XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- ▶ 2013 revenue: RMB 179 million (2012 (Restated): RMB 173 million), an increase of 3.6%.
  - ▶ 2013 gross profit margin: 18.9% (2012 (Restated): 15.8%), an increase of 3.1 percentage points.
  - ▶ 2013 operating profit: RMB 17 million (2012 (Restated): RMB 14 million), an increase of 20.6%.
  - ▶ 2013 net loss (after non-recurring loss and expenses): RMB 966 million (2012 (Restated): RMB 18 million).
  - ▶ 2013 basic loss per ordinary share: RMB 1.31 (2012 (Restated): basic earnings per ordinary share: RMB 0.05).

- No final dividend was proposed for both ordinary shares (2012: Nil) and convertible preference shares for the Year (2012: Nil). Payment of the preferred annual distribution of RMB 1 cent per convertible preference share will be deferred.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xiwang Property Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013 (the "**Year**") extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Note	**2013** **RMB'000**	2012 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	2	**179,149**	172,999
Cost of sales		**(145,235)**	(145,655)
Gross profit		**33,914**	27,344
Other income		**2,107**	–
Other expenses		**(20,160)**	(769)
Selling and marketing expenses		**(1,464)**	(80)
Administrative expenses		**(15,771)**	(13,416)
Finance costs	3	**(98,918)**	(2,008)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(100,292)**	11,071
Income tax expense	4	**(9,697)**	(7,968)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(109,989)**	3,103
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	5	**(855,803)**	(21,136)
LOSS FOR THE YEAR		**(965,792)**	(18,033)
Attributable to:			
Owners of the parent		**(965,518)**	(18,033)
Non-controlling interests		**(274)**	–
		(965,792)	(18,033)

	Note	**2013**	2012
		RMB'000	RMB'000
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic and diluted			
– For loss for the year		**RMB(131) cents**	RMB(5) cents
– For loss from continuing operations		**RMB(57) cents**	RMB(3) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	**2013** **RMB'000**	2012 RMB'000 (Restated)
LOSS FOR THE YEAR		**(965,792)**	(18,033)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(4,163)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(969,955)**	(18,033)
Attributable to:			
Owners of the parent		**(969,681)**	(18,033)
Non-controlling interests		**(274)**	–
		(969,955)	(18,033)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,857**	2,641,718
Prepaid land lease payments		**–**	262,189
Goodwill	8	**180,405**	180,405
Long-term prepayment		**70,093**	–
Deferred tax assets		**–**	6,587
Total non-current assets		**252,355**	3,090,899
CURRENT ASSETS			
Inventories		**–**	714,343
Completed properties held for sale		**120,298**	27,973
Properties under development	9	**432,564**	460,656
Trade and other receivables	10	**86,828**	1,122,334
Promissory note receivable	11	**117,945**	–
Due from related parties		**1,430**	144,002
Pledged deposits	12	**–**	171,198
Restricted cash	12	**2,368**	116,160
Cash and cash equivalents	12	**8,669**	591,690
Total current assets		**770,102**	3,348,356
CURRENT LIABILITIES			
Trade and other payables	13	**211,230**	1,030,766
Interest-bearing bank and other borrowings		**–**	1,922,094
Tax payable		**5,789**	–
Due to related parties		**2,084**	336,672
Total current liabilities		**219,103**	3,289,532
NET CURRENT ASSETS		**550,999**	58,824
TOTAL ASSETS LESS CURRENT LIABILITIES		**803,354**	3,149,723

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	**803,354**	3,149,723
NON-CURRENT LIABILITIES		
Promissory note payable	**–**	217,155
Deferred tax liabilities	**115,280**	119,742
Total non-current liabilities	**115,280**	336,897
Net assets	**688,074**	2,812,826
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**175,672**	175,672
Reserves	**510,526**	2,637,154
	686,198	2,812,826
Non-controlling interests	**1,876**	–
Total equity	**688,074**	2,812,826

NOTES:

1. Basis of presentation

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

On 29 June 2013, the Company obtained the independent shareholders' approval to dispose the corn processing business (the "**Disposal**") to Xiwang Investment Company Limited ("**Xiwang Investment**") and the disposal was completed on the same day. During the six months ended 30 June 2013, the Group recognised the shortfall arising from the disposal amounted to RMB818,344,000 in reserves. On 28 March 2014, the Board approved the recognisation of such shortfall as the loss on the disposal in profit or loss in accordance with Hong Kong Financial Reporting Standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

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

2. Revenue and segment information

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

For the year ended 31 December 2012, the Group had three operating segments, including starch sugars, corn co-products and property development, after the disposal of the starch sugars and corn co-products business on 29 June 2013, which is presented as a discontinued operation in the financial statements for the year ended 31 December 2013, the Group is principally engaged in property development business.

