



**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



中期報告 **2019**
INTERIM REPORT



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Board of Directors

Executive Directors

Mr. WANG Jin Tao
(Chief Executive Officer)
Mr. WANG Wei Min

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

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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:
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26th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

As to Bermuda law:
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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
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Company Website

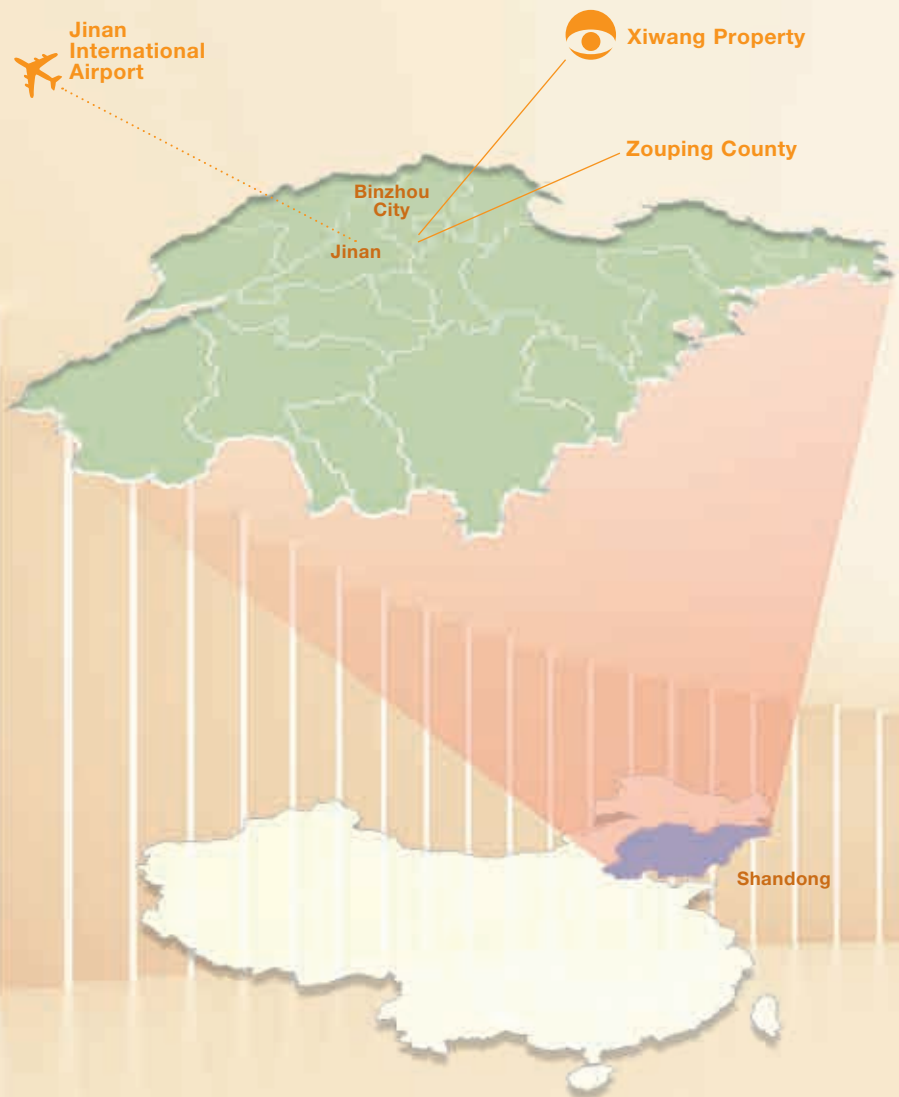
www.xiwangproperty.com

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Xiwang 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.



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, Shandong 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. At present, the project has completed the construction of resettlement houses and is coordinating the handling of land certificate.



I. BUSINESS REVIEW

The Group's main source of revenue for the six months ended 30 June 2019 (the "Period") is sales of developed properties. 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 of the Period is RMB20,082,000 (first half of 2018: RMB12,598,000), representing an increase of 59.4% as compared to the corresponding period of last year. The revenue from the sales of properties in Binzhou City increased from RMB8,061,000 in the first half of 2018 to RMB20,082,000 in the first half of 2019, and the increase was mainly due to large number of car parking spaces in Binzhou City were sold during the Period. During the Period, there was no revenue incurred in Qingdao City (first half of 2018: RMB4,537,000).

II. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB20,082,000 during the Period (first half of 2018: RMB12,598,000), representing an increase of 59.4% as compared to the corresponding period of last year. The increase of turnover was mainly due to large number of car parking spaces were sold during the period. Sales of car parking spaces amounted to RMB15,029,000 (first half of 2018: RMB1,103,000) which constituted 74.8% (first half of 2018: 8.8%) of the revenue for the Period.

2. Cost of sales

The Group's cost of sales amounted to RMB4,838,000 during the Period (first half of 2018: 14,854,000), representing a decrease of 67.4% as compared to the corresponding period of last year. The substantial decrease in cost of sales was mainly due to the cost of sales of the car parking spaces were relatively lower than that of residential units.

3. Other income

Other income represented compensation income, interest income and rental income from car parking spaces. Other income for the Period amounted to RMB1,760,000 (first half of 2018: RMB50,730,000), representing a decrease of 96.5% as compared to the corresponding period of last year. The substantial decrease for the Period was mainly due to no compensation income was received during the Period.

4. Administrative expenses

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. Administrative expenses for the Period amounted to RMB4,725,000 (first half of 2018: RMB3,601,000), representing an increase of 31.2% as compared to the corresponding period of last year. The increase for the Period was mainly due to the increase in wages and salaries and repair and maintenance fee incurred during the Period.

Financial position

Liquidity and capital resources

As at 30 June 2019, the Group's cash and cash equivalents amounted to RMB128,414,000 which decreased by RMB252,000, as compared to RMB128,666,000 as at 31 December 2018. The Group primarily utilized the cash flow from operations and cash on hand to finance operational requirements during the Period.

As at 30 June 2019, the gearing ratio, being the ratio of total liabilities divided by total equity, was 37.6% (31 December 2018: 39.4%). As at 30 June 2019, the Group had no bank borrowing (31 December 2018: 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.

Pledge of assets

As at 30 June 2019, none of property, plant and equipment of the Group was pledged to secure bank and other borrowings (31 December 2018: nil).

Capital commitments

As at 30 June 2019, the Group's capital commitment amounted to RMB2,477,000 (31 December 2018: RMB2,477,000), 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 of the Company (the "Director") believed that the Group's risk exposure to fluctuation of exchange rates was not significant as a whole.

Human resources

As at 30 June 2019, the Group employed approximately 35 staff (30 June 2018: 34). Staff-related costs incurred during the Period was RMB1,712,000 (first half of 2018: RMB1,141,000). 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

It is the time when the regulation of the real estate market hits a crossroad. As the housing prices moderately stabilized, rumours surfaced that there would be a loosened regulation of the real estate market, which were subsequently denied by the Ministry of Housing and Urban-Rural Development of the PRC and Xinhua News Agency. Regarding the regulation policies, Xinhua News Agency, representing the official state-run press agency of the PRC, reiterated that the regulation of the real estate market would not stop halfway. The real estate market may not follow the cyclical pattern further and there is a low possibility of a retaliatory housing price rebound.

In the first half of 2019, the Zouping real estate market was relatively sluggish as both the first-hand and second-hand property markets remained inactive. Accordingly, apart from the reduced selling prices of the two iconic property projects in Chengnan New District, namely Tianxing Ideal City and R&F City, the originally more popular second-hand properties in Chengbei school district were also listed for sale at a declined price. Both the transaction volume and price decreased as compared to last year. The Zouping real estate market was mainly striving for stability throughout the first half of 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2019 RMB'000 Unaudited	2018 RMB\$'000 Unaudited
Revenue	4	20,082	12,598
Cost of sales		(4,838)	(14,854)
Gross profit/(loss)		15,244	(2,256)
Other income	4	1,760	50,730
Selling and marketing expenses		(85)	(88)
Administrative expenses		(4,725)	(3,601)
Finance cost		(38)	–
Profit before tax	5	12,156	44,785
Income tax credit	6	124	1,374
Profit for the period		12,280	46,159
Profit attributable to:			
Owners of the Company		12,280	46,159
		12,280	46,159
Earnings per share attributable to ordinary equity holders of the company			
Basic and diluted	7	RMB0.9 cents	RMB3.28 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
PROFIT FOR THE PERIOD	12,280	46,159
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	153	(1,399)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,433	44,760
Total comprehensive income attributable to owners of the Company	12,433	44,760
	12,433	44,760

