



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

2017



Contents

Corporate Information	2
Corporate Profile	4
Management Discussion and Analysis	8
Condensed Consolidated Statement of Profit or Loss	13
Condensed Consolidated Statement of Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to the Condensed Consolidated Financial Statements	19
Other Information	32
Corporate Governance	38



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

Committees

Audit Committee

Mr. WONG Kai Ming (Chairman)
Mr. WANG An
Mr. WANG Zhen

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

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

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

Principal Place of Business in Hong Kong

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

Principal Bankers

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

Auditors

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

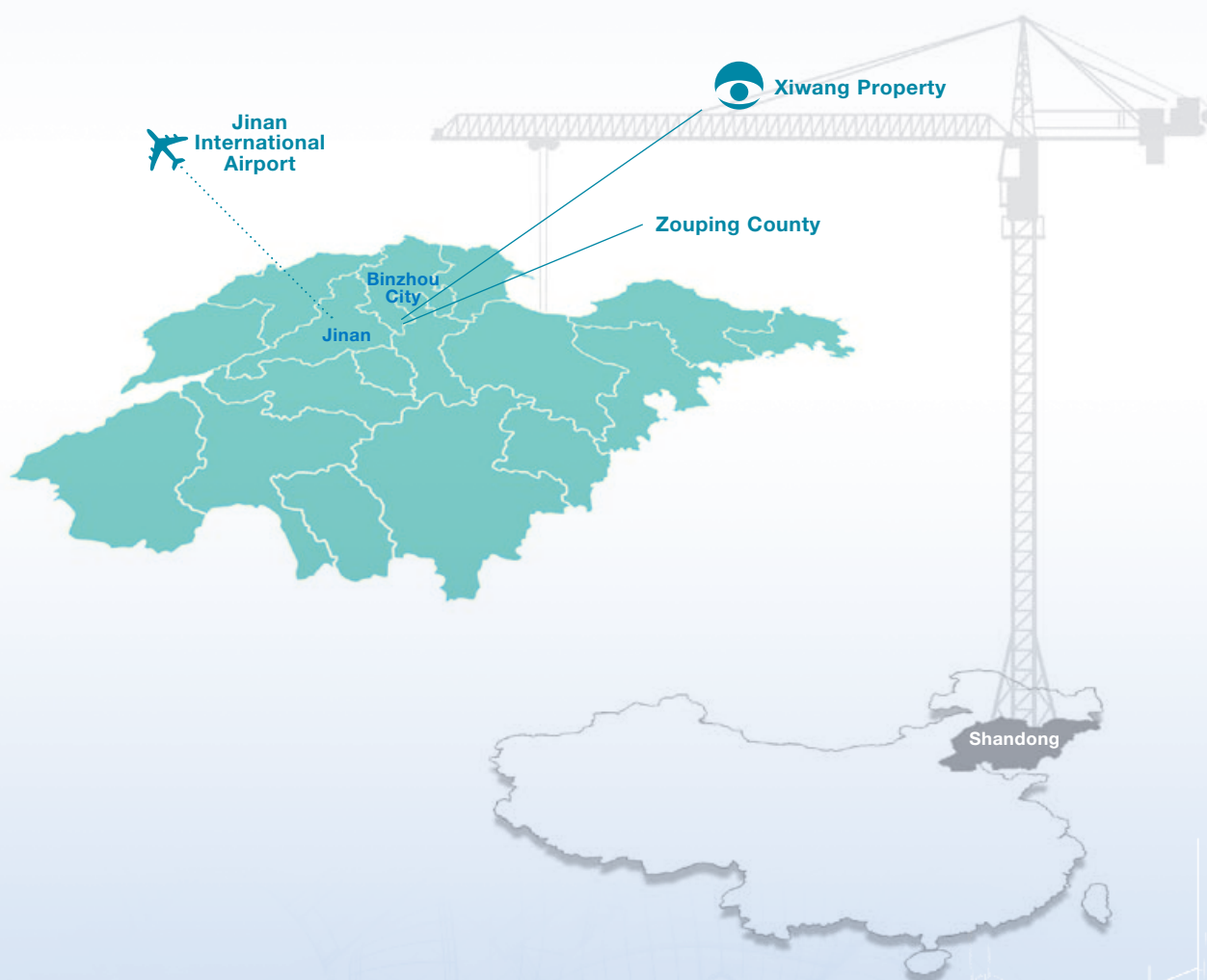
www.xiwangproperty.com

CORPORATE PROFILE

Xiwan 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 Liqun 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 Daixi 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 2017, Qinghe Home Settlements were under construction.



MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The Group's sole source of revenue for the six months ended 30 June 2017 (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 turnover for the Period is RMB19,035,000 (first half of 2016: RMB14,601,000), representing an increase of 30.4% as compared to the corresponding period of last year. The increase of turnover is mainly due to the increase 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 increased from 489 sq m and 2,582 sq m in the first half of 2016 to 1,439 sq m and 3,151 sq m in the first half of 2017, representing an overall increase of 49.5%. The average GFA price decreased from RMB4,754 per sq m in the first half of 2016 to RMB4,147 per sq m in the first half of 2017, representing a decrease of 12.8%.

II. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB19,035,000 during the Period (first half of 2016: RMB14,601,000), representing an increase of 30.4% as compared to the same period of last year. Revenue increased was mainly due to the sharp increase in GFA sold in both Meijun Project and Lanting Project which outweighed the decrease in the average GFA price 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	
	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	sq m	sq m	RMB/sq m	RMB/sq m
Meijun Project	3,876	1,559	1,439	489	2,694	3,185
Lanting Project	15,159	13,042	3,151	2,582	4,811	5,051
	19,035	14,601	4,590	3,071	4,147	4,754

2. Cost of sales

The Group's cost of sales amounted to RMB17,045,000 during the Period (first half of 2016: RMB12,484,000), representing an increase of 36.5% as compared to the same period of last year. The increase in cost of sales was mainly due to the increase in GFA sold as compared to the same period of last year.

Cost of sales breakdown:

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Costs of land	1,063	760
Compensation of relocation	3,424	3,138
Development costs	9,192	6,996
Reversal of write-down of completed properties held for sales to net realisable value	(2,607)	(1,586)
Other costs ^{^^}	5,973	3,176
	17,045	12,484
Average GFA cost (RMB/sq m)	3,714	4,065
Average GFA cost (net of impairment reversals) (RMB/sq m)	4,281	4,582

^{^^} 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 RMB1,990,000 during the Period (first half of 2016: RMB2,117,000), representing a decrease of 6.0% as compared to the same period of last year. The gross profit margin for the Period was 10.5% (first half of 2016: 14.5%) and was 4.0 percentage points lower than that of the same period of last year. The decrease in gross profit margin was mainly resulted from the decrease of average GFA price from RMB4,754 per sq m in the first half of 2016 to RMB4,147 per sq m in the first half of 2017.

4. Other income

Other income represented interest income and net foreign exchange gain. The interest income of RMB1,172,000 during the first half of 2017 (first half of 2016: RMB30,000) was mainly generated from the balance deposited into Xiwang Group Finance Company Limited in the first half of 2017. The net foreign exchange gain incurred in the first half of 2017 was mainly attributable to the unrealised foreign exchange gain arising from the intragroup monetary balances in group companies.

5. Administrative expenses

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. The Group has managed to maintain administrative expenses at relatively stable level of RMB2,483,000, when compared with RMB2,396,000 for the same period of last year.

Financial position

Liquidity and capital resources

As at 30 June 2017, the Group's cash and cash equivalents amounted to RMB125,614,000 which decreased by RMB601,000, as compared to RMB126,215,000 as at 31 December 2016. The Group primarily utilized the cash flow from operations and cash on hand to finance operational requirements during the Period.

As at 30 June 2017, the gearing ratio, being the ratio of total liabilities divided by total equity, was 30.2% (31 December 2016: 33.5%). As at 30 June 2017, the Group had no bank borrowing (31 December 2016: 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 2017, the Group's capital commitment amounted to RMB7,821,000 (31 December 2016: RMB8,716,000), which was mainly expenditure incurred for property development.

