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 2017

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 2017 (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

	Notes	Six months ended 30 June **2017** **RMB'000** **Unaudited**	 2016 RMB'000 Unaudited
REVENUE	4	**19,035**	14,601
Cost of sales		**(17,045)**	(12,484)
GROSS PROFIT		**1,990**	2,117
Other income	4	**2,629**	30
Other expenses		**–**	(4,860)
Loss on disposal of a subsidiary		**–**	(21)
Selling and marketing expenses		**(104)**	(102)
Administrative expenses		**(2,483)**	(2,396)
PROFIT/(LOSS) BEFORE TAX	5	**2,032**	(5,232)
Income tax credit/(expenses)	6	**1,420**	(518)
PROFIT/(LOSS) FOR THE PERIOD		**3,452**	(5,750)
Profit/(loss) attributable to:			
Owners of the Company		**3,452**	(5,750)
		3,452	(5,750)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	7	**RMB0.28 cents**	RMB(0.46) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
PROFIT/(LOSS) FOR THE PERIOD	**3,452**	(5,750)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,308)**	3,803
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**2,144**	(1,947)
Total comprehensive income/(loss) attributable to owners of the Company	**2,144**	(1,947)
	2,144	(1,947)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2017 RMB'000 Unaudited**	31 December 2016 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**94**	119
Goodwill		**180,405**	180,405
Total non-current assets		**180,499**	180,524
CURRENT ASSETS			
Completed properties held for sale		**67,269**	81,594
Properties under development		**302,857**	302,617
Other receivables	9	**95,309**	96,322
Amount due from a related company		**–**	655
Cash and cash equivalents		**125,614**	126,215
Total current assets		**591,049**	607,403
CURRENT LIABILITIES			
Trade and other payables	10	**74,710**	91,387
Amounts due to related companies		**8,708**	9,092
Total current liabilities		**83,418**	100,479
NET CURRENT ASSETS		**507,631**	506,924
TOTAL ASSETS LESS CURRENT LIABILITIES		**688,130**	687,448
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**95,565**	97,072
Total non-current liabilities		**95,565**	97,072
NET ASSETS		**592,565**	590,376

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
EQUITY		
Equity attributable to owners of the Company		
Share capital	**175,672**	175,672
Reserves	**416,893**	414,704
Total equity	**592,565**	590,376

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE 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 Group Company Limited ("**Xiwang Group**"), which is established in the People's Republic of China (the "**PRC**").

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 Property Company Limited # (山東西王置業有限公司)	PRC/Mainland China	RMB200,000,000	–	100	Property investment and development

Established in the PRC as a wholly-foreign-owned enterprise

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2016.

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 2016, which have been prepared in accordance with HKFRSs.

2.2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current account period of the Group. Of these, the following developments are relevant to the Group's financial statements.

- Amendments to HKAS 7 — Statement of cash flows: Disclosure initiative
- Amendments to HKAS 12 — Income taxes: Recognition of deferred tax assets for unrealized losses

The adoption of these amendments to HKFRSs has no material impact on the Group's result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

3.1 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.

3.2 GEOGRAPHICAL INFORMATION

The Group operates within one geographical area. For the six months ended 30 June 2017, 100% (six months ended 30 June 2016: 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.

4 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	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue		
Sale of properties	**19,035**	14,601
Other income		
Bank interest income	**8**	30
Interest income from Xiwang Group Finance Company Limited ("**Xiwang Finance**")	**1,164**	–
Foreign exchange gain, net	**1,457**	–
	2,629	30

5 PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories sold	**17,045**	12,484
Depreciation	**30**	57
Minimum lease payments under operating leases:		
Land and buildings	**623**	579
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**978**	660
Equity-settled share option expense	**45**	44
Pension scheme contributions	**90**	81
	1,113	785
Foreign exchange loss, net	**–**	4,860

6 INCOME TAX CREDIT/(EXPENSES)

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	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Group:		
Current – Mainland China	**–**	(660)
Land Appreciation Tax in Mainland China	**443**	(627)
Deferred Mainland China corporate income tax	**977**	769
Total tax credit/(charge) for the Period	**1,420**	(518)

7 EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,236,677,353 (six months ended 30 June 2016: 1,236,677,333) in issue during the Period.

The calculation of the diluted earnings/(loss) per share amount for the Period is based on the profit/(loss) for the Period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings/(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 earnings/(loss) per share amounts presented for the six months ended 30 June 2017 and 2016 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 earnings/(loss) per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share amounts are based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit/(loss) attributable to ordinary equity holders of the Company	**3,452**	(5,750)

	Number of shares	
	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings/(loss) per share calculation	**1,236,677,353**	1,236,677,333

8 DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

9 OTHER RECEIVABLES

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Prepayments	**79,954**	78,182
Prepaid tax	**10,441**	11,002
Interest receivable from Xiwang Finance	**1,157**	–
Other receivables	**3,757**	7,138
	95,309	96,322

10 TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
Trade payables	**10,757**	15,345
Receipts in advance	**55,405**	64,760
Other payables	**8,428**	11,031
Salary and welfare payables	**120**	251
	74,710	91,387

An aged 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 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited
0 – 30 days	**–**	5,628
31 – 60 days	**860**	960
61 – 90 days	**10**	–
Over 90 days	**9,887**	8,757
	10,757	15,345

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 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 RMB19,035,000 (first half of 2016: RMB14,601,000), representing an increase of 30.4% as compared to the corresponding period of last year. The increase of turnover is mainly due to the increase 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 increased from 489 and 2,582 square meters in the first half of 2016 to 1,439 and 3,151 square meters in the first half of 2017, representing an overall increase of 49.5%. The average GFA price decreased from RMB4,754 per square meter in first half of 2016 to RMB4,147 per square meter in first half of 2017, representing an decrease of 12.8%.