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. Finance costs

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

	2013	2012
	RMB'000	RMB'000
		(Restated)
Interest on bank loans wholly repayable within five years	**4,200**	2,008
Amortised cost of promissory note payable*	**94,718**	–
	98,918	2,008

* It represented the amortised cost of the promissory note payable which was issued by the Company to Xiwang Investment for the acquisition of subsidiaries in 2012. The promissory note payable is measured at amortised cost using the effective interest rate method. Upon the disposal of a discontinued operation on 29 June 2013, the promissory note payable was offset against part of the consideration payable by Xiwang Investment. The extinguishment of the promissory note payable accelerated the recognition of the amortised cost of approximately RMB78,303,000 in 2013.

4. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2012: Nil).

Pursuant to the People's Republic of China (the "**PRC**" or "**China**") Corporate Income Tax ("**CIT**"), all PRC enterprises are subject to a standard enterprise income tax rate of 25%, except for enterprises under specific preferential policies and provisions. In 2013, the applicable tax rate for the subsidiaries of the Company incorporated in the PRC is 25% (2012: 25%).

PRC land appreciation tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights and all property development expenditures. LAT of RMB3,083,000 (2012: RMB1,206,000) is charged to the consolidated statement of profit or loss for the year ended 31 December 2013.

	2013	2012
	RMB'000	RMB'000
		(Restated)
Group:		
Current – Mainland China	**8,667**	5,002
LAT in Mainland China	**3,083**	1,206
Deferred Mainland China corporate income tax	**(2,053)**	1,760
Total tax charge for the year	**9,697**	7,968

5. Discontinued operation and disposal of subsidiaries

On 29 June 2013, the Company obtained the independent shareholders' approval to dispose the corn processing business, through the sale of the entire issued share capital of Master Team International Limited, the holding company of the companies which engaged in the corn processing business in the PRC prior to the Disposal, to Xiwang Investment and the assignment of the benefits of the loans owed by each of such companies to the Group to Xiwang Investment, for the consideration of RMB661,000,000 and RMB1,435,000,000 respectively. The Group decided to cease its corn processing business and to focus its resources on its property development business. The Disposal was completed on 29 June 2013. The corn processing business was presented as a discontinued operation for the years ended 31 December 2013 and 2012.

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

	2013	2012
	RMB'000	RMB'000
Revenue	**2,844,008**	4,155,145
Other income	**11,154**	9,314
Expenses	**(2,834,111)**	(4,106,788)
Finance costs	**(57,334)**	(84,210)
Loss on disposal	**(818,344)**	–
Loss before tax from the discontinued operation	**(854,627)**	(26,539)
Income tax	**(1,176)**	5,403
Loss for the year from the discontinued operation	**(855,803)**	(21,136)

6. Loss per share attributable to ordinary equity holders of the parent

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,155,117,645 (2012: 1,008,566,559) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 31 December 2013 is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the impact of convertible preference shares outstanding and share option would not have a dilutive effect on the basic loss per share amounts presented.

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

	2013	2012
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**(109,989)**	3,103
From a discontinued operation	**(855,803)**	(21,136)
	(965,792)	(18,033)
Less: Distribution to holders of convertible preference shares	**(553,017)**	(34,541)
Loss attributable to ordinary equity holders of the parent	**(1,518,809)**	(52,574)
Attributable to:		
Continuing operations	**(663,006)**	(31,438)
Discontinued operation	**(855,803)**	(21,136)
	(1,518,809)	(52,574)

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**1,155,117,645**	1,008,566,559

7. Dividends

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

No final dividend was proposed by the Board for both ordinary shares and convertible preference shares for the year ended 31 December 2013 (2012: Nil).

Payment of the preferred annual distribution of RMB 1 cent per convertible preference share will be deferred.

8. Goodwill

	RMB'000
At 1 January 2012:	
Cost	–
Accumulated impairment	–
Net carrying amount	–
Cost at 1 January 2012, net of accumulated impairment	–
Acquisition of subsidiaries	180,405
Impairment during the year	–
At 31 December 2012	180,405
At 31 December 2012	
Cost	180,405
Accumulated impairment	–
Net carrying amount	180,405
Cost at 1 January 2013, net of accumulated impairment	180,405
Impairment during the year	–
Cost and net carrying amount at 31 December 2013	180,405
At 31 December 2013:	
Cost	180,405
Accumulated impairment	–
Net carrying amount	180,405

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

	2013	2012
	RMB'000	RMB'000
Meijun project Phase Three	**107,647**	107,875
Qinghe project	**61,600**	56,146
Lanting project	**11,158**	16,384
	180,405	180,405

The recoverable amount of all the above CGUs has been determined based on a value in use calculation using cash flow projections based on financial budgets covering three to five-year period approved by the senior management. The discounted rates applied to the cash flow projection range from 16% to 18% (2012: 16% to 18%).

