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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)

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Directors of Xiwang Property Holdings Company Limited (the “**Company**”) hereby announces the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021. This announcement, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcement of the annual results. The Group’s final results for the year ended 31 December 2021 have been reviewed by the audit committee of the Company. This announcement is also published on the Company’s website and the designated website of the Stock Exchange. The annual report for the year ended 31 December 2021 will be despatched to the shareholders and available on the above websites in due course.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| For the year ended 31 December   | Notes | 2021<br>RMB'000           | 2020<br>RMB'000             |
|--|-------|---------------------------|-----------------------------|
| Revenue  | 3     | 25,169                    | 25,228                      |
| Cost of sales  |       | <u>(24,475)</u>           | <u>(34,030)</u>             |
| Gross profit/(loss)  |       | 694                       | (8,802)                     |
| Other income   | 3     | 3,292                     | 4,908                       |
| Selling and marketing expenses   |       | (175)                     | (157)                       |
| Reversal of/(impairment losses) on trade receivable under expected credit loss (“ECL”) model | 4     | 8                         | (202)                       |
| Administrative expenses  |       | <u>(5,483)</u>            | <u>(7,022)</u>              |
| <b>Loss from operation</b>   |       | <b>(1,664)</b>            | <b>(11,275)</b>             |
| Finance cost   | 5     | <u>(35)</u>               | <u>(14)</u>                 |
| <b>Loss before tax</b>   | 6     | <b>(1,699)</b>            | <b>(11,289)</b>             |
| Income tax credit  | 7     | <u>9,464</u>              | <u>167</u>                  |
| <b>Profit/(loss) for the year</b>  |       | <u><b>7,765</b></u>       | <u><b>(11,122)</b></u>      |
| <b>Profit/(loss) attributable to:</b>  |       |                           |                             |
| Owners of the Company  |       | <u><b>7,765</b></u>       | <u><b>(11,122)</b></u>      |
| <b>Earnings/(loss) per share attributable to ordinary equity holders of the Company</b>      |       |                           |                             |
| <b>Basic and diluted</b>   | 9     |                           |                             |
| – Basic  |       | <u><b>RMB0.6 cent</b></u> | <u><b>RMB(0.8) cent</b></u> |
| – Diluted  |       | <u><b>RMB0.4 cent</b></u> | <u><b>RMB(0.8) cent</b></u> |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | 2021                | 2020                   |
|---|---------------------|------------------------|
| For the year ended 31 December  | RMB'000             | RMB'000                |
| Profit/(loss) for the year  | <u>7,765</u>        | <u>(11,122)</u>        |
| <b>Other comprehensive (loss)/income</b>  |                     |                        |
| Other comprehensive (loss)/income may be reclassified<br>to profit or loss in subsequent periods: |                     |                        |
| Exchange differences on translation of foreign<br>operations                                      | <u>(1,193)</u>      | <u>746</u>             |
| <b>Total comprehensive income/(loss) for the year</b>   | <u><u>6,572</u></u> | <u><u>(10,376)</u></u> |
| Profit/(loss) attributable to:  |                     |                        |
| Owners of the Company   | <u><u>6,572</u></u> | <u><u>(10,376)</u></u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at 31 December                                   | Notes | <b>2021</b><br><b>RMB'000</b> | 2020<br>RMB'000 |
|---|-------|-------------------------------|-----------------|
| <b>NON-CURRENT ASSETS</b>                           |       |                               |                 |
| Property, plant and equipment                       |       | –                             | 28              |
| Right-of-use asset                                  |       | <b>453</b>                    | 1,024           |
| Goodwill  |       | <b>180,405</b>                | 180,405         |
|   |       | <b>180,858</b>                | 181,457         |
| Total non-current assets                            |       | <b>180,858</b>                | 181,457         |
| <b>CURRENT ASSETS</b>                               |       |                               |                 |
| Completed properties held for sale                  |       | <b>4,284</b>                  | 4,284           |
| Properties under development                        |       | <b>295,169</b>                | 293,878         |
| Trade receivables                                   | 10    | <b>10,682</b>                 | 12,611          |
| Prepayments and other receivables                   | 11    | <b>87,656</b>                 | 89,384          |
| Cash and cash equivalents                           |       | <b>148,233</b>                | 144,368         |
|   |       | <b>546,024</b>                | 544,525         |
| Total current assets                                |       | <b>546,024</b>                | 544,525         |
| <b>CURRENT LIABILITIES</b>                          |       |                               |                 |
| Trade and other payables                            | 12    | <b>47,315</b>                 | 48,926          |
| Lease liabilities                                   |       | <b>462</b>                    | 551             |
| Contract liabilities                                |       | <b>323</b>                    | 323             |
| Tax payable   |       | –                             | 4,665           |
| Amounts due to related companies                    |       | <b>13,308</b>                 | 12,139          |
|   |       | <b>61,408</b>                 | 66,604          |
| Total current liabilities                           |       | <b>61,408</b>                 | 66,604          |
| <b>Net current assets</b>                           |       | <b>484,616</b>                | 477,921         |
| <b>Total assets less current liabilities</b>        |       | <b>665,474</b>                | 659,378         |
| <b>NON-CURRENT LIABILITIES</b>                      |       |                               |                 |
| Lease liabilities                                   |       | –                             | 476             |
| Deferred tax liabilities                            |       | <b>93,158</b>                 | 93,158          |
|   |       | <b>93,158</b>                 | 93,634          |
| Total non-current liabilities                       |       | <b>93,158</b>                 | 93,634          |
| <b>Net assets</b>                                   |       | <b>572,316</b>                | 565,744         |
| <b>EQUITY</b>                                       |       |                               |                 |
| <b>Equity attributable to owners of the Company</b> |       |                               |                 |
| Share capital                                       |       | <b>175,672</b>                | 175,672         |
| Reserves  |       | <b>396,644</b>                | 390,072         |
|   |       | <b>572,316</b>                | 565,744         |
| <b>Total equity</b>                                 |       | <b>572,316</b>                | 565,744         |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