Charges on Group Assets

As at 30 June 2017, our Group had no pledge of assets (30 June 2016: nil).

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 2017, the Group employed approximately 22 staff (30 June 2016: 25). Staff-related costs incurred during the Period was RMB1,113,000 (first half of 2016: RMB785,000). 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.

III. BUSINESS OUTLOOK

During the first half of 2017, new policies on real estate market regulation mainly focused on the models of home purchase and sales restrictions in each city. With market regulation becoming the main theme, the performance of the real estate market in terms of trade volume was steady in general and the difference between cities became significant. On the one hand, the trade volume of first- and second-tier cities witnessed both year-on-year and quarterly-on-quarterly decreases. On the other hand, as the implementation of city-specific strategy deepened under the context of risk control and destocking measures in 2017, hotspot cities witnessed decline in housing price and transaction volume, while third- and fourth-tier cities continued their steady rise.

In the first half of 2017, driven by the development of housing in school districts and the area of the express rail, the real estate market of Zouping continued the rising trend of the second half of 2016 and recorded continuous rise in prices. However, the regulation policy has affected the financial market since June 2017, when various banks successively introduced policies to raise the down payment ratio and loan interest rate as well as to control lending of housing provident fund, which curbed the overly rapid market growth to some extent. Overall, the real estate market of Zouping has stayed on a steady uptrend.

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2017	2016
		RMB'000	RMB\$'000
	Notes	(Unaudited)	(Unaudited)
Revenue	4	19,035	14,601
Cost of sales		(17,045)	(12,484)
Gross profit		1,990	2,117
Other income	4	2,629	30
Other expenses		–	(4,860)
Loss on disposal of a subsidiary		–	(21)
Selling and marketing expenses		(104)	(102)
Administrative expenses		(2,483)	(2,396)
Profit/(loss) before tax	5	2,032	(5,232)
Income tax credit/(expenses)	6	1,420	(518)
Profit/(loss) for the Period		3,452	(5,750)
Profit/(loss) attributable to:			
Owners of the Company		3,452	(5,750)
		3,452	(5,750)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
Basic and diluted	7	RMB0.28 cents	RMB(0.46) cents

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the Period	3,452	(5,750)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,308)	3,803
Total comprehensive income/(loss) for the period attributable to owners of the Company	2,144	(1,947)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		94	119
Goodwill		180,405	180,405
Total non-current assets		180,499	180,524
CURRENT ASSETS			
Completed properties held for sale		67,269	81,594
Properties under development	9	302,857	302,617
Other receivables	10	95,309	96,322
Amount due from a related party	16	–	655
Cash and cash equivalents		125,614	126,215
Total current assets		591,049	607,403
CURRENT LIABILITIES			
Trade and other payables	11	74,710	91,387
Amount due to related parties	16	8,708	9,092
Total current liabilities		83,418	100,479
NET CURRENT ASSETS		507,631	506,924
TOTAL ASSETS LESS CURRENT LIABILITIES		688,130	687,448
NON-CURRENT LIABILITIES			
Deferred tax liabilities		95,565	97,072
Total non-current liabilities		95,565	97,072
NET ASSETS		592,565	590,376

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
	Notes		
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	175,672	175,672
Reserves		416,893	414,704
Total equity		592,565	590,376

Wang Di
Director

Wang Yong
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company									
	Share capital	Share option reserve	Capital reserve	Statutory reserve	Contributed surplus	Merger reserve	Exchange fluctuation reserve	Retained profits	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)									
At 1 January 2016	175,672	1,080	102,910	52,738	373,006	(118,063)	(846)	7,503	594,000
Loss for the Period	-	-	-	-	-	-	-	(5,750)	(5,750)
Other comprehensive income for the Period	-	-	-	-	-	-	3,803	-	3,803
Total comprehensive income/(loss) for the Period	-	-	-	-	-	-	3,803	(5,750)	(1,947)
Equity-settled share option arrangement	13	-	44	-	-	-	-	-	44
At 30 June 2016	175,672	1,124*	102,910*	52,738*	373,006*	(118,063)*	2,957*	1,753*	592,097
(Unaudited)									
At 1 January 2017	175,672	1,167	102,910	52,738	373,006	(118,063)	9,130	(6,184)	590,376
Profit for the Period	-	-	-	-	-	-	-	3,452	3,452
Other comprehensive loss for the Period	-	-	-	-	-	-	(1,308)	-	(1,308)
Total comprehensive income/(loss) for the Period	-	-	-	-	-	-	(1,308)	3,452	2,144
Equity-settled share option arrangement	13	-	45	-	-	-	-	-	45
At 30 June 2017	175,672	1,212*	102,910*	52,738*	373,006*	(118,063)*	7,822*	(2,732)*	592,565

