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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board (the "**Board**") of directors (the "**Directors**") of Xiwang Property Holdings Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014 (the "**Period**"), together with the comparative figures, as follows. The consolidated results are unaudited, but have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June **2014** **RMB'000** **Unaudited**	 2013 RMB'000 Unaudited (Restated)
Continuing operations			
Revenue	3	**53,441**	57,470
Cost of sales		**(39,583)**	(47,951)
Gross profit		**13,858**	9,519
Other income	3	**648**	48
Other expenses		**(15)**	(20,693)
Selling and marketing expenses		**(2,459)**	(677)
Administrative expenses		**(8,234)**	(10,808)
Profit/(loss) from operations		**3,798**	(22,611)
Finance costs	5	**–**	(98,072)
Profit/(loss) before tax from continuing operations	4	**3,798**	(120,683)
Income tax expense	6	**(2,694)**	(1,517)
Profit/(loss) for the period from continuing operations		**1,104**	(122,200)
Discontinued operation			
Loss for the period from a discontinued operation	8	**–**	(855,803)
Profit/(loss) for the Period		**1,104**	(978,003)
Attributable to:			
Owners of the parent		**1,162**	(977,987)
Non-controlling interests		**(58)**	(16)
		1,104	(978,003)
Earnings/(loss) per share attributable to ordinary equity holders of the parent	7		
Basic and diluted			
For profit/(loss) for the period		**RMB0.09 cents**	RMB(151.78) cents
For profit/(loss) from continuing operations		**RMB0.09 cents**	RMB(66.94) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited (Restated)
PROFIT/(LOSS) FOR THE PERIOD	**1,104**	(978,003)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(441)**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**663**	(978,003)
Attributable to:		
Owners of the parent	**721**	(977,987)
Non-controlling interests	**(58)**	(16)
	663	(978,003)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2014 RMB'000 Unaudited**	31 December 2013 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**1,563**	1,857
Goodwill		**180,405**	180,405
Long-term prepayments	10	**148,289**	70,093
		330,257	252,355
CURRENT ASSETS			
Completed properties held for sale		**88,505**	120,298
Properties under development	11	**461,452**	432,564
Promissory note receivable	12	**44,805**	117,945
Trade and other receivables	13	**101,143**	86,828
Due from related parties		**2,989**	1,430
Restricted cash		**828**	2,368
Cash and cash equivalents		**3,281**	8,669
		703,003	770,102
CURRENT LIABILITIES			
Trade and other payables	14	**226,988**	211,230
Tax payables		**726**	5,789
Due to related parties		**2,737**	2,084
		230,451	219,103
NET CURRENT ASSETS		**472,552**	550,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**802,809**	803,354
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**113,221**	115,280
NET ASSETS		**689,588**	688,074
EQUITY			
Equity attributable to owners of the parent			
Issued capital			
– Ordinary shares		**120,304**	120,304
– Convertible preference shares		**55,368**	55,368
Other reserves		**408,504**	407,369
Retained earnings		**103,594**	103,157
		687,770	686,198
Non-controlling interests		**1,818**	1,876
TOTAL EQUITY		**689,588**	688,074

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Net cash flows used in operating activities	**(5,578)**	(200,735)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(32)**	(72,203)
Payments for prepaid land lease payments	**–**	(64)
Disposal of a discontinued operation	**–**	419,076
Interest received	**648**	2,161
Net cash flows from investing activities	**616**	348,970
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling interests	**–**	6,000
Repayment of bank loans	**–**	(293,782)
Net cash flows used in financing activities	**–**	(287,782)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,962)**	(139,547)
Cash and cash equivalents at beginning of period	**8,669**	591,690
Effect of foreign exchange rate changes, net	**(426)**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,281**	452,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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

The Group is principally engaged in property development in the People's Republic of China (the "**PRC**").

During the Period, the immediate holding company of the Company is Xiwang Investment Company Limited ("**Xiwang Investment**") (西王投資有限公司) which in turn is wholly owned by Xiwang Holdings Limited ("**Xiwang Holdings**") (西王控股有限公司). The ultimate holding company of the Company was Xiwang Holdings for the period from 1 January 2014 to 14 February 2014 and Xiwang Group Company Limited ("**Xiwang Group**") (西王集團有限公司), through its wholly owned subsidiary, Xiwang Hong Kong Company Limited, for the remaining period.

1.2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and 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.