### 1.1 CORPORATE AND GROUP INFORMATION

Xiwang Property Holdings Company Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is disclosed in the corporate information section to the annual report. 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**”).

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in property development and trading of construction materials in the PRC.

## 1.2 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**”). For the purpose of preparation of the consolidation financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by 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 on the historical cost basis. These consolidated financial statements are presented in Renminbi (“**RMB**”) as the Group’s principal activities were carried out in the PRC. The functional currency of the Company is the Hong Kong dollar (“**HKD**”). The functional currency of the Company’s subsidiaries in PRC is RMB. All values are rounded to the nearest thousand except when otherwise indicated.

## 1.3 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSS**”)

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

|   |  |
|---|--|
| Amendment to HKFRS 16   | Covid-19-Related Rent Concessions        |
| Amendments to HKFRS 9, HKAS 39<br>HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts and the related Amendments <sup>3</sup>  |
| Amendments to HKFRS 3                               | Reference to the Conceptual Framework <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>                               |
| Amendments to HKAS 1                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>3</sup>   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>3</sup>  |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>                                    |
| Amendments to HKAS 16                               | Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>  |
| Amendments to HKAS 37                               | Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>   |
| Amendments to HKFRSs                                | Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## **2. OPERATING SEGMENT INFORMATION**

Information reported to the Group's senior management, being the chief operating decision maker ("CODM") for the purpose of resources allocation and performance assessment, focuses on the operating results the property development business and trading of construction materials business.

For management purposes, the Group is organised into business units based on their principal activities and has two reportable operating segments as follows: (i) property development business and (ii) trading of construction materials business. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The segment results and other segment items included in profit/loss before tax for the reporting period are as follows:

## Segment revenues and results

The following is an analysis of the Group's turnover and results by reportable and operating segment:

|                                | Property    |                 | Trading of            |               | Consolidated   |                 |
|--------------------------------|-------------|-----------------|-----------------------|---------------|----------------|-----------------|
|                                | development |                 | construction material |               |                |                 |
|                                | 2021        | 2020            | 2021                  | 2020          | 2021           | 2020            |
|                                | RMB'000     | RMB'000         | RMB'000               | RMB'000       | RMB'000        | RMB'000         |
| Revenue                        | <u>-</u>    | <u>14,389</u>   | <u>25,169</u>         | <u>10,839</u> | <u>25,169</u>  | <u>25,228</u>   |
| Segment result                 | <u>-</u>    | <u>(11,134)</u> | <u>694</u>            | <u>107</u>    | <u>694</u>     | <u>(11,027)</u> |
| Other segment information:     |             |                 |                       |               |                |                 |
| Other income                   |             |                 |                       |               | 3,292          | 4,908           |
| Finance cost                   |             |                 |                       |               | (35)           | (14)            |
| Unallocated corporate expenses |             |                 |                       |               | <u>(5,650)</u> | <u>(5,156)</u>  |
| Loss before tax                |             |                 |                       |               | <u>(1,699)</u> | <u>(11,289)</u> |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administration costs, other income and finance cost. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and liability is presented as the CODM does not regularly review such information for the purpose of resources allocation and performance assessment.