Note:

* Those reserve accounts comprise other reserves of RMB416,893,000 (30 June 2016: RMB416,425,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows generated from operating activities	999	2,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of a subsidiary	–	(21)
Interest received	15	30
Net cash flows generated from investing activities	15	9
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,014	2,428
Cash and cash equivalents at beginning of Period	126,215	97,612
Effect of foreign exchange rate changes, net	(1,615)	3,803
CASH AND CASH EQUIVALENTS AT END OF PERIOD	125,614	103,843

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Xiwang Property Holdings Company Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in property development.

In the opinion of the directors, the immediate holding company of the Company is Xiwang Investment Company Limited (“**Xiwang Investment**”), which is a private company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate holding company of the Company is Xiwang Group Company Limited (“**Xiwang Group**”), which is established in the People’s Republic of China (the “**PRC**”).

Information about subsidiaries

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct %	Indirect %	
Keen Lofty Investments Limited	British Virgin Islands	US\$15,756,000	100	–	Investment holding
Glorious Prosper Limited	Hong Kong	HK\$1	–	100	Investment holding
Shandong Xiwang Property Company Limited [#] (山東西王置業有限公司)	PRC/Mainland China	RMB200,000,000	–	100	Property investment and development

[#] Established in the PRC as a wholly-foreign-owned enterprise

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2016.

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 2016, which have been prepared in accordance with HKFRSs.

2.2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current account period of the Group. Of these, the following developments are relevant to the Group’s financial statements.

- Amendments to HKAS 7 Statement of cash flows: Disclosure initiative
- Amendments to HKAS 12 Income taxes: Recognition of deferred tax assets for unrealized losses

The adoption of these amendments to HKFRSs has no material impact on the Group’s result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2017, 100% (six months ended 30 June 2016: 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.

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	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue		
Sale of properties	19,035	14,601
Other income		
Bank interest income	8	30
Interest income from Xiwang Group Finance Company Limited ("Xiwang Finance")	1,164	–
Foreign exchange gain, net	1,457	–
	2,629	30

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories sold	17,045	12,484
Depreciation	30	57
Minimum lease payments under operating leases:		
Land and buildings	623	579
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	978	660
Equity-settled share option expense	45	44
Pension scheme contributions	90	81
	1,113	785
Foreign exchange loss, net	–	4,860

6 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.

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	–	(660)
Land Appreciation Tax in Mainland China	443	(627)
Deferred Mainland China corporate income tax	977	769
Total tax credit/(expense) for the Period	1,420	(518)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the Period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,236,677,353 (six months ended 30 June 2016: 1,236,677,333) in issue during the Period.

The calculation of the diluted earnings/(loss) per share amount for the Period is based on the profit/(loss) for the Period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings/(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 earnings/(loss) per share amounts presented for the six months ended 30 June 2017 and 2016 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 earnings/(loss) per share amounts presented.

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit/(loss) attributable to ordinary equity holder of the Company	3,452	(5,750)
	Number of shares	
	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings/(loss) per share calculation	1,236,677,353	1,236,677,333

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

9 PROPERTIES UNDER DEVELOPMENT

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Land in Mainland China held at cost: At 1 January and at 30 June/31 December	291,983	291,983
Development expenditure, at cost: At 1 January	10,634	8,435
Additions	240	2,199
At 30 June/31 December	10,874	10,634
	302,857	302,617

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 OTHER RECEIVABLES

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Prepayments	79,954	78,182
Prepaid tax	10,441	11,002
Interest receivable from Xiwang Finance	1,157	–
Other receivables	3,757	7,138
	95,309	96,322

11 TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Trade payables	10,757	15,345
Receipts in advance	55,405	64,760
Other payables	8,428	11,031
Salary and welfare payables	120	251
	74,710	91,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 TRADE AND OTHER PAYABLES (CONTINUED)

Trade payables

An aged 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 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
0 – 30 days	–	5,628
31 – 60 days	860	960
61 – 90 days	10	–
Over 90 days	9,887	8,757
	10,757	15,345

The trade payables are non-interest-bearing and are normally settled on terms of one year.

