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 2015

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 2015 (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	**2015 RMB'000**	2014 RMB'000
REVENUE	3	**100,783**	122,122
Cost of sales		**(109,654)**	(176,855)
Gross loss		**(8,871)**	(54,733)
Other income	3	**704**	908
Other expenses		**(4,732)**	(1,771)
Selling and marketing expenses		**(291)**	(3,440)
Administrative expenses		**(7,245)**	(28,721)
LOSS BEFORE TAX	4	**(20,435)**	(87,757)
Income tax credit	5	**5,289**	5,780
LOSS FOR THE YEAR		**(15,146)**	(81,977)
Attributable to:			
Owners of the parent		**(15,086)**	(80,950)
Non-controlling interests		**(60)**	(1,027)
		(15,146)	(81,977)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted			
For loss for the year		**RMB(1) cents**	RMB(7) cents

Details of the dividends for the Year are disclosed in note 6 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2015 RMB'000	2014 RMB'000
LOSS FOR THE YEAR	**(15,146)**	(81,977)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,699**	618
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(12,447)**	(81,359)
Attributable to:		
Owners of the parent	**(12,387)**	(80,332)
Non-controlling interests	**(60)**	(1,027)
	(12,447)	(81,359)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**226**	1,355
Goodwill		**180,405**	180,405
Long-term prepayment	8	**54,585**	54,585
Total non-current assets		**235,216**	236,345
CURRENT ASSETS			
Completed properties held for sale		**104,831**	202,502
Properties under development	9	**300,418**	297,358
Trade and other receivables	10	**140,460**	172,865
Restricted cash		**–**	1,875
Cash and cash equivalents		**97,612**	11,243
Total current assets		**643,321**	685,843
CURRENT LIABILITIES			
Trade and other payables	11	**127,353**	206,586
Due to related parties		**58,948**	4,445
Total current liabilities		**186,301**	211,031
NET CURRENT ASSETS		**457,020**	474,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**692,236**	711,157
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**98,236**	104,320
Total non-current liabilities		**98,236**	104,320
Net assets		**594,000**	606,837
EQUITY			
Equity attributable to owners of the parent			
Share capital		**175,672**	175,672
Reserves		**418,328**	430,316
		594,000	605,988
Non-controlling interests		**–**	849
Total equity		**594,000**	606,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors, the immediate holding company of the Company is Xiwang Investment Company Limited ("**Xiwang Investment**"), which is a private company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate holding company of the Company is Xiwang 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 (the "**PRC**"), after 14 February 2014.

Information about subsidiaries

Particulars of the principal subsidiaries are as follows:

Name	Place of Incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities
Keen Lofty Investments Limited	British Virgin Islands	US$15,756,000	100	–	Investment holding
Glorious Prosper Limited	Hong Kong	HK$1	–	100	Investment holding
Shandong Xiwang Agricultural Development Company Limited (山東西王農業文化發展有限公司)#	Mainland China	US$63,127,200	–	100	Property investment and development
Shandong Xiwang Investment Holdings Company Limited (山東西王投資控股有限公司)	Mainland China	RMB20,000,000	–	100	Investment holding
Shandong Xiwang Property Company Limited (山東西王置業有限公司)	Mainland China	RMB200,000,000	–	100	Property investment and development

\# Established in Mainland China as a wholly-foreign-owned enterprise

Binzhou Xiwang Metropolitan Company Limited and Qingdao Xiwang Property Company Limited were deregistered in 2015.

2.1 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**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 above. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the revised standards has no impact on the Group.

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

	2015	2014
	RMB'000	RMB'000
Mainland China	**54,713**	55,716
Hong Kong	**98**	224
	54,811	55,940

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

3. REVENUE AND OTHER INCOME

Revenue represents proceeds from the sale of properties.

An analysis of revenue and other income is as follows:

	2015	2014
	RMB'000	RMB'000
Revenue		
Sale of properties	**100,783**	122,122
Other income		
Bank interest income	**28**	15
Interest income from promissory note receivable	**–**	893
Others	**676**	–
	704	908

4. LOSS BEFORE TAX

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

	2015	2014
	RMB'000	RMB'000
Cost of inventories sold	**136,828**	136,211
Auditors' remuneration	**1,200**	1,250
Depreciation	**259**	632
Minimum lease payments under operating leases:		
Land and buildings	**587**	582
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,636**	4,128
Equity-settled share option expense	**399**	122
Pension scheme contributions	**180**	264
	2,215	4,514
Foreign exchange differences, net*	**4,732**	1,771
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 ***	**5,210**	40,644
Reversal of write-down of completed properties held for sale to net realisable value ****	**(32,384)**	–

*	The foreign exchange differences, net are included in "Other expenses" in the consolidated statement of profit or loss.
**	The write-off of 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.
****	The reversal of write-down of completed properties held for sale to net realisable value along with the properties sold is included in "Cost of sales" in the consolidated statement of profit and loss.