## Other segment information

|  | Property development |         | Trading of construction materials |         | Unallocated |         | Consolidated |         |
|--|----------------------|---------|-----------------------------------|---------|-------------|---------|--------------|---------|
|  | 2021                 | 2020    | 2021                              | 2020    | 2021        | 2020    | 2021         | 2020    |
|  | RMB'000              | RMB'000 | RMB'000                           | RMB'000 | RMB'000     | RMB'000 | RMB'000      | RMB'000 |
| Depreciation on property, plant and equipment      | (3)                  | (3)     | -                                 | -       | (25)        | (14)    | (28)         | (17)    |
| Depreciation on right-of-use assets                | -                    | -       | -                                 | -       | (550)       | (584)   | (550)        | (584)   |
| Reversal of/(impairment loss) under ECL model      | -                    | (202)   | 8                                 | -       | -           | -       | 8            | (202)   |
| Loss on write-off of property, plant and equipment | -                    | (16)    | -                                 | -       | -           | -       | -            | (16)    |
| Gain on disposal of property, plant and equipment  | -                    | 340     | -                                 | -       | -           | -       | -            | 340     |

## Geographical information

All revenues are derived from PRC.

Non-current assets

|           | 2021<br>RMB'000 | 2020<br>RMB'000 |
|-----------|-----------------|-----------------|
| PRC       | -               | 28              |
| Hong Kong | 453             | 1,024           |
|           | <u>453</u>      | <u>1,052</u>    |

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

### Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

|                        | 2021<br>RMB'000 | 2020<br>RMB'000 |
|------------------------|-----------------|-----------------|
| Customer A (Note (i))  | 14,568          | 23,525          |
| Customer B (Note (ii)) | 10,601          | –               |

Note:

(i) Revenue generated from the Customer A is derived from trading of construction materials for approximately RMB14,568,000 (2020: RMB10,839,000) and sale of properties for RMBNil (2020: RMB12,686,000).

(ii) Revenue generated from the Customer B is derived from trading of construction materials.

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

### 3. REVENUE AND OTHER INCOME

Revenue represents proceeds from the sale of properties and trading of construction materials in the PRC.

An analysis of revenue and other income is as follows:

|                                   | 2021<br>RMB'000 | 2020<br>RMB'000 |
|-----------------------------------|-----------------|-----------------|
| <b>Revenue</b>                    |                 |                 |
| Sale of properties                | –               | 14,389          |
| Trading of construction materials | 25,169          | 10,839          |
|                                   | <u>25,169</u>   | <u>25,228</u>   |

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### Other income

|  |              |              |
|--|--------------|--------------|
| Rental income                                      | –            | 1,855        |
| Interest income from a related party               | 3,027        | 2,556        |
| Bank interest income                               | 2            | 3            |
| Gain on disposals of property, plant and equipment | –            | 340          |
| Others   | 263          | 154          |
|  | <u>3,292</u> | <u>4,908</u> |

#### 4. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

|  | 2021<br>RMB'000 | 2020<br>RMB'000 |
|--|-----------------|-----------------|
| (Reversal of)/impairment losses recognised on: |                 |                 |
| – trade receivables                            | (8)             | 202             |

#### 5. FINANCE COSTS

|                               | 2021<br>RMB'000 | 2020<br>RMB'000 |
|-------------------------------|-----------------|-----------------|
| Interest on lease liabilities | 35              | 14              |

