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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- ▶ 2014 revenue: RMB 122 million (2013: RMB 179 million), a decrease of 31.8%.
  - ▶ 2014 gross loss margin: 44.8% (2013 gross profit margin: 18.9%), a decrease of 63.7 percentage points.
  - ▶ 2014 net loss: RMB 82 million (2013: RMB 966 million).
  - ▶ 2014 basic loss per ordinary share: RMB 0.07 (2013 basic loss per ordinary share: RMB 1.31).

- No final dividend was proposed for both ordinary shares (2013: Nil) and convertible preference shares for the Year (2013: Nil). Payment of the preferred annual distribution of RMB 1 cent per convertible preference share will be deferred.

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 2014 (the "**Year**"). The Group's financial information in this announcement was prepared based on the audited consolidated financial statements of the Group for the Year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December

	Notes	**2014 RMB'000**	2013 RMB'000
CONTINUING OPERATIONS			
REVENUE	3	**122,122**	179,149
Cost of sales		**(176,855)**	(145,235)
Gross (loss)/profit		**(54,733)**	33,914
Other income	3	**908**	2,107
Other expenses		**(1,771)**	(20,160)
Selling and marketing expenses		**(3,440)**	(1,464)
Administrative expenses		**(28,721)**	(15,771)
Finance costs	5	**–**	(98,918)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	4	**(87,757)**	(100,292)
Income tax	6	**5,780**	(9,697)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(81,977)**	(109,989)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation		**–**	(855,803)
LOSS FOR THE YEAR		**(81,977)**	(965,792)
Attributable to:			
Owners of the parent		**(80,950)**	(965,518)
Non-controlling interests		**(1,027)**	(274)
		(81,977)	(965,792)

	Note	**2014** **RMB'000**	2013 RMB'000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
For loss for the year		**RMB(7) cents**	RMB(131) cents

Details of the dividends for the Year are disclosed in note 7 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2014	2013
	RMB'000	RMB'000
LOSS FOR THE YEAR	**(81,977)**	(965,792)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**618**	(4,163)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(81,359)**	(969,955)
Attributable to:		
Owners of the parent	**(80,332)**	(969,681)
Non-controlling interests	**(1,027)**	(274)
	(81,359)	(969,955)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	**2014** **RMB’000**	2013 RMB’000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,355**	1,857
Goodwill	9	**180,405**	180,405
Long-term prepayment	10	**54,585**	70,093
Total non-current assets		**236,345**	252,355
CURRENT ASSETS			
Completed properties held for sale		**202,502**	120,298
Properties under development	11	**297,358**	432,564
Trade and other receivables	12	**172,865**	86,828
Promissory note receivable	13	**–**	117,945
Due from related parties		**–**	1,430
Restricted cash	14	**1,875**	2,368
Cash and cash equivalents	14	**11,243**	8,669
Total current assets		**685,843**	770,102
CURRENT LIABILITIES			
Trade and other payables	15	**206,586**	211,230
Tax payable		**–**	5,789
Due to related parties		**4,445**	2,084
Total current liabilities		**211,031**	219,103
NET CURRENT ASSETS		**474,812**	550,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**711,157**	803,354

	2014 RMB'000	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**711,157**	803,354
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**104,320**	115,280
Total non-current liabilities	**104,320**	115,280
Net assets	**606,837**	688,074
EQUITY		
Equity attributable to owners of the parent		
Share capital	**175,672**	175,672
Reserves	**430,316**	510,526
	605,988	686,198
Non-controlling interests	**849**	1,876
Total equity	**606,837**	688,074

