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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 2016**

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 2016 (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	2016 RMB'000	2015 RMB'000
REVENUE	3	27,818	100,783
Cost of sales		(24,558)	(109,654)
Gross profit/(loss)		3,260	(8,871)
Other income	3	381	704
Other expenses		(13,220)	(4,732)
Selling and marketing expenses		(241)	(291)
Administrative expenses		(5,069)	(7,245)
LOSS BEFORE TAX	4	(14,889)	(20,435)
Income tax credit	5	1,202	5,289
LOSS FOR THE YEAR		(13,687)	(15,146)
Attributable to:			
Owners of the Company		(13,687)	(15,086)
Non-controlling interests		–	(60)
		(13,687)	(15,146)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted			
– For loss for the year		RMB(1) cent	RMB(1) cent

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

	2016 RMB'000	2015 RMB'000
LOSS FOR THE YEAR	<u>(13,687)</u>	<u>(15,146)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>9,976</u>	<u>2,699</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(3,711)</u>	<u>(12,447)</u>
Attributable to:		
Owners of the Company	(3,711)	(12,387)
Non-controlling interests	<u>-</u>	<u>(60)</u>
	<u>(3,711)</u>	<u>(12,447)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		119	226
Goodwill		180,405	180,405
Long-term prepayment		–	54,585
Total non-current assets		180,524	235,216
CURRENT ASSETS			
Completed properties held for sale		81,594	104,831
Properties under development	8	302,617	300,418
Other receivables	9	96,322	140,460
Amount due from a related company		655	–
Cash and cash equivalents		126,215	97,612
Total current assets		607,403	643,321
CURRENT LIABILITIES			
Trade and other payables	10	91,387	127,353
Amounts due to related companies		9,092	58,948
Total current liabilities		100,479	186,301
NET CURRENT ASSETS		506,924	457,020
TOTAL ASSETS LESS CURRENT LIABILITIES		687,448	692,236
LESS: NON-CURRENT LIABILITIES			
Deferred tax liabilities		97,072	98,236
Total non-current liabilities		97,072	98,236
Net assets		590,376	594,000
EQUITY			
Equity attributable to owners of the Company			
Share capital		175,672	175,672
Reserves		414,704	418,328
		590,376	594,000
Total equity		590,376	594,000

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 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 and voting rights attributable to the Company		Principal activities
			Direct %	Indirect %	
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

Shandong Xiwang Agricultural Development Company Limited and Shandong Xiwang Investment Holdings Company Limited were disposed in 2016.

1.1 BASIS OF PREPARATION

The consolidated 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and 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 2016. 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 Company 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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements Amendments to a number of HKFRSs</i>

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 the property development business which is the sole operating segment of the Group. Accordingly, no operating segment information is presented.

Geographical information

All revenues are from Mainland China.

Non-current assets

	2016	2015
	RMB'000	RMB'000
Mainland China	61	54,713
Hong Kong	58	98
	119	54,811

The non-current assets 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:

	2016 RMB'000	2015 RMB'000
Revenue		
Sale of properties	<u>27,818</u>	<u>100,783</u>
Other income		
Bank interest income	86	28
Net gain on disposal of subsidiaries	330	–
Others	<u>(35)</u>	<u>676</u>
	<u>381</u>	<u>704</u>

4. LOSS BEFORE TAX

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

	2016 RMB'000	2015 RMB'000
Cost of inventories sold	28,376	136,828
Write-down of completed properties held for sale to net realisable value	–	5,210
Reversal of write-down of completed properties held for sale to net realisable value along with properties sold	<u>(3,818)</u>	<u>(32,384)</u>
	<u>24,558</u>	<u>109,654</u>
Auditors' remuneration	557	1,200
Depreciation	107	259
Minimum lease payments under operating leases:		
Land and buildings	625	587
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	1,364	1,636
Equity-settled share option expense	87	399
Pension scheme contributions	<u>143</u>	<u>180</u>
	<u>1,594</u>	<u>2,215</u>
Foreign exchange differences, net*	13,220	4,732
Reversal of impairment of trade receivables**	<u>(226)</u>	<u>–</u>

* The foreign exchange differences, net are included in “Other expenses” in the consolidated statement of profit or loss.