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

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

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

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

	Plot ratio	
	2013	2012
Meijun project Phase Three	**3.06**	3.06
Qinghe project	**1.52**	1.52
Lanting project	**2.07**	2.07

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

In the opinion of the Directors, a decrease in the selling price of Lanting project by 5% would cause the carrying amount of the CGU to exceed its recoverable amount by approximately RMB7,927,000.

9. Properties under development

	2013	2012
	RMB'000	RMB'000
Land in Mainland China held, at cost:		
At 1 January	**388,121**	–
Additions	**–**	–
Acquisition of subsidiaries	**–**	401,729
Transfer to completed properties held for sale	**(7,301)**	(13,608)
At 31 December	**380,820**	388,121
Development expenditure, at cost:		
At 1 January	**72,535**	–
Additions	**199,338**	18,149
Acquisition of subsidiaries	**–**	188,971
Transfer to completed properties held for sale	**(220,129)**	(134,585)
At 31 December	**51,744**	72,535
	432,564	460,656

	2013	2012
	RMB'000	RMB'000
Properties under development expected to be recovered:		
Within one year	**105,859**	108,654
After one year	**326,705**	352,002
	432,564	460,656

10. Trade and other receivables

	2013 **RMB'000**	2012 RMB'000 (Restated)
Trade receivables	**1,673**	140,932
Bills receivable	**–**	575,723
Advances to suppliers	**–**	143,438
Prepayments	**67,426**	227,778
Prepaid tax	**14,165**	17,892
Current portion of prepaid land lease payments	**–**	6,329
Other receivables	**3,564**	10,242
	86,828	1,122,334

Trade receivables

For products sale, certain major customers are granted credit periods ranging from 30 to 90 days while most sales to other customers are on cash on delivery basis, or with prepayments covering the full sales amounts being made before goods delivery.

Under normal circumstances, for property sale, the Group does not grant any credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2013 **RMB'000**	2012 RMB'000
0 – 30 days	**114**	93,198
31 – 60 days	**–**	26,348
61 – 90 days	**–**	11,272
Over 90 days	**1,559**	10,114
	1,673	140,932

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

	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**114**	130,818
Less than one year past due	**1,559**	10,114
	1,673	140,932

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good credit record. Based on the past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11. Promissory note receivable

This represented the principal amount outstanding of the promissory note issued by Xiwang Investment for the partial settlement of the consideration of the Disposal. The principal amount of the promissory note was RMB441,224,000, which carries interest at the rate of 2.5% per annum and is secured by certain ordinary shares of Xiwang Special Steel Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1266) held by Xiwang Investment. The promissory note was partially settled in cash as to the principal amount of RMB316,549,000 and RMB6,730,000 in July and December 2013, respectively, and the outstanding balance of RMB117,945,000 will be collected in 2014.

12. Cash and cash equivalents, restricted cash and pledged deposits

	2013	2012
	RMB'000	RMB'000
		(Restated)
Cash and bank balances	**11,037**	564,048
Time deposits	**–**	315,000
	11,037	879,048
Less: Pledged time deposits:		
Pledged for bills payable	**–**	(171,198)
Less: Restricted cash*	**(2,368)**	(116,160)
Cash and cash equivalents	**8,669**	591,690

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

At the end of the reporting period, the cash and cash equivalents of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB3,531,000 (2012: RMB528,342,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

13. Trade and other payables

	2013	2012
	RMB'000	RMB'000
Trade payables	**21,142**	186,376
Bills payable	**–**	297,000
Deposits received	**23,831**	48,581
Receipts in advance on sales of properties	**138,278**	185,219
Other payables	**23,433**	285,910
Accruals	**2,998**	9,262
Salary and welfare payables	**1,548**	18,418
	211,230	1,030,766

Trade payables

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

	2013	2012
	RMB'000	RMB'000
0 – 30 days	**12,668**	150,686
31 – 60 days	**7,718**	9,928
61 – 90 days	**–**	6,734
Over 90 days	**756**	19,028
	21,142	186,376

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders

2013 is a significant year for the Group as it marked the year of transition in its major business from corn processing to property development. The disposal of the corn processing business was approved by independent shareholders on 29 June 2013. Currently, the Group has five property projects in Shandong Province of the PRC. These projects are under different stages of development. Upon the presales and delivery of these projects upon completion, the Group would generate satisfactory revenue for its future expansion.