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

	Notes	**2014 RMB'000**	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From continuing operations		**(87,757)**	(100,292)
From a discontinued operation		**–**	(854,627)
Adjustments for:			
Finance costs		**–**	156,252
Interest income		**(908)**	(4,212)
Depreciation		**632**	87,893
Recognition of prepaid land lease payments		**–**	3,196
Loss on disposal of items of property, plant and equipment		**–**	1,688
Write-off of other receivables	5	**–**	1,256
Write-off of long- term prepayment	5	**18,459**	–
Write-down of completed properties held for sale to net realisable value	5	**40,644**	–
Impairment of trade receivables	5	**340**	–
Loss on disposal of a discontinued operation		**–**	818,344
Equity-settled share option expense		**122**	941
		(28,468)	110,439
Increase in inventories		**–**	(60,055)
Decrease in properties under development		**135,206**	28,092
Increase in completed properties for sale		**(122,848)**	(92,325)
Increase in long-term prepayment		**(2,951)**	(70,093)
Increase in trade and other receivables		**(47,374)**	(222,607)
Increase in amounts due from related parties		**–**	(76,798)
Decrease in trade and other payables		**(44,311)**	(173,099)
Increase/(decrease) in amounts due to related parties		**2,361**	(293,856)
Decrease in pledged deposits		**–**	171,198
Decrease in restricted cash		**493**	113,792
Cash used in operations		**(107,892)**	(565,312)
Interest paid		**–**	(61,589)
Mainland China taxes paid		**(10,305)**	(12,056)
Net cash flows used in operating activities		**(118,197)**	(638,957)

	Notes	**2014** **RMB'000**	2013 RMB'000
Net cash flows used in operating activities		**(118,197)**	(638,957)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,338**	2,783
Acquisition of non-controlling interests		**–**	(6,000)
Receipt of promissory note receivable		**117,945**	–
Disposal of a discontinued operation		**–**	742,355
Purchases of items of property, plant and equipment		**(130)**	(74,265)
Proceeds from decrease in the interests without loss of control of a subsidiary		**–**	2,000
Net cash flows from investing activities		**120,153**	666,873
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		**–**	6,000
Repayment of bank and other borrowings		**–**	(362,922)
Dividends paid	7	**–**	(256,004)
Net cash flows used in financing activities		**–**	(612,926)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,956**	(585,010)
Cash and cash equivalents at beginning of year		**8,669**	591,690
Effect of foreign exchange rate changes, net		**618**	1,989
CASH AND CASH EQUIVALENTS AT END OF YEAR		**11,243**	8,669
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of cash flows	14	**11,243**	8,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 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 was principally involved in property development.

In the opinion of the Directors, the immediate holding company of the Company is Xiwang Investment Company Limited ("**Xiwang Investment**"), which is a private company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate holding company of the Company is Xiwang Holdings Limited ("**Xiwang Holdings**"), which is incorporated in the BVI, before 14 February 2014 and Xiwang Group Company Limited ("**Xiwang Group**"), which is established in the People's Republic of China ("**PRC**"), after 14 February 2014.

1.2 BASIS OF PREPARATION

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**") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. 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.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

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

The Group has not early adopted the new and revised HKFRSs and new disclosure requirements under the Hong Kong Companies Ordinance, which have been issued but not yet effective.

2. OPERATING SEGMENT INFORMATION

Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of property development business which is the sole operating segment of the Group. Accordingly, no operating segment information is presented.

Geographical information

(a) All revenues are from Mainland China.

(b) Non-current assets

	2014	2013
	RMB'000	RMB'000
Mainland China	**55,716**	71,609
Hong Kong	**224**	341
	55,940	71,950

The non-current asset information above is based on the locations of the assets and excludes goodwill.

3. REVENUE AND OTHER INCOME

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

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

	2014	2013
	RMB'000	RMB'000
Revenue		
Sale of properties	**122,122**	179,149
Other income		
Bank interest income	**15**	78
Interest income from promissory note receivable	**893**	2,003
Others	**–**	26
	908	2,107

4. LOSS BEFORE TAX

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

	2014 **RMB'000**	2013 RMB'000
Cost of inventories sold	**136,211**	135,292
Auditors' remuneration	**1,250**	1,500
Depreciation	**632**	595
Minimum lease payments under operating leases:		
Land and buildings	**582**	637
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**4,128**	5,195
Equity-settled share option expense	**122**	941
Pension scheme contributions	**264**	308
	4,514	6,444
Foreign exchange differences, net*	**1,771**	20,160
Write-off of other receivables**	**–**	1,256
Write-off of long-term prepayment**	**18,459**	–
Impairment of trade receivables**	**340**	–
Write-down of completed properties held for sale to net realisable value ***	**40,644**	–

* The foreign exchange differences, net is included in "Other expenses" in the 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.