5. INCOME TAX CREDIT

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

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 (2014: 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 2015, the applicable tax rate for the subsidiaries of the Company established in the PRC is 25% (2014: 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 RMB1,794,000 is credited (2014: RMB2,668,000 charged) to the consolidated statement of profit or loss for the year ended 31 December 2015.

	2015	2014
	RMB'000	RMB'000
Group:		
Current – Mainland China	**–**	–
LAT (credit)/charge in Mainland China	**(1,794)**	2,668
Deferred Mainland China corporate income tax	**(3,495)**	(8,448)
Total tax credit for the year	**(5,289)**	(5,780)

6. DIVIDENDS

No final dividend was proposed by the Board for both ordinary shares and convertible preference shares for the year ended 31 December 2015 (2014: Nil).

Payment of the preferred annual distribution of RMB1 cent per convertible preference share will be deferred as at 31 December 2015.

7. 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 1,236,677,333 (2014: 1,235,777,333) in issue during the Year.

The calculation of the diluted loss per share amount for the year ended 31 December 2015 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 2015 and 2014 in respect of a dilution as the impact of convertible preference shares outstanding and share options 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:

	2015 **RMB'000**	2014 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	**(15,086)**	(80,950)

	Number of shares **2015**	2014
Shares		
Weighted average number of ordinary shares in issue during the Year used in the basic and diluted loss per share calculation	**1,236,677,333**	1,235,777,333

8. LONG-TERM PREPAYMENT

Long-term prepayment as at 31 December 2015 mainly represented a prepayment of RMB54,585,000 (2014: RMB54,585,000) related to the acquisition of land use rights.

9. PROPERTIES UNDER DEVELOPMENT

	2015	2014
	RMB'000	RMB'000
Land in Mainland China held, at cost:		
At 1 January	**291,983**	380,820
Transfer to completed properties held for sale	**–**	(88,837)
At 31 December	**291,983**	291,983
Development expenditure, at cost:		
At 1 January	**5,375**	51,744
Additions	**3,060**	116,123
Transfer to completed properties held for sale	**–**	(162,492)
At 31 December	**8,435**	5,375
	300,418	297,358
Properties under development expected to be recovered:		
Within one year	**–**	–
After one year	**300,418**	297,358
	300,418	297,358

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Trade receivables	**–**	–
Prepayments	**123,785**	131,431
Prepaid tax	**12,455**	18,349
Other receivables	**4,220**	23,085
	140,460	172,865

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

Trade receivables

	2015	2014
	RMB'000	RMB'000
Trade receivables	**–**	340
Impairment	**–**	(340)
	–	–

Included in the above provision for impairment of trade receivable is a provision for individually impaired trade receivable of RMB340,000 for 2014 with a carrying amount before provision of RMB340,000.

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

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

	Group	
	2015	2014
	RMB'000	RMB'000
At 1 January	**–**	–
Impairment losses recognised (note 4)	**–**	340
	–	340

11. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	RMB'000
Trade payables	**30,529**	36,430
Deposits received	**9,869**	18,410
Receipts in advance	**79,110**	140,511
Other payables	**5,415**	8,864
Accruals	**1,400**	1,250
Salary and welfare payables	**1,030**	1,121
	127,353	206,586

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:

	2015	2014
	RMB'000	RMB'000
0 – 30 days	**26**	30,758
31 – 60 days	**3**	3,650
61 – 90 days	**28**	–
Over 90 days	**30,472**	2,022
	30,529	36,430

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The Group's sole source of revenue of the year is sales of developed property. Geographically, Shandong remains as the Group's main market. All revenues of the Group during the year were derived from Shandong.