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

12 SHARE CAPITAL

Shares

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Authorised:		
4,000,000,000 (2016: 4,000,000,000) ordinary shares of HK\$0.1 (2016: HK\$0.1) each	400,000	400,000
2,000,000,000 (2016: 2,000,000,000) convertible preference shares of HK\$0.1 (2016: HK\$0.1) each	200,000	200,000
	600,000	600,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 SHARE CAPITAL (CONTINUED)

Shares (continued)

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Issued and fully paid:		
1,236,677,353 (2016: 1,236,677,333) ordinary shares of HK\$0.1 (2016: HK\$0.1) each	123,668	123,668
679,599,102 (2016: 679,599,122) convertible preference shares of HK\$0.1 (2016: 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 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 2017	1,236,677	679,599	120,304	55,368	1,167	176,839
Equity-settled share option arrangement	-	-	-	-	45	45
At 30 June 2017	1,236,677	679,599	120,304	55,368	1,212	176,884

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.

NOTES TO THE CONDENSED CONSOLIDATED 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, 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, which represents 10% of the ordinary shares in issue on the date of listing of the ordinary shares on the Stock Exchange and approximately 6.47% of the ordinary shares on issue and listed on the Stock Exchange as at the date of the this report. 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 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			
	2017		2016	
	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 2017		
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 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 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Within one year	196	505
In the second year	–	–
	196	505

15 CAPITAL COMMITMENTS

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

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Property development expenditure Contracted but not provided for	7,821	8,716

16 MATERIAL RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statement, the Group had the following transaction with related party during the period:

	Six months ended 30 June 2017 RMB'000 Unaudited	2016 RMB'000 Unaudited
Deposit placed with a related party: Xiwang Finance	1,164	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding Balances with related parties

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Due to related parties:		
Xiwang Group	2,286	2,357
Xiwang Investment Company Limited	5,550	5,786
Xiwang Hong Kong Company Limited	–	44
Master Team International Limited	872	905
	8,708	9,092
Due from a related party:		
Xiwang Special Steel Company Limited	–	655
	–	655

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

- (c) As at 30 June 2017, the outstanding balance of deposit at and interest receivable from Xiwang Finance were approximately RMB120,395,000 (31 December 2016: RMB120,000,000) and approximately RMB1,157,000 (31 December 2016: nil) (note 10), respectively.

17 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of Directors on 23 August 2017.

OTHER INFORMATION

Interim Dividend

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2016: nil).

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

As at 30 June 2017, 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 2017
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 Company Limited (" 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)	RMB1,383,000,000 (L)	69.15%
	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 2017
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	11,000,000 shares (L)	0.55%
SUN Xinhui	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	RMB35,460,000 (L)	1.77%
	Xiwang Special Steel	Beneficial owner	2,900,000 shares (L)	0.14%

Notes:

- (1) The letter “L” represents the Director’s interests in the shares.
- (2) As at 30 June 2017, Xiwang Group is the ultimate holding company of the Company. Xiwang Group is owned as to 69.15% by Mr. WANG Yong and remaining 30.85% by 20 individuals. Further, these 20 individuals are accustomed to act in accordance with the directions of Mr. WANG Yong in respect of the exercise by such 20 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 2017, 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 2017
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 2017
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’ and Chief Executive’s Interests in shares, underlying shares and debentures of the Company and its associated corporations” and paragraph (a) above, as at 30 June 2017, 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 2017, 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 2017				Outstanding as at 1 January 2017	Outstanding as at 30 June 2017	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 of Directors considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Period.

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