** The write-off of other receivables, long-term prepayment and the impairment of trade receivables are included in "Administrative expenses" in the consolidated statement of profit or loss.

*** The write-down of completed properties held for sale to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

5. FINANCE COSTS

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

	2014 **RMB'000**	2013 RMB'000
Interest on bank loans wholly repayable within five years	**–**	4,200
Amortised cost of promissory note payable*	**–**	94,718
	–	98,918

* It represented the amortised cost of the promissory note payable which was issued by the Company to Xiwang Investment for the acquisition of a property development business in 2012. The promissory note payable is measured at amortised cost using the effective interest rate method. 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.

6. INCOME TAX

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 (2013: Nil).

Pursuant to the PRC 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 2014, the applicable tax rate for the subsidiaries of the Company established in the PRC is 25% (2013: 25%).

PRC 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 RMB2,668,000 (2013: RMB3,083,000) is charged to the consolidated statement of profit or loss for the year ended 31 December 2014.

	2014 **RMB'000**	2013 RMB'000
Group:		
Current – Mainland China	**–**	8,667
LAT in Mainland China	**2,668**	3,083
Deferred Mainland China corporate income tax	**(8,448)**	(2,053)
Total tax (credit)/charge for the year	**(5,780)**	9,697

A reconciliation of the tax expense applicable to loss before tax at the statutory income tax rate to the tax expense at the Group's effective income tax rate for the year, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2014		2013	
	RMB'000	**%**	RMB'000	%
Loss before tax from continuing operations	**(87,757)**		(100,292)	
Tax at the statutory tax rate	**(21,939)**	**25**	(25,073)	25
Lower statutory tax rates for Hong Kong subsidiaries	**405**	**(0.5)**	10,594	(10.6)
Income not subject to tax	**–**	**–**	(3)	0.0
Tax losses and deductible temporary differences not recognised	**8,077**	**(9.2)**	21,312	(21.3)
Expenses not deductible for tax	**5,986**	**(6.8)**	343	(0.3)
LAT	**2,668**	**(3.0)**	3,083	(3.1)
Tax effect of LAT and business tax	**(977)**	**1.1**	(559)	0.6
Tax (credit)/charge at the Group's effective rate	**(5,780)**	**6.6**	9,697	(9.7)

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 RMB1 cent 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 were 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 of a discontinued operation. 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 for the year ended 31 December 2014 (2013: Nil).

Payment of the preferred annual distribution of RMB1 cent per convertible preference share will be deferred.

8. 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 1,235,777,000 (2013: 1,155,117,645) in issue during the Year.

The calculation of the diluted loss per share amount for the year ended 31 December 2014 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 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 loss per share amounts presented.

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

	2014 **RMB'000**	2013 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**(80,950)**	(109,778)
From a discontinued operation	**–**	(855,803)
	(80,950)	(965,518)
Less: Distribution to holders of convertible preference shares	**–**	(553,017)
Loss attributable to ordinary equity holders of the parent	**(80,950)**	(1,518,535)
Attributable to:		
Continuing operations	**(80,950)**	(662,732)
Discontinued operation	**–**	(855,803)
	(80,950)	(1,518,535)

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the Year used in the basic and diluted loss per share calculation	**1,235,777,000**	1,155,117,645

9. GOODWILL

	RMB'000
At 1 January 2013 and 31 December 2013:	
Cost	180,405
Accumulated impairment	–
Net carrying amount	180,405
Cost at 1 January 2014, net of accumulated impairment	180,405
Impairment during the year	–
Cost and net carrying amount at 31 December 2014	180,405
At 31 December 2014:	
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:

	2014	2013
	RMB'000	RMB'000
Meijun project Phase Three	**114,744**	107,647
Qinghe project	**65,661**	61,600
Lanting project*	**–**	11,158
	180,405	180,405

* During the year ended 31 December 2014, the number of allocated CGUs was changed from three to two as no future cash flow is expected from Lanting project which was aborted by management for further development.