During the six months ended 30 June 2013, the Group recognised the shortfall arising from the disposal of the corn processing business (the "**Disposal**") amounted to RMB818,344,000 in reserves. Subsequent to the interim reporting, 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 ("**HKFRSs**"). Accordingly, the Group's condensed consolidated financial statements for the six months ended 30 June 2013 have been restated.

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 2013, which have been prepared in accordance with HKFRSs.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the new standards, interpretations and amendments as of 1 January 2014 noted below.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

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

2 SEGMENT INFORMATION

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 period ended 30 June 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 REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, mainly represents the sales of completed properties.

An analysis of revenue and other income from continuing operations is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Revenue		
Sale of properties	**53,441**	57,470
Other income		
Bank interest income	**23**	30
Interest income from promissory note receivable	**625**	–
Others	**–**	18
	648	48

4 PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Cost of inventories sold	**39,583**	47,951
Depreciation	**326**	246
Minimum lease payments under operating leases:		
Land and buildings	**559**	254
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**2,570**	4,322
Equity-settled share option expense	**851**	616
Pension scheme contributions	**141**	57
	3,562	4,995
Foreign exchange loss*	**15**	20,693

* The foreign exchange loss is included in "other expenses" in the condensed consolidated statement of profit or loss. The exchange loss in 2013 was mainly arisen from the assignment of the loans due from a discontinued operation.

5 FINANCE COSTS

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Interest on bank loans wholly repayable within five years	**–**	3,354
Amortised cost of promissory note payable*	**–**	94,718
	–	98,072

* It represented the amortised cost of the promissory note payable which was issued by the Company to Xiwang Investment for the acquisition of the property development business in 2012. The promissory note payable is measured at amortised cost using the effective interest rate method. Upon the Disposal on 29 June 2013, the promissory note payable was offset against part of the consideration payable by Xiwang Investment (note 12). The extinguishment of the promissory note payable accelerated the recognition of the amortised cost of approximately RMB78,303,000 in 2013.

6 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis based on profits arising 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 (2013: nil).

Pursuant to the PRC Corporate Income Tax law, all PRC enterprises are subject to a standard enterprise income tax rate of 25%, except for enterprises under specific preferential policies and provisions. In 2014, the applicable tax rate for the subsidiaries of the Company incorporated in the PRC is 25% (2013: 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 RMB2,082,000 (2013: nil) is charged to the condensed consolidated statement of profit or loss for the six months ended 30 June 2014.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Current – Mainland China	**2,671**	3,176
LAT in Mainland China	**2,082**	–
Deferred	**(2,059)**	(1,659)
Total tax charge for the period	**2,694**	1,517

7 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings/(loss) per share is calculated based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,777,000 (2013: 1,008,719,000) in issue during the period.

The diluted earnings per share for the period ended 30 June 2014 is calculated based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic 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 profit/(loss) per share presented for the six months ended 30 June 2014 and 2013 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 profit/(loss) per share amounts presented.

The calculation of basic and diluted profit/(loss) per share is based on:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**1,104**	(122,184)
From a discontinued operation	**–**	(855,803)
	1,104	(977,987)
Less: Distribution to holders of convertible preference shares	**–**	(553,017)
Profit/(loss) attributable to ordinary equity holders of the parent	**1,104**	(1,531,004)
Attributable to:		
Continuing operations	**1,104**	(675,201)
Discontinued operation	**–**	(855,803)
	1,104	(1,531,004)

	Number of shares Six months ended 30 June **2014**	 2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**1,235,777,000**	1,008,719,000

8 DISCONTINUED OPERATION

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 six months ended 30 June 2013.

Analysis of the result of the discontinued operation for the six months ended 30 June 2013 is as follows:

	Six months ended 30 June **2014** **RMB'000** **Unaudited**	 2013 RMB'000 Unaudited (Restated)
Revenue	–	2,844,008
Other income	–	11,154
Expenses	–	(2,834,111)
Finance costs	–	(57,334)
Loss on disposal	–	(818,344)
Loss before tax from the discontinued operation	–	(854,627)
Income tax expense	–	(1,176)
Loss for the period from the discontinued operation	–	(855,803)

The net cash flows incurred by the discontinued operation are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
		(Restated)
Operating activities	–	(409,041)
Investing activities	–	(71,750)
Financing activities	–	7,328
Net cash outflow	–	(473,463)
Loss per share:		
Basic and diluted, from the discontinued operation	–	RMB (84.84) cents