The Group reconstituted the composition of the Board on 15 July 2013 to cope with future development of the property development business. To better reflect the new principal business in property development, the Company changed its name from "Xiwang Sugar Holdings Company Limited" to "Xiwang Property Holdings Company Limited" with the approval of the shareholders at the special general meeting held on 30 August 2013. The change of stock short name to XIWANG PROPERTY "西王置業" and change of company website (www.xiwangproperty.com) became effective on 18 October 2013.

Apart from the four property projects namely Lanting Project, Meijun Project, Qinghe Project and Yintaishan Corn Cultural Project acquired in December 2012, the Group strives for sustainability of its property development business. On 29 May 2013, the Group and the Jimo City People's Government of the PRC (the "**Jimo Government**") entered into a framework agreement regarding their proposed cooperation on the development of a multi-purpose property development project comprising a station square and commercial, residential and office zones located at the Qing-Rong intercity railway station (青榮城際鐵路火車站) area in Jimo City, Qingdao, Shandong Province of the PRC. Further to the framework agreement, on 28 September 2013, the Group entered into the development cooperation agreement (the "**Development Cooperation Agreement**") with the Jimo Government in relation to the re-development of six villages in the Jimo City with an estimated aggregate site area of approximately 3,091 mu (equivalent to approximately 2,060,677 sq. m.) into "Jimo Metropolitan" (即墨商都). The official demolition work and the project construction will start once after the Jimo government and residents have finalized the arrangement on demolition and resettlement.

For the Year, the property development business contributed revenue of approximately RMB 179 million (2012: RMB 173 million), to the Group, representing an increase of around 3.6% over 2012. The revenue was mainly generated from Lanting Project (North Zone) and Meijun Project (Phase Two). For Lanting Project (North Zone), approximately 52.8% of the gross floor area ("**GFA**") of the project had been completed and approximately 34.6% of the GFA of the project had been sold as at 31 December 2013. Meijun Project (Phase Two) was completed in 2013 and 87.2% of the GFA of the project had been sold as at 31 December 2013. In the years to come, the Group is expected to record higher revenue upon the pre-sales and completion of different projects.

No final dividend was proposed for the ordinary shares and convertible preference shares by the Board in order to reserve working capital for business development.

In 2013, China registered a growth rate of 7.7% for the gross domestic product ("**GDP**"). Investment in property development also increased by 19.4%. The economic growth in China created a positive operating environment for the development of property business. We believe that we can conform to the economic development and urbanization of the country, in particularly the market in Shandong Province where we established foundation and possess constructive relationship and extensive experience.

I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners and customers for their valuable support. I would also like to extend my appreciation to the Board, the management team and all staff members for their diligence and contribution in the past year. We will continue to strive our best to expand our property development business and reap higher returns for our shareholders.

WANG Di
Chairman
28 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction

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

Currently, the Group has five property projects in Shandong Province of China. The Lanting Project, the Meijun Project and the Qinghe Project are residential projects. The Yintaishan Corn Cultural Project is a key cultural industry park in Shandong Province which consists of cultural, residential and commercial portions, while the Jimo Project is a multi-purpose property development project comprising a station square and commercial, residential and office zones. Details of the projects are as follows:

Project Name	Group's Interest	Location	Land-use Purpose	Land Area (sq m)	Estimated GFA (sq m)	Development Stage as at 31 December 2013
Lanting Project	100%	South of Heban 3rd and west of Liquan 1st Road, Zouping County, Binzhou City, Shandong	Residential			
North Zone				25,964	60,308	GFA of around 31,832 sq m completed; GFA of 20,890 sq m sold
South Zone				16,067	52,381	Under development
Meijun Project	100%	East of Daiqi 3rd Road South – 1st Road, Chengnan New District, Zouping County, Binzhou City, Shandong	Residential			
Phase One				13,333	21,407	Completed in December 2008; 1,727 sq m unsold as at 31 December 2013
Phase Two				54,330	153,674	Completed in December 2013, GFA of 134,026 sq m sold
Phase Three				159,821	489,051	To be developed
Qinghe Project	100%	Kaihe Village, Handian Town, Zouping County, Binzhou City, Shandong	Residential	131,258	200,000	Construction is expected to commence under two phrases in 2014 and 2015 respectively and completed in 2017 and 2018 respectively
Yintaishan Corn Cultural Project	100%	South of Jinan-Qingdao Expressway, North of Yintai Mountain and the ridge of Laorenfeng, extending in the north-south orientation to the east of Tourist Road of Tangli Nunnery and to the west of west outer loop of Zouping County, Binzhou City, Shandong	A comprehensive project with cultural, residential and commercial construction	3,200,016	1,400,000	under preliminary work, pending completion of the procedures of the listing-for-sale and entering into the State-owned Land Use Rights Grant Contract
Jimo Project	100%	Qing-Rong intercity railway station in Jimo City, Qingdao, Shandong	A multi-purpose project comprising a station square and commercial, residential and office zones	2,060,677	To be determined	Entered into development co-operation agreement with the Jimo Government on 28 September 2013. Local government is finalizing the arrangement on demolition and resettlement with the residents.
Total				5,661,466	2,376,821	