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% (2013: 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 expected.

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

Pre-sale is expected to take place in 2016 and 2018 for Qinghe project and Meijun project Phase Three, respectively.

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

	Plot ratio	
	2014	2013
Meijun project Phase Three	**3.06**	3.06
Qinghe project	**2.2**	1.52
Lanting project	**–**	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 Meijun project Phase Three by 5% or a delay in pre-sale of Meijun project Phase Three by one year would cause the carrying amount of the CGU to exceed its recoverable amount by approximately RMB10,628,000 and RMB20,147,000, respectively.

In the opinion of the directors, a decrease in the selling price of Qinghe project by 5% or a delay in pre-sale of Qinghe project by one year would cause the carrying amount of the CGU to exceed its recoverable amount by approximately RMB424,000 and RMB8,858,000, respectively.

10. PROPERTIES UNDER DEVELOPMENT

	2014	2013
	RMB'000	RMB'000
Land in Mainland China held, at cost:		
At 1 January	**380,820**	388,121
Transfer to completed properties held for sale	**(88,837)**	(7,301)
At 31 December	**291,983**	380,820
Development expenditure, at cost:		
At 1 January	**51,744**	72,535
Additions	**116,123**	199,338
Transfer to completed properties held for sale	**(162,492)**	(220,129)
At 31 December	**5,375**	51,744
	297,358	432,564
Properties under development expected to be recovered:		
Within one year	**–**	105,859
After one year	**297,358**	326,705
	297,358	432,564

11. LONG-TERM PREPAYMENT

Long-term prepayment as at 31 December 2014 mainly represented a prepayment of RMB54,585,000 (2013: RMB70,093,000) related to acquisition of land use rights.

During the year ended 31 December 2014, long-term prepayment of RMB18,459,000 was written off due to the termination of a property development project with local government.

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	RMB'000
Trade receivables	**–**	1,673
Prepayments	**131,431**	67,426
Prepaid tax	**18,349**	14,165
Other receivables	**23,085**	3,564
	172,865	86,828

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Trade receivables

	2014	2013
	RMB'000	RMB'000
Trade receivables	**340**	1,673
Impairment	**(340)**	–
	–	1,673

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:

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

The movements in provision for impairment of trade receivables are as follows:

	2014	2013
	RMB'000	RMB'000
At 1 January	**–**	–
Impairment losses recognised (note 6)	**340**	–
	340	–

Included in the above provision for impairment of trade receivable is a provision for individually impaired trade receivable of RMB340,000 (2013: Nil) with a carrying amount before provision of RMB340,000 (2013: Nil).

The individually impaired trade receivables relate to customers that were in default in payment and not expected to be recovered.

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

	2014	2013
	RMB'000	RMB'000
Neither past due nor impaired	**–**	114
Less than one year past due	**–**	1,559
	–	1,673

13. PROMISSORY NOTE RECEIVABLE

The balance as of 31 December 2013 represented the principal amount outstanding of the promissory notes issued by Xiwang Investment for the partial settlement of the consideration of the disposal. The promissory note was settled in the year of 2014.

14. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

	2014	2013
	RMB'000	RMB'000
Cash and bank balances	**13,118**	11,037
Less: Restricted cash*	**(1,875)**	(2,368)
Cash and cash equivalents	**11,243**	8,669

* 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 Company's subsidiaries in the PRC denominated in RMB amounted to RMB7,341,000 (2013: RMB3,531,000). 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.

15. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	RMB'000
Trade payables	**36,430**	21,142
Deposits received	**18,603**	23,831
Receipts in advance	**140,511**	138,278
Other payables	**8,864**	23,433
Accruals	**1,057**	2,998
Salary and welfare payables	**1,121**	1,548
	206,586	211,230

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:

	2014	2013
	RMB'000	RMB'000
0 – 30 days	**30,758**	12,668
31 – 60 days	**3,650**	7,718
61 – 90 days	**–**	–
Over 90 days	**2,022**	756
	36,430	21,142

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Operating results

1. Revenue

The Group's revenue amounted to RMB122,122,000 during the Year (2013: RMB179,149,000), representing a decrease of 31.8% as compared to last year. The decrease in revenue was mainly due to the decrease in gross floor area ("**GFA**") sold as compared to last year. The sales of Lanting Project, a high-class residential development, was higher than that of last year. The sales of each project was as follows:

	Revenue		GFA sold		Average GFA price	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	RMB'000	**square metres ("sq m")**	sq m	**RMB/ sq m**	RMB/ sq m
Meijun Project	**43,086**	121,282	**14,733**	49,766	**2,924**	2,437
Lanting Project	**78,740**	57,867	**19,838**	14,028	**3,969**	4,125
	121,826	179,149	**34,571**	63,794	**3,524**	2,808
Others*	**296**	–				
	122,122	179,149				

* Others mainly represent rental income from car parking units

2. Cost of sales

The Group's cost of sales amounted to RMB176,855,000 during the Year (2013: RMB145,235,000), representing an increase of 21.8% as compared to last year. The increase in cost of sales was mainly due to (i) the sales of Lanting Project increased as compared to that of last year, as Lanting Project is a relative high-class residential project, and its construction costs was higher than that of Meijun Project; and (ii) impairment provisions of RMB40,644,000 made for the completed properties held for sale during the Year.

	2014 **RMB'000**	2013 RMB'000
Costs of land	**8,017**	12,218
Compensation for relocation	**25,991**	7,040
Development costs	**72,110**	100,651
Other costs^^	**70,737**	25,326
	176,855	145,235
Average Floor Area cost (net of impairment provisions) (RMB/sq m)	**3,940**	2,277

^^ Other costs include write-down of completed properties held for sale to net realisable value amounted to RMB40,644,000, loan interests capitalised, planning fees, initial fees, adjustments to fair value and taxes.

3. Gross (loss)/profit

The Group's gross loss amounted to RMB54,733,000 during the Year (2013 gross profit: RMB33,914,000), representing a decrease of 2.6 times as compared to last year. The gross loss margin was 44.8% (2013 gross profit margin: 18.9%) and was 63.7 percentage points lower than that of last year. The decrease in gross profit margin was mainly due to:

(i) the average GFA price of Lanting Project (its revenue accounts for 64.5% of our total revenue) decreased slightly by RMB156 per sq m or 3.8%.

(ii) impairment provisions of RMB40,644,000 made for completed properties held for sale, which accounts for 23.0% of the total cost of sales.

Due to the above reasons, we have recorded gross loss during the Year.

4. Other income

Other income represents interest income from promissory note receivables and bank deposits. Other income amounted to RMB908,000 during the Year (2013: RMB2,107,000), representing a decrease of 56.9% as compared to that of last year, which was mainly due to the decrease in interest income as Xiwang Investment has repaid the remaining balance of promissory note payable to the Company during the Year.

5. Other expenses

Other expenses represent exchange loss. The exchange loss amounted to RMB1,771,000 during the Year (2013: RMB20,160,000), representing a decrease of 91.2% as compared to that of last year. The exchange loss incurred during the Year was mainly due to the repayment of remaining balance of promissory note receivable from Xiwang Investment.

6. Selling and marketing expenses

Selling and marketing expenses include wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB3,440,000 during the Year (2013: RMB1,464,000), which increased by 1.3 times as compared to that of last year. It was mainly due to the increase in property sale promotion activities during the Year.

7. Administrative expenses

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The administrative expenses amounted to RMB28,721,000 during the Year (2013: RMB15,771,000), representing an increase of 82.1% as compared to that of last year, which was mainly due to the termination of the development cooperation agreement dated 28 September 2013 entered into by Glorious Prosper Limited, an indirect wholly-owned subsidiary of the Company, and Jimo Government in respect of the property redevelopment project in Jimo City, Shandong Province on 20 August 2014. As the project had already commenced after the agreement was entered into in 2013, certain development, design and other expenses incurred for the project were not recoverable and written-off during the Year, and hence, our administrative expenses had increased accordingly.