** The reversal of impairment of trade receivables is included in “Administrative expenses” in the consolidated statement of profit or 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 (2015: 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 2016, the applicable tax rate for the subsidiaries of the Company established in the PRC was 25% (2015: 25%).

PRC Land Appreciation Tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights and all property development expenditures. LAT of RMB1,212,000 is credited (2015: RMB1,794,000) to the consolidated statement of profit or loss for the year ended 31 December 2016.

	2016	2015
	RMB'000	RMB'000
Group:		
Current – Mainland China	600	–
LAT credit in Mainland China	(1,212)	(1,794)
Deferred Mainland China corporate income tax	(590)	(3,495)
Total tax credit for the year	<u>(1,202)</u>	<u>(5,289)</u>

6. DIVIDENDS

No final dividend was proposed by the Board for both ordinary shares and convertible preference shares for the year ended 31 December 2016 (2015: Nil).

Payment of the preferred annual distribution of RMB1 cent per convertible preference share will be deferred as at 31 December 2016.

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,236,677,333 (2015: 1,236,677,333) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 31 December 2016 is based on the loss for the year 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 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 2016 and 2015 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:

	2016	2015
	RMB'000	RMB'000
<hr/>		
Loss		
Loss attributable to ordinary equity holders of the Company	<u><u>(13,687)</u></u>	<u><u>(15,086)</u></u>
<hr/>		
	Number of shares	
	2016	2015
<hr/>		
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u><u>1,236,677,333</u></u>	<u><u>1,236,677,333</u></u>

8. PROPERTIES UNDER DEVELOPMENT

	2016 RMB'000	2015 RMB'000
Land in Mainland China held at cost:		
At 1 January	291,983	291,983
Transfer to completed properties held for sale	<u>—</u>	<u>—</u>
At 31 December	<u>291,983</u>	<u>291,983</u>
Development expenditure, at cost:		
At 1 January	8,435	5,375
Additions	2,199	3,060
Transfer to completed properties held for sale	<u>—</u>	<u>—</u>
At 31 December	<u>10,634</u>	<u>8,435</u>
	<u>302,617</u>	<u>300,418</u>
Properties under development expected to be recovered:		
Within one year	—	—
After one year	<u>302,617</u>	<u>300,418</u>
	<u>302,617</u>	<u>300,418</u>

9. OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Prepayments	78,182	123,785
Prepaid tax	11,002	12,455
Other receivables	<u>7,138</u>	<u>4,220</u>
	<u>96,322</u>	<u>140,460</u>

10. TRADE AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Trade payables	15,345	30,529
Deposits received	–	9,869
Receipts in advance	64,760	79,110
Other payables	11,031	5,415
Accruals	–	1,400
Salary and welfare payables	251	1,030
	<u>91,387</u>	<u>127,353</u>

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:

	2016 RMB'000	2015 RMB'000
0 – 30 days	5,628	26
31 – 60 days	960	3
61 – 90 days	–	28
Over 90 days	8,757	30,472
	<u>15,345</u>	<u>30,529</u>

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.

11. DISPOSAL OF SUBSIDIARIES

- (a) In October 2016, an indirectly wholly-owned subsidiary of the Company, Glorious Prosper Limited, entered into a sale and purchase agreement and agreed to sell all 100% equity interests in Shandong Xiwang Agricultural Development Company Limited (“**Xiwang Agricultural**”) with a consideration of RMB15,800,000. The disposal was completed on 26 October 2016.