LANTING PROJECT

Located at the junction between the south of Heban 3rd Road and the west of Liquan 1st Road which is a newly developed area in Zouping County closed to the county government headquarters, Lanting Project is a comprehensive residential development which will be developed into two phases, known as North Zone and South Zone. There will be 14 blocks of 6 to 14-storey residential buildings providing around 510 residential units. For the Year, units of this project with a total GFA of approximately 14,028 sq m of were delivered, generating revenue approximately RMB 58 million.

MEIJUN PROJECT

Meijun Project is located at the east of Daiqi 3rd Road South of Chengnan New District, a newly developed area in Zouping County and the county government headquarters, hospital and colleges are nearby. The Meijun Project is a residential development divided into 3 phases. Phase One was completed in December 2008 and 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. During the Year, units of Phase Two of this project with a total GFA of approximately 49,057 sq m were delivered, generating revenue of approximately RMB 118 million; and units of Phase One of this project with a total GFA of approximately 709 sq m were delivered, generating revenue of approximately RMB 3 million.

QINGHE PROJECT

Qinghe Project is located at Kaihe Village, Handian Town of Zouping County. The project comprises a parcel of land with a site area of approximately 131,258 sq m for the construction of residential units. The construction work of the property with a site area of approximately 66,667 sq m is currently expected to commence in 2014 and completed in 2017 while the remaining portion of the property with a site area of approximately 64,591 sq m is expected to commence in 2015 and completed in 2018.

YINTAISHAN CORN CULTURAL PROJECT

Yintaishan Corn Cultural Project lies to the south of Jinan-Qingdao expressway and to the north of Yintai Mountain. It is one of the 20 key cultural industrial parks of Shandong Province. The project will include a conference reception centre, a corn kingdom film studio, a corn museum, a leisure aged-nursing home as well as tourist and cultural real estates. Of the total estimated GFA of 1,400,000 sq m, cultural real estate will take up a GFA of not less than 400,000 sq m, and its ancillary residences will take up a GFA of not less than 800,000 sq m, with ancillary commercial real estate for the residential cluster area cover a GFA of not less than 200,000 sq m. Currently, the project is under preliminary work and pending completion of the procedures of listing-for-sale and entering into the State-owned Land Use Rights Grant Contract.

JIMO PROJECT

Jimo Project, located in Jimo City of Qingdao, is a multi-purpose high-end property development project adjacent to the Qing-Rong intercity railway station, with the commercial and trading, hotel, service and residential functions and a station square as the development centre. The project has an aggregate site area of approximately 3,091 mu (equivalent to approximately 2,060,677 sq.m.), tentatively located to the east of Ma Shan Road, the west of Hua Shan Third Road, the south of Qing Wei Road and the north of Lan Ao Road and will involve the re-development of six villages of the Jimo City into the "Jimo Metropolitan". The Group and the Jimo Government entered into a framework agreement in relation to the principles of the cooperation intention in May 2013. In September 2013, the Group entered into the Development Cooperation Agreement with the Jimo Government. The preliminary demolition and resettlement work is being carried out. The official demolition work and the project construction could be carried out after the Jimo government and residents have finalized the arrangement on demolition and resettlement. Subject to the grant of governmental approvals and the obtaining of relevant land use rights of project sites, the construction work of the resettlement zone and the Group's independent development zone are expected to be commenced in around June 2014 and the third quarter of 2014 respectively.