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		122	151
Right-of-use asset		1,567	–
Goodwill		200,583	200,583
Total non-current assets		202,272	200,734
CURRENT ASSETS			
Completed properties held for sale		154,935	159,579
Properties under development	9	293,810	293,878
Prepayments and other receivables	10	100,980	91,763
Cash and cash equivalents		128,414	128,666
Total current assets		678,139	673,886
CURRENT LIABILITIES			
Trade and other payables	11	115,131	126,313
Contract liabilities		2,744	1,426
Lease liabilities		1,179	–
Amounts due to related companies	15	9,750	7,979
Total current liabilities		128,804	135,718
NET CURRENT ASSETS		549,335	538,168
TOTAL ASSETS LESS CURRENT LIABILITIES		751,607	738,902
NON-CURRENT LIABILITIES			
Lease liabilities		403	–
Deferred tax liabilities		111,488	111,619
Total non-current liabilities		111,891	111,619
NET ASSETS		639,716	627,283

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2019	31 December 2018
		RMB'000	RMB'000
	Notes	Unaudited	Audited
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	175,672	175,672
Reserves		464,044	451,611
Total equity		639,716	627,283

WANG Jin Tao
Director

SUN Xihu
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity shareholders of the Company									
Note	Issued capital RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
(Unaudited)									
At 1 January 2018	175,672	1,770	102,910	52,738	373,006	(118,063)	6,167	(14,077)	580,123
Profit for the Period	-	-	-	-	-	-	-	46,159	46,159
Other comprehensive income for the Period	-	-	-	-	-	-	(1,399)	-	(1,399)
At 30 June 2018	175,672	1,770*	102,910*	52,738*	373,006*	(118,063)*	4,768*	32,082*	624,883
(Unaudited)									
At 1 January 2019	175,672	1,770	102,910	52,738	373,006	(118,063)	5,427	33,823	627,283
Profit for the Period	-	-	-	-	-	-	-	12,280	12,280
Other comprehensive income for the Period	-	-	-	-	-	-	153	-	153
At 30 June 2019	175,672	1,770*	102,910*	52,738*	373,006*	(118,063)*	5,580*	46,103*	639,716

Note:

* Those reserve accounts comprise other reserves of RMB464,044,000 (30 June 2018: RMB449,211,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows generated from operating activities	180	44,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	25	2
Acquisition of interest in a subsidiary	–	(42,928)
Purchases of items of property, plant and equipment	–	(81)
Net cash flows from/(used in) investing activities	25	(43,007)
CASH FLOWS USED IN FINANCING ACTIVITIES		
	(610)	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(405)	1,517
Cash and cash equivalents at beginning of Period	128,666	126,311
Effect of foreign exchange rate changes, net	153	(1,399)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	128,414	126,429

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.

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**”).

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 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 2018.

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 2018, which have been prepared in accordance with HKFRSs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the annual financial statements of Star Properties Group (Cayman Islands) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Venture
Amendments to HKFRSs	Annual Improvements to HKFRs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases and the related interpretations.

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the condensed consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of a motor vehicle and a director's quarter that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option which is reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences which is considered to have no material impact to the Group's condensed consolidated financial statements for the six months ended 30 June 2019.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and nonlease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1 *Key changes in accounting policies resulting from application of HKFRS 16 (Continued)*

As a lessor (Continued)

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.2 *Transition and summary of effects arising initial application of HKFRS 16*

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.2 Transition and summary of effects arising initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.2 Transition and summary of effects arising initial application of HKFRS 16 (Continued)

As a lessee (Continued)

On transition, the Group has elected not to recognise any lease liabilities nor right-of-use assets at 1 January 2019 upon application of HKFRS 16 as the remaining lease terms of its leases amounting to HK\$1,980,000 which are disclosed as operating lease commitments as at 31 December 2018 are ended within twelve months from 1 January 2019.

As a lessor

In accordance with the transition provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. However, no adjustment has been made to adjust the refundable rental deposits received and advance lease payments since the amounts involved are insignificant. The transition of HKFRS 16 has no material impact on retained earnings at 1 January 2019 and no adjustment was made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.2 *Transition and summary of effects arising initial application of HKFRS 16 (Continued)*

As a lessor (Continued)

There is no material impact, as a lessor, to the Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows upon the application of HKFRS 16 for the current interim period.