#### 6. LOSS BEFORE TAX

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

|   | 2021<br>RMB'000 | 2020<br>RMB'000 |
|---|-----------------|-----------------|
| Cost of inventories sold  | 24,475          | 34,030          |
| Auditors' remuneration  | 539             | 565             |
| Auditors' remuneration for non-audit service  | 50              | 26              |
| Depreciation  |                 |                 |
| – Property, plant and equipment   | 28              | 17              |
| – Right-of-use asset  | 550             | 584             |
| Expenses relating to short-term leases  | 18              | 277             |
| Foreign exchange (gain)/loss, net   | (1,363)         | 6               |
| Loss on write-off of property, plant and equipment                                  | –               | 16              |
| Gain on disposal of property, plant and equipment                                   | –               | (340)           |
| Employee benefit expense (including directors' and chief executive's remuneration): |                 |                 |
| – Wages and salaries  | 2,228           | 2,423           |
| – Pension scheme contributions  | 102             | 112             |
|   | <u>2,330</u>    | <u>2,535</u>    |

## 7. 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 (2020: Nil). On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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 2020, the applicable tax rate for the subsidiaries of the Company established in the PRC was 25% (2020: 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 RMB167,000 is credited to profit or loss in 2020.

|  | 2021<br>RMB'000 | 2020<br>RMB'000 |
|--|-----------------|-----------------|
| Over-provision of LAT in prior years     | (4,799)         | (167)           |
| Over-provision in respect of prior years | (4,665)         | –               |
| Total tax credit for the year            | <u>(9,464)</u>  | <u>(167)</u>    |

## 8. DIVIDENDS

No final dividend was proposed by the board of directors for both ordinary shares and convertible preference shares for the year ended 31 December 2021 (2020: Nil).

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

|  | 2021<br>RMB'000 | 2020<br>RMB'000 |
|--|-----------------|-----------------|
| Profit/(loss) attributable to ordinary equity holders of the Company | <u>7,765</u>    | <u>(11,122)</u> |

|  | <b>Number of shares</b>     |                      |
|--|-----------------------------|----------------------|
|  | <b>2021</b>                 | 2020                 |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculations   | <b>1,408,784,198</b>        | 1,408,784,198        |
| Effect of dilutive potential ordinary shares in respect of the convertible preference shares                                   | <u><b>507,492,257</b></u>   | <u>–</u>             |
| Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculations | <u><b>1,916,276,455</b></u> | <u>1,408,784,198</u> |

For the year ended 31 December 2021, the weighted average number of ordinary shares for the purpose of diluted earnings per share has been adjusted for the potential dilutive effect in respect of the potential ordinary shares to be issued on convertible preference shares. The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares and the effect is anti-dilutive. For the year ended 31 December 2020, the basic loss per share is the same as the diluted loss per share. No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2020 in respect of a dilution as the impact of convertible preference shares and outstanding share options would not have a dilutive effect on the basic loss per share amounts presented.

#### 10. TRADE RECEIVABLES

|                         | <b>2021</b>          | 2020          |
|-------------------------|----------------------|---------------|
|                         | <b>RMB'000</b>       | RMB'000       |
| Trade receivables       | <b>10,876</b>        | 12,813        |
| Less: Allowance for ECL | <u><b>(194)</b></u>  | <u>(202)</u>  |
|                         | <u><b>10,682</b></u> | <u>12,611</u> |

The following is an aged analysis of trade receivables, before allowance of credit losses, presented based on the contract dates.

|            | <b>2021</b>          | 2020          |
|------------|----------------------|---------------|
|            | <b>RMB'000</b>       | RMB'000       |
| 0-180 days | <u><b>10,876</b></u> | <u>12,813</u> |

The Group generally allows a credit period of 30 days to its customers.

## 11. PREPAYMENTS AND OTHER RECEIVABLES

|                    | 2021<br>RMB'000 | 2020<br>RMB'000 |
|--------------------|-----------------|-----------------|
| Prepayments (note) | 78,714          | 80,232          |
| Other receivables  | 1,583           | 1,668           |
| Prepaid tax        | 7,359           | 7,484           |
|                    | <u>87,656</u>   | <u>89,384</u>   |

### Note

The prepayments mainly comprised of prepaid construction and development costs for the projects of approximately RMB73,199,000.