2. Review of Financial Results

Financial results of the Group for the Year, together with the comparative figures of 2012, are summarized as follow:

For the year ended 31 December	**2013** **RMB'000**	2012 RMB'000 (Restated)	Increase %
Revenue	**179,149**	172,999	3.6
Gross Profit	**33,914**	27,344	24.0
Operating Profit	**16,705**	13,848	20.6
Net Loss	**(965,792)**	(18,033)	5,255.7

The Disposal was completed on 29 June 2013 ("**Date of Completion**"). Revenue, gross profit and operating profit stated above excluded that of the corn processing business, with only net loss of corn processing business up to Date of Completion included in the net loss of the Group stated above.

Net loss for the Year mainly included net loss of the corn processing business up to the Date of Completion of approximately RMB 37 million non-recurring finance costs, other expenses of approximately RMB 115 million and the loss on disposal of the corn processing business of approximately RMB 818 million. Details are discussed in the sections of "Finance costs" and "Other expenses".

During the Year, the Group delivered units of projects with total GFA of approximately 63,794 sq m, generating revenue of approximately RMB 179 million in total, with gross profit of approximately RMB 34 million. During the Year, the Group achieved contracted sales of approximately RMB 130 million for units of the Lanting Project and the Meijun Project, with a total GFA of approximately 41,276 sq m.

Contracted sales and GFA completed by project:

Project	**During the year ended 31 December 2013 Contracted sales** GFA sq m	Amount RMB million
Lanting (North Zone)	8,521	34
Lanting (South Zone)	19,583	58
Meijun (Phase One)	590	2
Meijun (Phase Two)	12,582	36
Total	41,276	130

Other expenses

It mainly included the exchange loss of approximately RMB 20 million arisen from the assignment of the loans owed by the companies disposed under the Disposal.

Selling and marketing expenses

The Group's selling and marketing expenses mainly consisted of advertising and marketing expenses and salaries of sales staff. Selling and marketing expenses during the Year were approximately RMB 1.5 million (2012: RMB 0.08 million).

Administrative expenses

The Group's administrative expenses included general administrative overheads, legal and professional fees and staff cost for management and administrative staff. Administrative expenses for the Year were approximately RMB 15.8 million (2012: RMB 13.4 million).

During the Year, the Group's selling, marketing and administrative expenses altogether represented approximately 9.6% of the total revenue (2012: 7.8%). New subsidiaries were established during the Year, selling, marketing and administrative expenses for the Year increased as compared with last year.

Finance costs

The finance cost of the Group was approximately RMB 98.9 million in 2013 (2012: RMB 2.0 million).

The finance costs during the Year included non-recurring interest expenses and amortization cost of the promissory note with the principal amount of RMB 308 million issued to Xiwang Investment in December 2012 (the "**Promissory Note**") and extinguished on 29 June 2013 for offsetting against part of the consideration of the Disposal payable by Xiwang Investment, totally around RMB 94.7 million.

During the Year, the bank loan interest of the Group was approximately RMB 4.2 million (2012: RMB 2.0 million).

Income tax expenses

The Group's income tax expense was approximately RMB 9.7 million (2012: RMB 8.0 million) during the Year, including LAT of approximately RMB 3.1 million (2012: RMB 1.2 million) and corporate income tax of approximately RMB 6.6 million (2012: RMB 6.8 million).

Pursuant to the CIT, all PRC enterprises are subject to a standard enterprise income tax of 25%, except for enterprise under specific preferential policies and provisions.

In 2013, the applicable tax rate of Shandong Yintaishan Cultural Development Company Limited* (山東印台山文化發展有限公司), Shandong Xiwang Investment Holdings Company Limited* (山東西王投資控股有限公司), Shandong Xiwang Property Company Limited* (山東西王置業有限公司) ("**Shandong Xiwang Property**"), Qingdao Xiwang Property Company Limited* (青島西王置業有限公司) and Qingdao Jimo City Xiwang Metropolitan Company Limited (青島即墨市西王商都有限公司) is 25% (2012: 25%).

Pursuant to the CIT law and relevant regulations, withholding tax is levied on dividends paid to foreign investors from PRC enterprises relating to profit earned after 1 January 2008. The Directors consider that its subsidiaries in the PRC would not distribute its profits earned after 1 January 2008 in the foreseeable future, accordingly, no deferred tax had been recognized for the undistributed retained earnings as at 31 December 2013.

Liquidity, capital resources and gearing ratio

	31 December 2013 RMB million	31 December 2012 RMB million
Cash and cash equivalents	**9**	592
Total borrowings [a]	**–**	2,139
Net current assets	**551**	59
Total equity	**688**	2,813
Current ratio [b]	**3.51**	1.02
Gearing ratio [c]	**0**	0.55

[a] Total borrowings include borrowings and promissory note payable.