The Group's turnover of the year is RMB100,783,000 (2014: RMB122,122,000), representing a decrease of 17.5% as compared to last year. The decrease of turnover is mainly due to decrease in gross floor area (the "**GFA**") sold as compared to last year, among which the GFA sold under Meijun Project decreased from 14,733 square meters in 2014 to 3,889 square meters in 2015, representing a decrease of 73.6%. The average GFA price increased from RMB3,524 per square meter in 2014 to RMB3,893 per square meter in 2015, representing an increase of 10.5%.

II. FINANCIAL REVIEW

Operating results

1. Revenue

The Group's revenue amounted to RMB100,783,000 during the Year (2014: RMB122,122,000), representing a decrease of 17.5% as compared to last year. The decrease in revenue was mainly due to the decrease in 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**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**square metres (“sq m”)**	sq m	**RMB/ sq m**	RMB/ sq m
Meijun Project	**11,116**	43,086	**3,889**	14,733	**2,858**	2,924
Lanting Project	**89,667**	78,740	**22,002**	19,838	**4,075**	3,969
	100,783	121,826	**25,891**	34,571	**3,893**	3,524
Others*	**–**	296				
	100,783	122,122				

* Others mainly represent rental income from car parking units

2. Cost of sales

The Group's cost of sales amounted to RMB109,654,000 during the Year (2014: RMB176,855,000), representing an decrease of 38.0% as compared to last year. The decrease in cost of sales was mainly due to (i) the sales of Meijun Project decreased as compared to that of last year, (ii) and impairment provision made for completed properties held for sale decreased as compared to that of last year.

	2015 **RMB'000**	2014 RMB'000
Costs of land	**7,439**	8,017
Compensation for relocation	**30,798**	25,991
Development costs	**70,108**	72,110
Write-down of completed properties held for sale to net realisable value	**5,210**	40,644
Reversal of write-down of completed properties held for sale to net realisable value	**(32,384)**	–
Other costs^^	**28,483**	30,093
	109,654	176,855
Average Floor Area cost (RMB/sq m)	**4,235**	5,116
Average Floor Area cost (net of impairment reversals/provisions) (RMB/sq m)	**5,285**	3,940

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

3. Gross loss

The Group's gross loss amounted to RMB8,871,000 during the Year (2014: RMB54,733,000), representing a decrease of 83.8% as compared to last year. The gross loss margin was 8.8% (2014 gross loss margin: 44.8%) and was 36 percentage points lower than that of last year. The decrease in gross loss margin was mainly due to:

(i) the average GFA price of Lanting Project (its revenue accounts for 89.0% of our total revenue) increased slightly by RMB106 per sq m or 2.7%.

(ii) Reversal of write-down of completed properties held for sale amounted to RMB32,384,000 for the year.

4. **Other income**

Other income represents gain on deregistration of a subsidiary during the Year. Other income amounted to RMB704,000 during the Year (2014: RMB908,000), representing a decrease of 22.5% as compared to that of last year, which was mainly due to no interest income from promissory note received during the year as Xiwang Investment had repaid the remaining balance of promissory note payable to the Company last year.

5. **Other expenses**

Other expenses represent exchange loss. The exchange loss amounted to RMB4,732,000 during the Year (2014: RMB1,771,000), representing a increase of 1.7 times as compared to that of last year. The exchange loss incurred during the Year was mainly attributable to RMB deposits and the unrealised foreign exchange loss arising from the intragroup monetary balances in group companies in Hong Kong.

6. **Selling and marketing expenses**

Selling and marketing expenses include wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB291,000 during the Year (2014: RMB3,440,000), which decreased by 91.5% as compared to that of last year. It was mainly due to the decrease 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 RMB7,245,000 during the Year (2014: RMB28,721,000), representing a decrease of 74.8% as compared to that of last year, which was mainly because no write-off of long-term prepayment incurred during the Year (2014: RMB18,459,000).

8. **Income tax credit**

The Group credited an income tax of RMB5,289,000 to the consolidated statement of profit or loss during the Year (2014: RMB5,780,000 credited 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

Liquidity and capital resources

As at 31 December 2015, the Group's cash and cash equivalents amounted to RMB97,612,000, representing an increase of RMB86,369,000, or 7.7 times, as compared to RMB11,243,000 as at 31 December 2014. 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 2015, the gearing ratio, being the ratio of total liabilities divided by total equity was 47.9% (31 December 2014: 52.0%). As at 31 December 2015, the Group had no bank and other borrowings (31 December 2014: Nil).

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.