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	Six months ended 30 June	
	2014	2013
Loss attributable to ordinary equity holders of the parent from the discontinued operation	–	RMB855,803,000
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (note 7)	–	1,088,719,000

9 DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2014 (2013: Nil).

10 LONG-TERM PREPAYMENTS

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

11 PROPERTIES UNDER DEVELOPMENT

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Properties under development expected to be completed:		
Within one year	**101,994**	105,859
After one year	**359,458**	326,705
	461,452	432,564

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

12 PROMISSORY NOTE RECEIVABLE

This represented the principal amount of outstanding promissory note issued by Xiwang Investment to the Company for the partial settlement of the consideration of the Disposal completed on 29 June 2013. 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 (stock code: 1266) held by Xiwang Investment. The promissory note was partially settled in cash as to the principal amount of RMB323,279,000 in 2013 and RMB73,140,000 in 2014.

13 TRADE AND OTHER RECEIVABLES

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Trade receivables	**1,246**	1,673
Prepayments	**79,820**	67,426
Prepaid tax	**15,734**	14,165
Other receivables	**4,343**	3,564
	101,143	86,828

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

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
0 – 30 days	**–**	114
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**1,246**	1,559
	1,246	1,673

14 TRADE AND OTHER PAYABLES

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
Trade payables	**51,267**	21,142
Deposit received	**22,891**	23,831
Other payables	**6,580**	23,433
Receipt in advance as sales of properties	**140,307**	138,278
Accruals	**4,375**	2,998
Salary and welfare payable	**1,568**	1,548
	226,988	211,230

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

	30 June 2014 RMB'000 Unaudited	31 December 2013 RMB'000 Audited
0 – 30 days	**49,358**	12,668
31 – 60 days	**223**	7,718
61 – 90 days	**1**	–
Over 90 days	**1,685**	756
	51,267	21,142

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.

15 EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a release agreement with the Jimo Government dated 20 August 2014 for the termination of the development cooperation agreement in respect of the redevelopment project in Jimo City of Qingdao (the "**Development Cooperation Agreement**").

In connection with the Jimo project, the Group has made payments or incurred expenses of approximately RMB93,706,000 to various parties for the preliminary work in relation to the demolition and resettlement of the intended project site. In view of the termination of the Development Cooperation Agreement, the Group will negotiate with certain parties for refund of the payments made by the Group to them and it is expected that the Group will be refunded of approximately RMB87,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INTRODUCTION

The Group was established in 2001 with headquarters located in Zouping County, Shandong Province of the PRC. The Company was listed on the Main Board of the Stock Exchange in December 2005.

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

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

			Construction progress		Contracted GFA sold		Contracted sales	
Project name	Land Area sq m	Estimated Total Gross Floor Area ("GFA") sq m	Accumulated Completed Total GFA as at 30 June 2014 sq m	Total GFA not yet completed as at 30 June 2014 sq m	Accumulated Contracted GFA sold as at 30 June 2014 sq m	Contracted GFA sold for the six months ended 30 June 2014 sq m	Accumulated Contracted Sales as at 30 June 2014 RMB'000	Contracted Sales for the six months ended 30 June 2014 RMB'000
Lanting Project								
North zone	25,964	60,308	31,832	28,476	21,661	4,219	91,281	18,395
South zone	16,067	52,381	–	52,381	21,603	2,020	63,947	6,355
Sub-total	42,031	112,689	31,832	80,857	43,264	6,239	155,228	24,750
Meijun Project								
Phase One	13,333	21,407	21,407	–	18,194	237	36,470	820
Phase Two	54,330	153,674	153,674	–	138,705	11,472	334,919	33,743
Phase Three	159,821	489,051	–	489,051	–	–	–	–
Sub-total	227,484	664,132	175,081	489,051	156,899	11,709	371,389	34,563
Qinghe Project	131,258	200,000	–	200,000	–	–	–	–
Total	**400,773**	**976,821**	**206,913**	**769,908**	**200,163**	**17,948**	**526,617**	**59,313**

Note: Revenue is recognized upon an issuance of occupation permit for a building, and the issuance of occupation permit for a building is subject to three conditions: (1) the buildings having fulfilled the basic requirements for accommodation after completion; (2) sales and purchase agreements having been entered with purchasers; and (3) purchasers having made full payments.