[b] Current ratio is calculated as total current assets divided by total current liabilities.

[c] Gearing ratio is calculated as net borrowings divided by total equity, of which net borrowings equals to total borrowings minus cash and cash equivalents.

The Group's cash and cash equivalents as at 31 December 2013 amounted to approximately RMB 9 million (as at 31 December 2012: RMB 592 million). During the Year, the Group had net cash outflow from operating activities of approximately RMB 639 million (2012: net cash inflow of RMB 283 million). The Group has net cash inflow from investing activities of approximately RMB 667 million (2012: net cash outflow of RMB 1,213 million) which is mainly from the partial proceeds received from the Disposal. The Group has net cash outflow from financing activities of approximately RMB 613 million during the Year (2012: net cash inflow of RMB 1,289 million), for the repayment of the bank loans and payment of special dividend.

The Group had no borrowings as at 31 December 2013.

Total equity decreased from RMB 2,813 million as at 31 December 2012 to RMB 688 million as at 31 December 2013. Apart from the net loss for the Year which was mainly caused by the one-off loss from the Disposal, the Group declared special dividend amounted to approximately RMB 1,158 million and the reserves reduced by approximately RMB 818 million which was caused by the shortfall of the consideration and net assets disposed under the Disposal.

As at 31 December 2013, current ratio increased to 3.51 (as at 31 December 2012: 1.02), mainly due to the decrease of the Group's borrowings after the Disposal.

Capital investment

No significant capital investment related to purchase of property, plant and equipment for the continuing operations of the Group during the Year (2012: RMB 991 million). As at the date of this announcement, the Group has no plan for material investment or acquisition of capital assets.

Contingent liabilities

As at the date of this announcement and as disclosed in the circular of the Company dated 11 December 2012 (the "**2012 Circular**"), Shandong Xiwang Property provided a guarantee in favour of Agricultural Development Bank of China, Zouping County Branch, in respect of the loan of an independent third party PRC company named "Zouping County State-owned Assets Investment Operation Company Limited*" (鄒平縣國有資產投資經營有限公司) with a term of 10 years from December 2011 of RMB 350 million, for a guarantee period up to the end of two years after the next day following repayment of the loan in full (the "**PRC Company Guarantee**"). The PRC Company Guarantee was provided by Shandong Xiwang Property with a view to maintaining a sound relationship with the local government. Xiwang Investment has provided an indemnity to the Company and Shandong Xiwang Property against any loss arising from any claim or demand of repayment made against Shandong Xiwang Property under the PRC Company Guarantee. Further details of the PRC Company Guarantee are set out in the 2012 Circular.

Foreign exchange risk

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

Human Resources

As at 31 December 2013, the Group employed approximately 79 staff (as at 31 December 2012: 3,680). The Group reviews regularly the remuneration packages of the directors and employees with respect to their experience and responsibilities to the Group's business. The Group has established a remuneration committee to determine and review the terms of remuneration packages, bonuses and other compensation payable to the directors and senior management. In addition to basic remuneration packages and discretionary bonuses, share options may be granted based on individual performance.

For the Year, the employee costs (including Directors' emoluments) for the continuing operations of the Group was approximately RMB 5.3 million (2012: RMB 5.4 million).

3. Outlook and Development

The economic development of China showed positive momentum in 2013. The National Bureau of Statistics of China announced that the GDP of China grew by 7.7% in 2013 and hit RMB 56,884.5 billion, which met the target set at the beginning of 2013. Disposal income per capita for urban residents was RMB 26,955, represented a growth of 7.0%. Investment in property development in China recorded an increase of 19.4% to RMB 8,601.3 billion. Area of commodity property sold in 2013 was 1,305.51 million sq m, surged by 17.3% from 2012. Sales volume of commodity property also jumped 26.3% to RMB 8,142.8 billion for the Year.

Held from 9 to 12 November 2013 in Beijing, the Third Plenary Session of the 18th Communist Party of China Central Committee (the "**CPC Meeting**") (「中國共產黨第十八屆中央委員會第三次全體會議」) (「三中全會」) laid out the vision of the Chinese leaders for the government reforms in the next decade. It was announced to loosen the decades-long one-child population policy, allowing couples to have two children if one of them is an only child. The plan to relax the country's one-child policy is expected to come into practice in stages, and depend on local conditions. The China's family planning policy introduced in the 1970s had caused the country's birth rate decreased from 33.4 per thousand in 1970 to 12.1 per thousand in 2012, successfully preventing population growth. The release of the one-child policy will certainly stimulate the growth of population in China and the demand for property in the coming future.

