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 2016

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 2016 (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

		Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
	Note	**Unaudited**	Unaudited
Revenue	3	**14,601**	59,832
Cost of sales		**(12,484)**	(58,658)
Gross profit		**2,117**	1,174
Other income	3	**30**	276
Other expenses		**(4,860)**	(4,500)
Loss on disposal of a subsidiary		**(21)**	–
Selling and marketing expenses		**(102)**	(182)
Administrative expenses		**(2,396)**	(2,927)
Loss before tax	4	**(5,232)**	(6,159)
Income tax (expenses)/credit	5	**(518)**	393
Loss for the Period		**(5,750)**	(5,766)
Attributable to:			
Owners of the parent		**(5,750)**	(5,707)
Non-controlling interests		**–**	(59)
		(5,750)	(5,766)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	6	**RMB(0.46 cents)**	RMB(0.46 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
LOSS FOR THE PERIOD	**(5,750)**	(5,766)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,803**	3,350
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,947)**	(2,416)
Attributable to:		
Owners of the parent	**(1,947)**	(2,357)
Non-controlling interests	**–**	(59)
	(1,947)	(2,416)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2016 RMB'000 Unaudited**	31 December 2015 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**169**	226
Goodwill		**180,405**	180,405
Long-term prepayment	8	**54,585**	54,585
Total non-current assets		**235,159**	235,216
CURRENT ASSETS			
Completed properties held for sale		**93,158**	104,831
Properties under development		**300,672**	300,418
Other receivables	9	**119,465**	140,460
Cash and cash equivalents		**103,843**	97,612
TOTAL CURRENT ASSETS		**617,138**	643,321
CURRENT LIABILITIES			
Trade and other payables	10	**104,521**	127,353
Due to related parties		**58,212**	58,948
TOTAL CURRENT LIABILITIES		**162,733**	186,301
NET CURRENT ASSETS		**454,405**	457,020
TOTAL ASSETS LESS CURRENT LIABILITIES		**689,564**	692,236
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**97,467**	98,236
Total non-current liabilities		**97,467**	98,236
NET ASSETS		**592,097**	594,000
EQUITY			
Equity attributable to owners of the parent			
Share capital		**175,672**	175,672
Reserves		**416,425**	418,328
TOTAL EQUITY		**592,097**	594,000

NOTES TO THE CONDENSED 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 is principally engaged in property development in the People's Republic of China ("**PRC**").

The immediate holding company of the Company is Xiwang Investment Company Limited ("**Xiwang Investment**") (西王投資有限公司) which 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 Group Company Limited* ("**Xiwang Group**") (西王集團有限公司).

1.2 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The condensed consolidated financial statements of the Group have not been audited but have been reviewed by the Company's Audit Committee.

The accounting policies and method of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015.

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 2015, which have been prepared in accordance with HKFRSs.

1.3 Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these interim financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements to 2012-2014 Cycle	Amendments to numbers of HKFRSs

The adoption of the revised HKFRSs has had no significant financial effect on these interim financial statements and there have been no significant changes to the accounting policies applied in these interim financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2 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

The Group operates within one geographical area. For the six months ended 30 June 2016, 100% (six months ended 30 June 2015: 100%) of its revenue was generated in the PRC and the principal assets and capital expenditure of the Group were located and incurred in the PRC. Accordingly, no geographical information is presented.

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 is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue		
Sale of properties	**14,601**	59,832
Other income		
Bank interest income	**30**	4
Foreign exchange gain, net	**–**	267
Others	**–**	5
	30	276

4 LOSS BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories sold	**12,484**	58,658
Depreciation	**57**	297
Loss on disposal of property, plant and equipment	**–**	97
Minimum lease payments under operating leases:		
Land and buildings	**579**	571
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**660**	763
Equity-settled share option expense	**44**	213
Pension scheme contributions	**81**	132
	785	1,108
Foreign exchange loss, net	**4,860**	–

5 INCOME TAX (EXPENSES)/CREDIT

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	**(660)**	–
Land Appreciation Tax in Mainland China	**(627)**	(950)
Deferred	**769**	1,343
Total tax (charge)/credit for the Period	**(518)**	393

6 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,236,677,333 (six months ended 30 June 2015: 1,235,777,333) in issue during the Period.