Summary of the effects of the disposal of Xiwang Agricultural is as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	3
Long term prepayment	54,585
Trade and other receivable	29,553
Trade and other payable	(311)
Amount due to related party	(68,384)
Cash and cash equivalents	3
	<u>15,449</u>
Gain on disposal	<u>351</u>
Consideration received in cash and cash equivalents for disposal of Xiwang Agricultural	<u><u>15,800</u></u>
Net cash inflow on disposal of Xiwang Agricultural:	
Consideration received in cash and cash equivalents for disposal of Xiwang Agricultural	15,800
Less: cash and cash equivalent balances disposed of	(3)
	<u>15,797</u>

- (b) In June 2016, an indirectly wholly-owned subsidiary of the Company, Shandong Xiwang Agricultural Development Company Limited, entered into a sale and purchase agreement and agreed to sell all 100% equity interests in Shandong Xiwang Investment Holdings Company Limited (“**Xiwang Investment**”) with a consideration of RMB14,800,000. The disposal was completed on 3 June 2016.

Summary of the effects of the disposal of Xiwang Investment is as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	<u>14,821</u>
	14,821
Loss on disposal	<u>(21)</u>
Consideration received in cash and cash equivalents for disposal of Xiwang Investment	<u><u>14,800</u></u>
Net cash inflow on disposal of Xiwang Investment:	
Consideration received in cash and cash equivalents for disposal of Xiwang Investment	14,800
Less: cash and cash equivalent balances disposed of	<u>(14,821)</u>
Net cash outflow	<u><u>(21)</u></u>

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 RMB27,818,000 (2015: RMB100,783,000), representing a decrease of 72.4% 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 Lanting Project decreased from 22,002 square meters in 2015 to 4,861 square meters in 2016, representing a decrease of 77.9%. The average GFA price increased from RMB3,893 per square meter in 2015 to RMB4,386 per square meter in 2016, representing an increase of 12.7%.

II. FINANCIAL REVIEW

Operating results

1. Revenue

The Group's revenue amounted to RMB27,818,000 during the Year (2015: RMB100,783,000), representing a decrease of 72.4% as compared to last year. The decrease in revenue was mainly due to the decrease in GFA sold as compared to last year. The average GFA price of Lanting Project, a high-class residential development, was higher than that of last year, however, the GFA sold of Lanting Project declined dramatically and resulted in a decrease in revenue of RMB65,616,000, representing a decrease of 73.2%. The sales of each project was as follows:

	Revenue		GFA sold		Average GFA price	
	2016 RMB'000	2015 RMB'000	2016 square metres ("sq m")	2015 sq m	2016 RMB/ sq m	2015 RMB/ sq m
Meijun Project	3,767	11,116	1,481	3,889	2,544	2,858
Lanting Project	24,051	89,667	4,861	22,002	4,947	4,075
	<u>27,818</u>	<u>100,783</u>	<u>6,342</u>	<u>25,891</u>	<u>4,386</u>	<u>3,893</u>

2. Cost of sales

The Group's cost of sales amounted to RMB24,558,000 during the Year (2015: RMB109,654,000), representing an decrease of 77.6% as compared to last year. The decrease in cost of sales was mainly due to (i) the dramatic decrease in the sales as compared to last year, and (ii) no impairment provision being made for completed properties held for sales during the year (2015: RMB5,210,000).

	2016	2015
	RMB'000	RMB'000
Costs of land	1,565	7,439
Compensation for relocation	6,142	30,798
Development costs	14,206	70,108
Other costs ^{^^}	6,463	28,483
	28,376	136,828
Write-down of completed properties held for sale to net realisable value	–	5,210
Reversal of write-down of completed properties held for sale to net realisable value	(3,818)	(32,384)
	24,558	109,654
Average Floor Area cost (RMB/sq m)	3,872	4,235
Average Floor Area cost (net of impairment reversals/provisions) (RMB/sq m)	4,474	5,285

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

3. Gross profit/(loss)

The Group's gross profit amounted to RMB3,260,000 during the Year (2015 gross loss: RMB8,871,000). The gross profit margin was 11.7% (2015 gross loss margin: 8.8%) and was 20.5 percentage points higher than that of last year. The increase in gross profit margin was mainly resulted from the increase of average GFA price from RMB3,893 per square meter in 2015 to RMB4,386 per square meter in 2016.