The CPC Meeting discussed major issues concerning comprehensive and deepened reforms and determined the direction of reform. One of the many issues targeted by the Central Committee includes urbanization. As part of its urbanization push, China will accelerate the reform of its "Hukou" system (「戶口制度」), or household registration system, to help farmers become urban residents. The "Hukou" system was set up five decades ago and gradually become an obstacle to urbanization as migrant workers who live in cities but without local permanent residence cards are unable to claim basic social services. The reform of the Hukou system will be a favourable factor to the progress of urbanization in China. Urbanization, being the driver of economic growth and property demand, is at the heart of China's plans for the coming decade.

In line with the economic growth of China, Shandong Province also registered strong economic growth in 2013. Figures from the Bureau of Statistics of Shandong Province showed that the GDP growth rate of the province in 2013 was 9.6% and achieved a GDP amount of approximately RMB 5,468.43 billion. Urbanization rate of the Province reached 52.43% in 2012 whereas the rate of four cities including Qingdao, Jinan, Zibo and Dongying exceeded 60%.

The People's Government of Shandong Province (the "**Shandong Government**") announced in August 2013 "the Planning of Provincial Cities Economic Zones" (《省會城市群經濟圈發展規劃》) (the "**Plan**") for the period from 2013 to 2020, which positions the provincial cities as the priority development zone with an aim to strengthen the provincial economy and regional development. According to the Plan, the targeted provincial cities are seven cities including provincial capital Jinan City and Binzhou City where four of our projects are located. The Shandong Government targets to achieve regional production volume of approximately RMB3,500 billion with an annual growth rate of around 9% and the urbanization rate to reach approximately 65% for the region in 2020.

Looking forward, with the promising economic development and supportive governmental policies, the Group is confident in the property development business in Shandong Province. For sustainability of the business, the Group will continue to look for good opportunities in the market and acquire suitable land plots for expansion in the future. We strive to maximize investment values and reap satisfactory returns.

DIVIDEND

A special dividend of HK$ 0.75 per ordinary share for ordinary shareholders and HK$0.75 per convertible preference share for convertible preference shareholders, payable in cash, was approved at the special general meeting held on 29 June 2013. The deferred preferred distribution of RMB 0.01 per convertible preference share of 2012 was paid together with the approved special dividend. Special dividend and preferred distribution of RMB 1,157,738,000 in total was payable accordingly. The entitlement of Xiwang Investment to the total amount of special dividend and preferred distribution totaling RMB 901,734,000, offset against part of the consideration of the Disposal. As a result, special dividend and preferred distribution of RMB 256,004,000 was paid in cash in July 2013.

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

Payment of the preferred annual distribution of RMB 1 cent per convertible preference share will be deferred.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company is proposed to be held on Thursday, 22 May 2014. A notice convening the AGM will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty.com). The proxy form together with the annual report are expected to be dispatched to shareholders on or around Thursday, 17 April 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members in respect of the ordinary shares of the Company will be closed from Tuesday, 20 May 2014 to Thursday, 22 May 2014 (both days inclusive), during which period no transfer of ordinary shares will be registered for the purpose of ascertaining shareholders' entitlement for attending and voting at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and, in the case of holders of convertible preference shares, all duly completed notices of conversion accompanied by the relevant certificates of convertible preference shares, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, *Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong* (which will be relocated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Monday, 19 May 2014.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Year.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the Company's annual results for the Year.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2013 annual report will be dispatched to the shareholders on or around 17 April 2014 and published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty.com).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements and opinions with respect to the operations and businesses of the Company. These forward-looking statements and opinions relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will, would or other results of actions that may or are expected to occur in the future. Shareholders and potential investors should not place undue reliance on these forward-looking statements and opinions, which apply only as of the date of this announcement. These forward-looking statements are based on the Company's own information and information from other sources which the Company believes to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements and opinions which could affect the market price of our shares. Neither the Company nor its Directors and employees assume any liability in the event that any forward-looking statements or opinions does not materialize or turn out to be incorrect. Subject to the requirements of the Listing Rules, the Company does not undertake to update any forward-looking statements or opinions contained in this announcement.

MISCELLANEOUS

In the event of inconsistency, the English texts of this announcement shall prevail over the Chinese texts.

By order of the Board
Xiwang Property Holdings Company Limited
WANG Di
Chairman

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. WANG Chuan Wu
Mr. ZHOU Xiang Lin
Mr. CHENG Gang

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

Non-executive Directors:
Mr. WANG Di
Mr. WANG Yong
Mr. SUN Xinhu

* *for identification purpose only*