II. FINANCIAL REVIEW

Operating Results

1. Revenue

The Group's revenue amounted to RMB19,035,000 during the Period (first half of 2016: RMB14,601,000), representing an increase of 30.4% as compared to the same period of last year. Revenue increased was mainly due to the sharp increase in GFA sold in both Meijun Project and Lanting Project which outweighed the decrease in the average GFA price 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**	
	2017 RMB'000	2016 RMB'000	**2017 square metre ("sq m")**	2016 square metre sq m	**2017 RMB/ sq m**	2016 RMB/ sq m
Meijun Project	**3,876**	1,559	**1,439**	489	**2,694**	3,185
Lanting Project	**15,159**	13,042	**3,151**	2,582	**4,811**	5,051
	19,035	14,601	**4,590**	3,071	**4,147**	4,754

2. Cost of sales

The Group's cost of sales amounted to RMB17,045,000 during the Period (first half of 2016: RMB12,484,000), representing an increase of 36.5% as compared to the same period of last year. The increase in cost of sales was mainly due to the increase in GFA sold as compared to the same period of last year.

Cost of sales breakdown:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Costs of land	**1,063**	760
Compensation of relocation	**3,424**	3,138
Development costs	**9,192**	6,996
Reversal of write-down of completed properties held for sales to net realisable value	**(2,607)**	(1,586)
Other costs^^	**5,973**	3,176
	17,045	12,484
Average GFA cost (RMB/sq m)	**3,714**	4,065
Average GFA cost (net of impairment reversals) (RMB/sq m)	**4,281**	4,582

^^ 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 RMB1,990,000 during the Period (first half of 2016: RMB2,117,000), representing a decrease of 6.0% as compared to the same period of last year. The gross profit margin for the Period was 10.5% (first half of 2016: 14.5%) and was 4.0 percentage points lower than that of the same period of last year. The decrease in gross profit margin was mainly resulted from the decrease of average GFA price from RMB4,754 per square meter in first half of 2016 to RMB4,147 per square meter in first half of 2017.

4. **Other income**

Other income represented interest income and net foreign exchange gain. The interest income of RMB1,172,000 during the first half of 2017 (first half of 2016: RMB30,000) was mainly generated from the balance deposited into Xiwang Finance in the first half of 2017. The net foreign exchange gain incurred in the first half of 2017 was mainly attributable to the unrealised foreign exchange gain arising from the intragroup monetary balances in group companies.

5. **Administrative expenses**

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. The Group has managed to maintain administrative expenses at relatively stable level of RMB2,483,000, when compared with RMB2,396,000 for the same period of last year.

Financial position

Liquidity and capital resources

As at 30 June 2017, the Group's cash and cash equivalents amounted to RMB125,614,000 which decreased by RMB601,000, as compared to RMB126,215,000 as at 31 December 2016. The Group primarily utilized the cash flow from operations and cash on hand to finance operational requirements during the Period.

As at 30 June 2017, the gearing ratio, being the ratio of total liabilities divided by total equity, was 30.2% (31 December 2016: 33.5%). As at 30 June 2017, the Group had no bank borrowing (31 December 2016: 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 2017, the Group's capital commitment amounted to RMB7,821,000 (31 December 2016: RMB8,716,000), which was mainly expenditure incurred for property development.

Charges on Group Assets

As at 30 June 2017, our Group had no pledge of assets (30 June 2016: nil).

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 2017, the Group employed approximately 22 staff (30 June 2016: 25). Staff-related costs incurred during the Period was RMB1,113,000 (first half of 2016: RMB785,000). 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.

III. BUSINESS OUTLOOK

During the first half of 2017, new policies on real estate market regulation mainly focused on the models of home purchase and sales restrictions in each city. With market regulation becoming the main theme, the performance of the real estate market in terms of trade volume was steady in general and the difference between cities became significant. On the one hand, the trade volume of first- and second-tier cities witnessed both year-on-year and quarterly-on-quarterly decreases. On the other hand, as the implementation of city-specific strategy deepened under the context of risk control and destocking measures in 2017, hotspot cities witnessed decline in housing price and transaction volume, while third- and fourth-tier cities continued their steady rise.

In the first half of 2017, driven by the development of housing in school districts and the area of the express rail, the real estate market of Zouping continued the rising trend of the second half of 2016 and recorded continuous rise in prices. However, the regulation policy has affected the financial market since June 2017, when various banks successively introduced policies to raise the down payment ratio and loan interest rate as well as to control lending of housing provident fund, which curbed the overly rapid market growth to some extent. Overall, the real estate market of Zouping has stayed on a steady uptrend.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, no other significant events took place after the reporting date and up to 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 Period.

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 2016: nil).

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

Hong Kong, 23 August 2017

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*