Pledge of assets

As at 31 December 2015, none of property, plant and equipment of the Group was pledged to secure bank and other borrowings (31 December 2014: Nil).

Capital commitments

As at 31 December 2015, the Group's capital commitment amounted to RMB8,595,000 (31 December 2014: RMB7,647,000), which was mainly expenditures for property developments.

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 2015, the Group employed approximately 25 staff (31 December 2014: 38). Staff-related costs (including Directors' remuneration) incurred during the Year was RMB2,215,000 (2014: RMB4,514,000). 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.

III. BUSINESS OUTLOOK

In 2016, China's real estate market will generally be dull, and the trend of diversification will continue. Improved residence and stock housing transaction will be the main targets of market competition.

In the monetary and credit aspects, the central bank will continue to maintain steady monetary policies, retain reasonable and sufficient market funds, and reduce the cost of enterprise financing and facilitate constant release of needs for real estate by guiding down actual interest rate for medium and long term via means of marketization. In the aspect of real estate policies, in the short run, the central bank maintains guidance by categorization, and encourages demands for residence, especially from new urban citizens such as rural migrant workers; in the long run, it still relies on the gradual improvement of long-term effective real estate mechanism.

Looking at the de-inventory process of residential properties in cities of different tiers, the average months of home inventory in first-tier and second-tier cities have fallen to reasonable level. Currently most inventory pressure is concentrated in third-tier and fourth-tier cities. Since most third-tier and fourth-tier cities have rapidly expanded in early stage, with significant volume of completion of residential land, they are facing problems such as overdevelopment, population outflow and insufficient effective demand, and therefore their current de-inventory pressure in the market is significant. Looking at the de-inventory of land, the inventory pressure for medium and long term in the third-tier and fourth-tier cities is high. The third-tier and fourth-tier cities bear high inventory pressure and lack sufficient impulse for increased investment, so their trend of decline in investment is temporarily difficult to reverse. However, looking at the big picture, the inventory problem in third-tier and fourth-tier cities is due to long-term accumulation, and de-inventory cannot be solved overnight. It takes time and market adaptation for the relevant supporting incentive policies to be effective.

Since the first-tier cities have well developed economy and highly concentrated population, their real estate market maintains a good trend of development, which may drive up their prices of residential properties. Moreover, the expensive residential lands moved into market this year are all concentrated in first-tier cities, leading the newly constructed residence products to develop towards medium-end and high-end and thus pushing up the price of residential properties in the future. The diversification of residential commodity market in second-tier cities is prominent. The residential commodity inventory is gradually being cleared, and the housing prices will remain steady. The housing prices in most third-tier and fourth-tier cities are anticipated to fall. Some cities have high level of inventory due to large supply and limited demand in the early stage. Some cities with relatively gradual economic and industrial development than surrounding cities have their market demands diverted to the surrounding cities with higher absorptive capacity. The prices of newly constructed residential properties in these cities are anticipated to fall in 2016.

Looking forward to 2016, exploring multiple methods to effectively clear stock will become a focus of the real estate market. The government and enterprises should simultaneously take effective actions to clear stock in the short run as well as the medium and long run. Developments of the real estate market in different cities will be further differentiated. Some third-tier cities may face pressure of stock clearance, and their house prices may be anticipated to fall due to impact of restrictive factors such as economic and industrial development and population absorptive capacity. In contrast, the first-tier cities and some hot-spot second-tier and third-tier cities will continue to have increased demands due to their economic and industrial advantages. Their real estate market will remain a good trend of development, and the house prices will remain a trend of steady or moderate rise.

Looking forward, with 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

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, 17 June 2016. 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, 25 April 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members in respect of ordinary shares of the Company will be closed from Wednesday, 15 June 2016 to Friday, 17 June 2016, (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 14 June 2016.

PURCHASE, SALE 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 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 except for the deviation from paragraphs A.6.7 and E.1.2 of the CG Code as WANG An and WANG Shu Jie, independent non-executive directors, WANG Yong, the non-executive director, and WANG Di, the non-executive director and Chairman of the Board, were absent from the annual general meeting of the Company held on 29 May 2015 for their overseas or other engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the Year and up to the date of this announcement.

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 2015 annual report will be dispatched to the shareholders on or around 25 April 2016 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, 23 March 2016

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

Executive Directors:
Mr. WANG Jin Tao
Mr. WANG Wei Min
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 Zhen

* *For identification purpose only*