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 2019, 100% (six months ended 30 June 2018: 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	
	2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Revenue		
Sale of properties	20,082	12,598
Other income		
Bank interest income	8	2
Interest income from Xiwang Group Finance Company Limited (" Xiwang Finance ")	17	1,203
Compensation income	-	47,339
Foreign exchange gain, net	-	137
Rental income	1,735	1,608
Others	-	441
	1,760	50,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories sold	4,838	14,854
Depreciation		
– property, plant and equipment	29	52
– right-of-use asset	586	–
Minimum lease payments under operating leases:		
Land and buildings	–	665
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	1,569	1,013
Pension scheme contributions	143	128
	1,712	1,141

6. INCOME TAX 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	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	–	–
Land Appreciation Tax in Mainland China	94	134
Deferred Mainland China corporate income tax	30	1,240
Total tax credit for the Period	124	1,374

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,408,774,486 (six months ended 30 June 2018: 1,408,773,319) in issue during the Period.

The calculation of the diluted earnings per share amount for the Period is based on the profit 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 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 per share amounts presented for the six months ended 30 June 2019 and 2018 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 per share amounts presented.

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit attributable to ordinary equity holders of the Company	12,280	46,159
	Number of shares	
	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
Shares Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings per share calculation	1,408,774,486	1,408,773,319

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

9. PROPERTIES UNDER DEVELOPMENT

	30 June 2019 RMB'000 Unaudited	31 December 2018 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	1,895	1,895
Transfer to completed properties held for sale	(68)	–
At 30 June/31 December	1,827	1,895
	293,810	293,878

10. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
Prepayments	79,806	79,709
Prepaid tax	7,904	7,346
Other receivables	13,270	4,708
	100,980	91,763

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

	30 June 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
Trade payables	16,735	27,977
Other payables	98,366	97,969
Salary and welfare payables	30	367
	115,131	126,313

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 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
0 – 30 days	–	11,124
31 – 60 days	10	–
61 – 90 days	–	75
Over 90 days	16,725	16,778
	16,735	27,977

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL

Shares

	30 June 2019 HK\$'000 Unaudited	31 December 2018 HK\$'000 Audited
Authorised:		
4,000,000,000 (2018: 4,000,000,000) ordinary shares of HK\$0.1 (2018: HK\$0.1) each	400,000	400,000
2,000,000,000 (2018: 2,000,000,000) convertible preference shares of HK\$0.1 (2018: HK\$0.1) each	200,000	200,000
	600,000	600,000
Issued and fully paid:		
1,408,784,198 (2018: 1,408,773,319) ordinary shares of HK\$0.1 (2018: HK\$0.1) each	140,879	140,878
507,492,257 (2018: 507,503,136) convertible preference shares of HK\$0.1 (2018: HK\$0.1) each	50,749	50,750
	191,628	191,628

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 “**2005 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 expired on 5 November 2015. The share options granted under the 2005 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2005 Scheme. Details of movement of the 2005 Scheme during the Period were as follows:

The following share options were outstanding under the 2005 Scheme during the Period:

	Six months ended 30 June			
	2019		2018	
	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	1.112	6,400	1.112	6,400
Forfeited during the Period	-	-	-	-
At 30 June	1.112	6,400	1.112	6,400

The exercise prices and exercise periods of the share options outstanding under the 2005 Scheme as at the end of the reporting period are as follows:

30 June 2019

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

13. SHARE OPTION SCHEME (CONTINUED)

In view of the expiry of the 2005 Scheme, the Company adopted a share option scheme pursuant to a resolution passed at a shareholders' meeting held on 10 May 2018 (the "**2018 Scheme**"), as incentives or rewards for eligible participants' contribution to the Group. The 2018 Scheme became effective on 10 May 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. No share options have been granted under the 2018 Scheme since its adoption.

The maximum number of shares issuable upon exercise of all outstanding options which may be granted under the 2005 Scheme, the 2018 Scheme and any other share option scheme of the Group shall not exceed 140,877,331 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.