The calculation of the diluted loss per share amount for the Period is based on the loss 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 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 six months ended 30 June 2016 and 2015 in respect of a dilution as the impact of convertible preference share outstanding and share option would not have a dilutive effect on the basic loss per share amounts presented.

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Loss attributable to ordinary equity holders of the parent, used in the basis loss per share calculation	**(5,750)**	(5,707)

	Number of shares Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted loss per share calculation	**1,236,677,333**	1,235,777,333

7 DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

8 LONG-TERM PREPAYMENT

Long-term prepayment as at 30 June 2016 and 31 December 2015 mainly represented a prepayment related to the acquisition of land use rights.

9 OTHER RECEIVABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Prepayments	**105,098**	123,785
Prepaid tax	**9,781**	12,455
Other receivables	**4,586**	4,220
	119,465	140,460

10 TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Trade payables	**23,394**	30,529
Deposits received	**11,317**	9,869
Receipts in advance	**67,731**	79,110
Other payables	**1,474**	5,415
Accruals	**20**	1,400
Salary and welfare payables	**585**	1,030
	104,521	127,353

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 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
0 – 30 days	**13,658**	26
31 – 60 days	**3**	3
61 – 90 days	**2,973**	28
Over 90 days	**6,760**	30,472
	23,394	30,529

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

I. BUSINESS REVIEW

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

The Group's turnover of the Period is RMB14,601,000 (first half of 2015: RMB59,832,000), representing a decrease of 75.6% as compared to the corresponding period of last year. The decrease of turnover is mainly due to the decrease in gross floor area (the "**GFA**") sold as compared to the corresponding period of last year, among which the GFA sold under Meijun Project and Lanting Project decreased from 1,893 and 13,835 square meters in the first half of 2015 to 489 and 2,582 square meters in the first half of 2016, representing a decrease of 74.2% and 81.3% respectively. The average GFA price increased from RMB3,804 per square meter in first half of 2015 to RMB4,754 per square meter in first half of 2016, representing an increase of 25.0%.

II. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB14,601,000 during the Period (first half of 2015: RMB59,832,000), representing a decrease of 75.6% as compared to the same period of last year. Revenue decreased despite of an increase in the average GFA price, was mainly due to a sharp decrease in GFA sold in both Meijun Project and Lanting Project as compared to the same period of last year.

Sales breakdown:

	Revenue Six months ended 30 June		GFA sold Six months ended 30 June		Average GFA price Six months ended 30 June	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**square metre ("sq m")**	sq m	**RMB/sq m**	RMB/sq m
Meijun Project	**1,559**	5,599	**489**	1,893	**3,185**	2,958
Lanting Project	**13,042**	54,233	**2,582**	13,835	**5,051**	3,920
	14,601	59,832	**3,071**	15,728	**4,754**	3,804

2. Cost of sales

The Group's cost of sales amounted to RMB12,484,000 during the Period (first half of 2015: RMB58,658,000), representing a decrease of 78.7% as compared to the same period of last year. The decrease in cost of sales was mainly due to the decrease in GFA sold as compared to the same period of last year.

Cost of sales breakdown:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Costs of land	**760**	3,246
Compensation of relocation	**3,138**	15,249
Development costs	**6,996**	31,536
Reversal of write-down of completed properties held for sales to net realisable value	**(1,586)**	(6,733)
Other costs^^	**3,176**	15,360
	12,484	58,658
Average GFA cost (RMB/sq m)	**4,065**	3,730
Average GFA cost (net of impairment reversals) (RMB/sq m)	**4,582**	4,158

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

3. Gross profit

The Group's gross profit amounted to RMB2,117,000 during the Period (first half of 2015: RMB1,174,000), representing an increase of 80.3% as compared to the same period of last year. The gross profit margin for the Period was 14.5% (first half of 2015: 2.0%) and was 12.5 percentage points higher than that of the same period of last year. The increase in gross profit margin was mainly resulted from the increase of average GFA price from RMB3,804 per square meter in first half of 2015 to RMB4,754 per square meter in first half of 2016.