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 closed to the county government headquarters, Lanting Project is a comprehensive residential development which will be developed in 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.

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, 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.

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 in respect of a site area of approximately 66,667 sq m is currently expected to commence during this year and be completed in 2017. In respect of the remaining site area of approximately 64,591 sq m is expected to commence in 2015 and be completed in 2018. During the Period, Qinghe Home Settlements were under construction.

Yintaishan Corn Cultural Project

Yintaishan Corn Cultural Project lies to the south of Jinan-Qingdao expressway and to the north of Yintai Mountain. 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, it is expected that the cultural real estate will take up a GFA of not less than 400,000 sq m, ancillary residences will take up a GFA of not less than 800,000 sq m, the ancillary commercial real estate for the residential cluster area will cover a GFA of not less than 200,000 sq m. The project was under preliminary work, pending completion of the procedures of the listing-for-sale and entering into the State-owned Land Use Rights Grant Contract as at the end of the Period.

Jimo Project

The Group and the Jimo Government entered into a Development Cooperation Agreement on 28 September 2013. Having considered the long investment-return cycle of and the huge investment required for the Jimo project, the Group decided to terminate the project and entered into the release agreement in respect of the Development Cooperation Agreement with Jimo Government on 20 August 2014.

FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB53,441,000 (first half of 2013: RMB57,470,000) during the Period, representing a 7.0% decrease as compared to the same period of last year. The decrease in revenue was due to a decrease in GFA sold, in spite of higher average selling price as compared to the same period of last year. Lanting Project renders high-class residential units with higher sale prices. The sales during the Period are as follows:

	Revenue Six months ended 30 June		GFA sold Six months ended 30 June		Average GFA price Six months ended 30 June	
	2014 RMB'000	2013 RMB'000	**2014 sq m**	2013 sq m	**2014 RMB/sq m**	2013 RMB/sq m
Meijun Project	**34,750**	57,470	**11,704**	24,943	**2,969**	2,304
Lanting Project	**18,395**	–	**4,219**	–	**4,360**	–
	53,145	57,470	**15,923**	24,943	**3,338**	2,304
Others*	**296**	–				
	53,441	57,470				

* Others mainly include rental income from car parking units.

2. Cost of sales

The Group's cost of sales amounted to RMB39,583,000 (first half of 2013: RMB47,951,000) during the Period, representing a 17.5% decrease as compared to the same period of last year. The lower cost of sales during the Period than that of the same period last year was due to a decrease in GFA sold as compared to the same period of last year. However, the average GFA cost per sq m for the Period was higher than that of the same period of last year, which was due to an increase in development costs and the fact that Lanting Project renders high-class residential units which requires construction materials with better quality which are more costly. The cost of sales during the Period is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Costs of land	**4,391**	702
Compensation of relocation	**2,517**	3,721
Development costs	**23,507**	31,613
Other costs*	**9,168**	11,915
	39,583	47,951
Average Floor Area cost (RMB/sq m)	**2,486**	1,922

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

3. Gross profit

The Group's gross profit amounted to RMB13,858,000 (first half of 2013: RMB9,519,000) during the Period, representing an increase of 45.6% as compared to the same period of last year.

The gross profit margin during the Period was 25.9% (first half of 2013: 16.6%) and was 9.3 percentage points higher than the same period of last year. The increase was mainly due to the rise in selling price per sq m. Moreover, Lanting Project sold luxurious units resulting in higher selling prices and gross profit margin.

4. Other income

Other income includes interest income from promissory note receivables and bank deposits. Other income amounted to RMB648,000 (first half of 2013: RMB48,000) during the Period, representing an increase of 12.5 times as compared to the same period of last year, which was mainly due to the receipt of interest income of outstanding promissory note issued by Xiwang Investment to the Company at the rate of 2.5% per annum.

5. Other expenses

Other expenses include exchange loss. The exchange loss amounted to RMB15,000 (first half of 2013: RMB20,693,000) during the Period, representing a 99.9% decrease as compared to the same period of last year. The exchange loss incurred in the same period of last year amounted to approximately RMB20,000,000, which was arisen from the assignment of the loans owed by Master Team International Limited and its subsidiaries being disposed on 29 June 2013.

6. Selling and marketing expenses

Selling and marketing expenses include wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB2,459,000 (first half of 2013: RMB677,000) during the Period, which increased 2.6 times as compared to the same period of last year. It was mainly due to the increase in property sale promotion activities during the Period.