8. Finance costs

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

9. **Income tax**

The Group credited an income tax of RMB5,780,000 to the consolidated statement of profit or loss during the Year (2013: RMB9,697,000 charged to the consolidated statement of profit or loss), which was mainly due to the utilisation of deferred income tax liabilities from fair value adjustment arising from acquisition of subsidiaries.

Financial position

1. **Liquidity and capital resources**

As at 31 December 2014, the Group's cash and cash equivalents amounted to RMB11,243,000, representing an increase of RMB2,574,000, or 29.7%, as compared to RMB8,669,000 as at 31 December 2013. During the Year, the net cash outflow from operating activities amounted to RMB118,197,000, while the net cash inflow from investing activities amounted to RMB120,153,000. There was no cash flow from financing activities during the Year.

The Group primarily utilized the cash flow from operations, cash inflow from investing activities and cash on hand to finance operational requirements during the Year. As at 31 December 2014, the Group's capital commitment amounted to RMB7,647,000, which was mainly expenditures for property developments.

2. **Capital structure**

As at 31 December 2014, the Group's total liabilities amounted to RMB315,351,000, our total assets was RMB922,188,000, representing an asset to liability ratio (total assets divided by total liabilities) of 2.92. The total equity was RMB606,837,000 and the gearing ratio (total liabilities divided by total equity) was 52.0%.

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 Year, 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 Year, majority of the Group's assets, liabilities, incomes, payments and cash balances were denominated in RMB. Therefore, the Directors of the Company 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 2014, the Group employed approximately 38 staff (2013: 79). Staff-related costs (including Directors' remuneration) incurred during the Year was RMB4,514,000 (2013: RMB6,444,000). 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 Property**"), a wholly-owned subsidiary of the Group, provided a guarantee in favour of Agricultural Development Bank of China, Zouping County Branch, in respect of the loan of 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 were set out in the 2012 Circular.

II. BUSINESS OUTLOOK

The economic development of China has entered a new stage, with a change from rapid growth to moderate growth. According to the National Bureau of Statistics of China, the gross domestic product ("**GDP**") of China in 2014 grew by 7.4% to RMB63,600 billion. As at the end of 2014, China's population reached 1.368 billion, with an urbanization rate of 54.8%. In 2014, total investment in property development in China amounted to RMB9.5 trillion, grew by 10.5% as compared to that of last year, and the growth in the investment in residential sector was 9.2%.

The Group operates and develops residential properties in Zouping County in Binzhou City, Shandong Province. The GDP of Shandong Province grew by 8.7% in 2014, which was 1.3 percentage points higher than the national one. The urbanization rate of Shandong Province was 55%, which was approximate to the country's overall level. In 2014, total investment in property development in Shandong Province grew by 6.9% to RMB581.8 billion. However, residential area sold dropped by 14.3% to 79.725 million sq m. The residential property market in Shandong Province is in a time of challenge, the Group has taken positive measures to overcome the challenge and plans to develop residential properties of higher class to drive up the gross profit and revenue.

DIVIDEND

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 Friday, 29 May 2015. A notice convening the AGM will be published on the respective websites of The Stock Exchange of Hong Kong Limited (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 Monday, 27 April 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members in respect of the ordinary shares of the Company will be closed from Wednesday, 27 May 2015 to Friday, 29 May 2015 (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. The shareholders of the Company whose names appear on the register of members in respect of the ordinary shares of the Company on Friday, 29 May 2015 is 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 26 May 2015.

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.

SUFFICIENT PUBLIC FLOAT

Based on the information that is available to the Company and as far as the Directors are aware, the Company has maintained a sufficient public float as required under the Rule Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as at the date of this announcement.

CORPORATE GOVERNANCE

The Company has adopted the code provisions contained in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the 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.

PUBLICATION OF ANNUAL REPORT

The 2014 annual report will be dispatched to the shareholders on or around 27 April 2015 and published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty.com).

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

Hong Kong, 31 March 2015

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*