4. Other expenses

Other expenses represent exchange loss. The exchange loss amounted to RMB13,220,000 during the Year (2015: RMB4,732,000), representing a increase of 1.8 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.

5. Administrative expenses

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The administrative expenses amounted to RMB5,069,000 during the Year (2015: RMB7,245,000), representing a decrease of 30.0% as compared to that of last year, which was mainly due to the cost control of the Group that resulted in a decrease in administrative expenses, such as audit fee and general administrative fees, during the Year.

6. Income tax credit

The Group credited an income tax of RMB1,202,000 to the consolidated statement of profit or loss during the Year (2015: RMB5,289,000 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 2016, the Group's cash and cash equivalents amounted to RMB126,215,000, representing an increase of RMB28,603,000, or 29.3%, as compared to RMB97,612,000 as at 31 December 2015. 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 2016, the gearing ratio, being the ratio of total liabilities divided by total equity was 33.5% (31 December 2015: 47.9%). As at 31 December 2016, the Group had no bank and other borrowings (31 December 2015: 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 2016, none of property, plant and equipment of the Group was pledged to secure bank and other borrowings (31 December 2015: Nil).

Capital commitments

As at 31 December 2016, the Group's capital commitment amounted to RMB8,716,000 (31 December 2015: RMB8,595,000), 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 2016, the Group employed approximately 24 staff (31 December 2015: 25). Staff-related costs (including Directors' remuneration) incurred during the Year was RMB1,594,000 (2015: RMB2,215,000). 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

The Group did not have any contingent liabilities as at 31 December 2016.

III. BUSINESS OUTLOOK

In 2017, the real estate market will continue the upward trend started in the second quarter of 2016, national policies and bank credit policies will continue to be introduced to regulate the market. We believe that housing prices will not fluctuate violently, but the upward pressure continues to exist. The sales amount of new house is expected to once again exceed market expectations, the year on year growth of new house sales is expected to be 0–5%, which should be mainly concentrated in the second half of the year. In addition, urban-level supply and demand will be improved, but in 2017, the core cities are still facing a shortage of housing supply. In 2016, Chinese residents increased their mortgage significantly, but the overall leverage level (from the perspective of total loan balance) is still within reasonable limits and the capital market is loose.

Having experienced the de-inventory in 2016, the inventory of Zouping’s real estate market has been fully digested, the purchase needs of the residents are far more than the supply of existing houses, and the real estate market is expected to continue to heat up in 2017. It is expected that in 2017, land supply in Zouping will continue to shrink, with its main development projects focused on the southern new district; bank loans continue to maintain a relaxed policy, commercial credit rate discounts, and the current purchase limit policy basically has no impact on Zouping’s real estate market. In view of the above mentioned reasons, we believe that Zouping’s real estate market will not have violent fluctuations in 2017, but the pressure on housing prices to rise is higher.

Based on market changes, the Company will actively start the demolition, relocation and land clearance work of Phase 3 of the Meijun Project, and actively look for new development projects to raise its market share.

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, 16 June 2017. 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 notice of the AGM, which constitutes part of a circular to shareholders, and proxy form, together with the annual report, are expected to be despatched to shareholders on or around Friday, 21 April 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members in respect of ordinary shares of the Company will be closed from Tuesday, 13 June 2017 to Friday, 16 June 2017, (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 Monday, 12 June 2017.

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 Zhen, independent non-executive directors, WANG Yong and SUN Xihu, 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 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 2016 annual report will be despatched to the shareholders on or around 21 April 2017 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, 22 March 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

Independent non-executive Directors:

Mr. WONG Kai Ming
Mr. WANG An
Mr. WANG Zhen

Non-executive Directors:

Mr. WANG Di
Mr. WANG Yong
Mr. SUN Xihu

* *For identification purpose only*