4. **Selling and marketing expenses**

Selling and marketing expenses included wages of sales staff, entertainment expenses and advertisement expenses. The expenses amounted to RMB102,000 (first half of 2015: RMB182,000) during the Period, which decreased by 44.0% as compared to the same period of last year. It was mainly due to the decrease in the number of sales staff during the Period.

5. **Administrative expenses**

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. Administrative expenses amounted to RMB2,396,000 (first half of 2015: RMB2,927,000) during the Period, representing a 18.1% decrease as compared to the same period of last year, which was mainly due to the cost control of the Group that results in a decrease in administrative expenses, such as legal fees and general administrative fees, during the Period.

Financial position

Liquidity and capital resources

As at 30 June 2016, the Group's cash and cash equivalents amounted to RMB103,843,000 which increased by RMB6,231,000 or 6.4%, as compared to RMB97,612,000 as at 31 December 2015. The Group primarily utilized the cash flow from operations and cash on hand to finance operational requirements during the Period.

As at 30 June 2016, the gearing ratio, being the ratio of total liabilities divided by total equity was 43.9% (31 December 2015: 47.9%). As at 30 June 2016, the Group had no bank borrowing (31 December 2015: nil).

Significant investments held, material acquisitions and disposals and future plans for material investments or capital assets

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

Capital commitments

As at 30 June 2016, the Group's capital commitment amounted to RMB8,676,000 (31 December 2015: RMB8,595,000), which was mainly expenditure incurred for property development.

Foreign exchange risk

The Group primarily operated in the PRC with RMB as its functional currency. During the Period, the majority of the Group's assets, liabilities, income, payments and cash balances were denominated in RMB. Therefore, the Directors believed that the Group's risk exposure to fluctuation of exchange rates was not significant as a whole.

Human resources

As at 30 June 2016, the Group employed approximately 25 staff (30 June 2015: 27). Staff-related costs incurred during the Period was RMB785,000 (first half of 2015: RMB1,108,000). The Group reviewed regularly the remuneration packages of directors and employees with respect to their experience and responsibilities to the Group's business. The Group established a remuneration committee to determine and review the terms of remuneration packages, bonuses and other compensation payables to directors and senior management. In addition to basic remuneration packages and discretionary bonuses, share options may also be granted based on individual performance.

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 RMB350 million of an independent third party company in China 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, for a guarantee period up to the end of two years after the next day following repayment of the loan in full (the "**China Company Guarantee**"). The China Company Guarantee was provided by Shandong Xiwang Property with a view to maintaining a sound relationship with the local government. Xiwang Investment 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 China Company Guarantee. Further details of the China Company Guarantee are set out in the 2012 Circular.

III. BUSINESS OUTLOOK

In 2016, "Destocking" became a key word to the nationwide property market, which quickly emerged under the easing policies. Led by the construction of Zouping Chengnan High School and the Jiqing High Speed Railway Zouping Station, numerous new projects in Zouping recorded lively opening transactions with a rise in both quantity and prices. Most of the projects were sold out shortly after launched, which caused the problem of difficulty in home purchase during the first half of the year. During the second half of the year, along with advancement in the construction of new projects, the supply of commodity housing would increase, easing the situation described above. The management is confident to the property market in China.

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 Period except for the deviation from paragraphs A.6.7 and E.1.2 of the CG Code as WANG An and WANG Zhen, independent non-executive directors, WANG Yong and SUN Xinhu, the non-executive directors, and WANG Di, the non-executive director and Chairman of the Board, were absent from the annual general meeting of the Company held on 17 June 2016 for their overseas or other engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions of the Directors. Having made specific enquiries with all Directors, all directors confirmed that they have complied with the required standards set out in the Model Code during the Period.

AUDIT COMMITTEE

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

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 2015: nil).

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

Hong Kong, 31 August 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*