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

14. CAPITAL COMMITMENTS

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

	30 June 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
Property development expenditure contracted but not provided for	2,477	2,477

15. RELATED PARTY TRANSACTIONS AND BALANCES

Outstanding Balances with Related Parties

	30 June 2019 RMB'000 Unaudited	31 December 2018 RMB'000 Audited
Due to related parties:		
Xiwang Investment Company Limited	7,855	6,087
Xiwang Hong Kong Company Limited	1,023	1,018
Master Team International Limited	872	874
	9,750	7,979

16. COMPARATIVE AMOUNTS

Certain comparative amounts had been reclassified to conform with the current period's presentation.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 23 August 2018.

OTHER INFORMATION

Interim Dividend

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2018: nil).

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

As at 30 June 2019, 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 2019
WANG Yong	Company	Interest of controlled corporations (Note 2)	982,999,588 ordinary shares (L) (Note 4)	69.78%
			506,244,669 convertible preference shares (L) (Note 4)	99.75%
	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)	RMB1,383,000,000 (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)	66.11%

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 2019
WANG Di	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 5)	0.21%
	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)	0.48%
SUN Xihu	Company	Beneficial owner	3,000,000 ordinary shares (L) (Note 5)	0.21%
	Xiwang Holdings	Beneficial owner	89 shares (L)	0.04%
	Xiwang Group	Beneficial owner	RMB35,460,000 (L)	1.77%
	Xiwang Special Steel	Beneficial owner	2,102,000 shares (L)	0.09%

Notes:

- (1) The letter “L” represents the Director’s interests in the shares.
- (2) As at 30 June 2019, 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 2019, 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 2019
Xiwang Investment	Beneficial owner	982,999,588 ordinary shares (L)	69.78%
		506,244,669 convertible preference shares (L)	99.75%
Xiwang Holdings	Interest of a controlled corporation (Note 2)	982,999,588 ordinary shares (L)	69.78%
		506,244,669 convertible preference shares (L)	99.75%
Xiwang Hong Kong	Interest of controlled corporations (Notes 2, 3)	982,999,588 ordinary shares (L)	69.78%
		506,244,669 convertible preference shares (L)	99.75%
Xiwang Group	Interest of controlled corporations (Notes 2, 3)	982,999,588 ordinary shares (L)	69.78%
		506,244,669 convertible preference shares (L)	99.75%

Name of substantial shareholder	Capacity	Number of shares of the Company held (Note 1)	Approximate percentage of interest as at 30 June 2019
ZHANG Shufang	Interest of spouse (Note 4)	982,999,588 ordinary shares (L)	69.78%
		506,244,669 convertible preference shares (L)	99.75%
Qilu Investment Funds (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (“ Qilu ”)	Person having a security interest in shares (Note 5)	982,999,588 ordinary share (L)	69.78%
Zhongtai International Asset Management Limited	Investment Manager (Note 6)	982,999,588 ordinary share (L)	99.75%

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.
- (5) The controlling shareholder of the Company notified the Board on 28 September 2017 that it entered into share charge agreements with an independent third party pursuant to which it charged all of its shareholding in the Company in favour of such independent third party as security for notes issued by its subsidiary to such independent third party in the aggregate principal amount of HK\$200,000,000.
- (6) Zhongtai International Asset Management Limited is the fund manager of Qilu, as such it is deemed to be interested in all the shares Qilu is interested pursuant to the SFO.

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 2019, 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 2005 Scheme on 6 November 2005 and the 2018 Scheme on 10 May 2018. The purpose of both schemes 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 2019, options to subscribe for 6,400,000 ordinary shares of the Company were outstanding under the 2005 Scheme, 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 2019				Outstanding	Outstanding	Exercise price per share (HK\$)	Exercise period
		Granted	Exercised	Cancelled	Lapsed	as at 1 January 2019	as at 30 June 2019		
Directors									
WANG Di	5 November 2013	-	-	-	-	3,000,000	3,000,000	1.112	(Notes 2, 3)
SUN Xinqu	5 November 2013	-	-	-	-	3,000,000	3,000,000	1.112	(Notes 2, 3)
Employee (Note 1)	5 November 2013	-	-	-	-	400,000	400,000	1.112	(Notes 2, 3)
		-	-	-	-	6,400,000	6,400,000		

Notes:

- (1) Employees include employees of the Group (other than the directors) working under employment contracts with the Group which are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
- (2) The closing price of the ordinary shares as stated in the Stock Exchange’s daily quotations sheet on 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 2005 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