7. Administrative expenses

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The administrative expenses amounted to RMB8,234,000 (first half of 2013: RMB10,808,000) during the Period, representing a 23.8% decrease as compared to the same period of last year, which was mainly due to higher legal and professional fees incurred in the same period of last year for a very substantial disposal.

8. Finance costs

Finance costs represent interest expenses on promissory note payables and bank loans. There was no finance cost during the Period as the promissory note payable and bank loans had been fully repaid in 2013.

9. Income tax expense

The Group's income tax expense amounted to RMB2,694,000 (first half of 2013: RMB1,517,000) during the Period, representing a 77.6% increase as compared to the same period of last year, which was mainly due to a higher profit before tax than the same period of last year.

Financial position

1. **Liquidity and capital resources**

   As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB3,281,000, which decreased by RMB5,388,000, or 62.2% as compared to RMB8,669,000 as at 31 December 2013. During the Period, the net cash outflow from operating activities amounted to RMB5,578,000 while the net cash inflow from investing activities amounted to RMB616,000. There was no cash flow from financing activities during the Period.

   The Group primarily utilized the cash flow and cash held from operations to finance operational requirements. As at 30 June 2014, the Group's capital commitment amounted to RMB21,965,000, which was mainly comprised expenditures in property developments.

2. **Capital structure**

   As at 30 June 2014, the Group's total liabilities amounted to RMB343,672,000 while total assets was RMB1,033,260,000 and the asset liability ratio (total assets divided by total liabilities) was 3.01 times. The total equity was RMB689,588,000 and the gearing ratio (total liabilities divided by total equity) was 49.8%.

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

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

Foreign exchange risk

The Group primarily operates in the PRC with RMB as its functional currency. During the Period, 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 30 June 2014, the Group employed approximately 67 staff (30 June 2013: 62). Staff-related costs incurred during the Period was RMB3,562,000 (first half of 2013: RMB4,995,000). 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 payables to the directors and senior management. In addition to basic remuneration packages and discretionary bonuses, share options may be granted based on individual performance.

Contingent liabilities/Advance to an Entity

As at the date of this announcement and as disclosed in the circular of the Company dated 11 December 2012 (the "**2012 Circular**"), 山東西王置業有限公司 (Shandong Xiwang Property Company Limited*) ("**Shandong Xiwang**"), a wholly owned subsidiary of the Group, provided a guarantee in favour of Agricultural Development Bank of China, Zouping County Branch, in respect of the loan of 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 RMB350 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.

II. Business outlook

The PRC government is determined to maintain the economic growth in Mainland China. Although its gross domestic product ("**GDP**") can no longer sustain its extremely rapid growth, China's economy remains growing at a fast pace. According to the National Bureau of Statistics of China, the GDP of China recorded a 7.4% growth in the first half of 2014 as compared with the same period last year, amounting to RMB26.9 trillion. At the end of 2013, the population of Mainland China was 1.361 billion with 731 million of urban living population. The urbanization rate was 53.73%, which was 1.16 percentage points higher when compared with 2012. An annual disposable income in 2013 for an urban family was RMB26,955. While urbanization is a crucial factor for boosting domestic demands in its national policy, property construction is one of fundamental elements of urbanization. In the first half of 2014, total investment in property development of the whole country reached RMB4,201.9 billion, representing a 14.1% increase when compared with the same period last year. The construction area operated by property developers amounted to 6,114.06 million sq m, with a year-on-year increase of 11.3%, of which 4,371.95 million sq m is belonged to residential developments, with a year-on-year increase of 8.3%.

The Group is based on Zouping County of Binzhou City in Shandong Province and engages in local residential property developments in the area. For the first half of 2014. Shandong Province has a year-on-year GDP growth of 8.8%, which was 1.4 percentage points higher than average GDP growth in China, amounting to RMB2,808 billion. As at the end of 2013, the population of Shandong Province was 97.33 million, residents in urban area made up to 53.75% of the Province population which was slightly higher than nationwide ratio. As the Group is headquartered in Shandong Province, we are well positioned to ride with the tide of urbanization of the country. The Group plans to focus on the development of high-class residential properties to reap higher gross profit.

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has also adopted the Model Code 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, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

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

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

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.

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the Period (corresponding period in 2013: nil).

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

Hong Kong, 29 August 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

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

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

* *For identification purpose only*