNDER DEVELOPMENT

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Properties under development expected to be recovered:		
Within one year	–	–
After one year	300,672	300,418
	300,672	300,418

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

11 OTHER RECEIVABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Prepayments	105,098	123,785
Prepaid tax	9,781	12,455
Other receivables	4,586	4,220
	119,465	140,460

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Trade payables	23,394	30,529
Deposits received	11,317	9,869
Receipts in advance	67,731	79,110
Other payables	1,474	5,415
Accruals	20	1,400
Salary and welfare payables	585	1,030
	104,521	127,353

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 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
0 – 30 days	13,658	26
31 – 60 days	3	3
61 – 90 days	2,973	28
Over 90 days	6,760	30,472
	23,394	30,529

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 SHARE CAPITAL

Shares

	30 June 2016 HK\$'000 Unaudited	31 December 2015 HK\$'000 Audited
Issued and fully paid:		
1,236,677,333 (2015: 1,236,677,333) ordinary shares of HK\$0.1 (2015: HK\$0.1) each	123,668	123,668
679,599,122 (2015: 679,599,122) convertible preference shares of HK\$0.1 (2015: HK\$0.1) each	67,960	67,960
	191,628	191,628

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

	Number of Number convertible of shares preference in issue shares '000 '000	Convertible Share preference capital shares RMB'000 RMB'000	Share option reserve RMB'000	Total RMB'000		
At 1 January 2016	1,236,677	679,599	120,304	55,368	1,080	176,752
Equity-settled share option arrangement	-	-	-	-	44	44
At 30 June 2016	1,236,677	679,599	120,304	55,368	1,124	176,796

Share options

Details of the Company's share option scheme and share options issued under the scheme are included in note 14 to the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 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, shall remain in force for 10 years from that date. Accordingly, the Scheme had been expired on 5 November 2015.

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).

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 highest 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

14 SHARE OPTION SCHEME (CONTINUED)

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

	Six months ended 30 June			
	2016		2015	
	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	1.1120	6,400
Forfeited during the Period	–	–	–	–
At 30 June	1.1120	6,400	1.1120	6,400

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

30 June 2016		
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

15 OPERATION 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 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Within one year	579	568
In the second year	193	568
	772	1,136

16 CAPITAL COMMITMENTS

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

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Property development expenditure contracted but not provided for	8,676	8,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 DISPOSAL OF A SUBSIDIARY

In June 2016, Shandong Xiwang Agricultural Development Company Limited ("**Xiwang Agricultural**"), an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement, pursuant to which Xiwang Agricultural agreed to sell all 100% equity interests in Shandong Xiwang Investment Holdings Company Limited ("**Xiwang Investment**") to an independent third party at a consideration of RMB14,800,000. The disposal was completed on 3 June 2016.

Summary of the effects of the disposal of Xiwang Investment is as follows:

	RMB'000 Unaudited
Net assets disposed of:	
Cash and cash equivalents	14,821
	14,821
Less: loss on disposal	(21)
Consideration received in cash and cash equivalents for disposal of Xiwang Investment	14,800
Net cash outflow on disposal of Xiwang Investment:	
Consideration received in cash and cash equivalents for disposal of Xiwang Investment	14,800
Less: cash and cash equivalents disposed of	(14,821)
Net cash outflow	(21)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 CONTINGENT LIABILITY

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

	30 June 2016 RMB'000 Unaudited	31 December 2015 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.

19 RELATED PARTY BALANCES

Outstanding balances with related parties

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Due to related parties:		
Xiwang Group	2,251	2,207
Xiwang Investment Company Limited	54,955	55,751
Xiwang Hong Kong Company Limited	59	58
Master Team International Limited	947	932
	58,212	58,948

These outstanding balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

20 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 2016.

OTHER INFORMATION

Interim Dividend

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2015: nil).

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

As at 30 June 2016, 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 2016
WANG Yong	Company	Interest of controlled corporations (Note 2)	810,903,622 ordinary shares (L) (Note 4)	65.57%
			678,340,635 convertible preference shares (L) (Note 4)	99.81%
	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)	74.75%

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 2016
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%
	Xiwang Special Steel	Beneficial owner	6,000,000 shares (L)	0.30%
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%
	Xiwang Special Steel	Beneficial owner	1,400,000 shares (L)	0.07%

Notes:

- (1) The letter “L” represents the Director’s interests in the shares.
- (2) As at 30 June 2016, 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 2016, 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 2016
Xiwang Investment	Beneficial owner	810,903,622 ordinary shares (L)	65.57%
		678,340,635 convertible preference shares (L)	99.81%
Xiwang Holdings	Interest of a controlled corporation (Note 2)	810,903,622 ordinary shares (L)	65.57%
		678,340,635 convertible preference shares (L)	99.81%
Xiwang Hong Kong	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.57%
		678,340,635 convertible preference shares (L)	99.81%

OTHER INFORMATION

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2016
Xiwang Group	Interest of controlled corporations (Notes 2, 3)	810,903,622 ordinary shares (L)	65.57%
		678,340,635 convertible preference shares (L)	99.81%
ZHANG Shufang	Interest of spouse (Note 4)	810,903,622 ordinary shares (L)	65.57%
		678,340,635 convertible preference shares (L)	99.81%

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 2016, 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 2016, options to subscribe for 6,400,000 ordinary shares of the Company were outstanding, details of which are set out in note 14 to the condensed consolidated financial statements and below:

Class of grantee	Date of grant	During the six months ended 30 June 2016				Outstanding as at 1 January 2016	Outstanding as at 30 June 2016	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

- (4) The share options represent personal interests held by the relevant Directors as beneficial owners.
- (5) No share options were cancelled under the Share Option Scheme during the Period.

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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

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 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 Period except for the deviation from paragraphs A.6.7 and E.1.2 of the CG Code as WANG An and WANG Zhen, independent non-executive directors, WANG Yong and SUN Xihu, the non-executive directors, and WANG Di, the non-executive director and Chairman of the Board, were absent from the annual general meeting of the Company held on 17 June 2016 for their overseas or other engagements.

Model Code for Securities Transactions by Directors

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code for securities transactions of the Directors. Having made specific enquiries with all Directors, all directors confirmed that they have complied with the required standards set out in the Model Code during the Period.

Audit Committee

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.





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