## 12. TRADE AND OTHER PAYABLES

|                             | 2021<br>RMB'000 | 2020<br>RMB'000 |
|-----------------------------|-----------------|-----------------|
| Trade payables              | 17,658          | 19,519          |
| Other payables              | 29,075          | 29,071          |
| Salary and welfare payables | 582             | 336             |
|                             | <u>47,315</u>   | <u>48,926</u>   |

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:

|              | 2021<br>RMB'000 | 2020<br>RMB'000 |
|--------------|-----------------|-----------------|
| 0 – 30 days  | 237             | –               |
| 31 – 60 days | –               | 4,737           |
| 61 – 90 days | –               | –               |
| Over 90 days | 17,421          | 14,782          |
|              | <u>17,658</u>   | <u>19,519</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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Introduction**

The Group was established in 2001 with headquarters located in Zouping, Shandong Province of the PRC. Xiwang Property Holdings Company Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2005. The Group is principally engaged in property development and trading of construction materials in the PRC.

### **LANTING PROJECT**

Lanting Project is located at the junction between the south of Heban 3rd Road and the west of Liquan 1st Road in Zouping, Shandong Province, which is a newly developed area in Zouping closed to the government headquarters. Lanting Project is a comprehensive residential development which is developed in two phases, known as North Zone and South Zone. There are 11 blocks of 6 to 14-storey residential buildings providing around 390 residential units.

### **MEIJUN PROJECT**

Meijun Project is located at the east of Daixi 3rd Road South of Chengnan New District in Zouping, Shandong Province, a newly developed area in Zouping and the government headquarters, hospital and schools are nearby. The Meijun Project is a residential development divided into 3 phases. Phase One, completed in December 2008, comprises 4 blocks of 5-storey residential buildings providing around 110 residential units. Phase Two comprises 19 blocks of 5 to 18-storey residential buildings providing around 700 residential units and was completed in December 2013. Phase Three is in the planning stage.

### **QINGHE PROJECT**

Qinghe Project is located at Kaihe Village, Handian Town of Zouping, Shandong Province. The project comprises a parcel of land with a site area of approximately 131,258 square metres for the construction of residential units. Home settlements were completed and the Group is in the course of obtaining the State-owned Land Use Certificates.

Real estate market in the PRC remained challenging. The real estate market has gradually shaken off the impact of the epidemic. However, the epidemic will, to a certain extent, also suppress the demand for housing. To diversify revenue sources in the challenging global economic environment, the Group had commenced the construction material trading business in the PRC. It is expected that the construction material trading business will broaden the revenue base for the Group and create shareholder value.

## **I. Business Review**

The Group's sources of revenue for the year include trading of construction materials in the PRC. Geographically, Shandong Province remains as the Group's main market. All revenues of the Group during the Year were derived from Shandong Province.

## **II. Financial Review**

### **Operating results**

#### **1. Revenue**

The Group's revenue amounted RMB25,169,000 (2020: RMB25,228,000) representing revenue from trading of construction materials and sale of properties business.

#### **2. Cost of sales**

The Group's cost of sales amounted to RMB24,475,000 (2020: RMB34,030,000) representing cost of sales from trading of construction materials and sale of properties business.

#### **3. Other income**

Other income amounted to RMB3,292,000 (2020: RMB4,908,000) mainly representing interest income from a related party.

#### **4 Administrative expenses**

Administrative expenses include general administrative fees, legal and professional fees, salaries of management and administrative staff. The amount decreased to RMB5,483,000 in 2021 from RMB7,022,000 in 2020 which was mainly due to various cost saving policies adopted by the Group.

#### **5. Income tax credit**

Income tax credit increased to RMB9,464,000 in 2021 from RMB167,000 in 2020.

This is mainly attributable to the reversal of over-provision of land appreciation tax of approximately RMB4,799,000 and income tax credit of approximately RM4,665,000 recognised during the year.

## **Financial position**

### **Liquidity and capital resources**

As at 31 December 2021, the Group's cash and cash equivalents amounted to RMB148,233,000 (2020: RMB144,368,000). The Group primarily utilised 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 2021, the gearing ratio, which is total debt divided by total equity, was 2.4% (2020: 2.3%). As at 31 December 2021, the Group had no bank and other borrowings (31 December 2020: Nil).

### **Significant investments held, significant acquisitions and disposals of subsidiaries and future plans for significant investments or capital asset acquisitions**

During the Year, the Group had no 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 2021, none of the property, plant and equipment of the Group was pledged to secure bank and other borrowings (31 December 2020: Nil).

### **Pledge of shares by controlling shareholders**

The controlling shareholder of the Company had notified the board of directors of the Company (the "Board") on 28 September 2017 that it had entered into share charge agreements with an independent third party pursuant to which it had charged all of its shareholding in ordinary shares and convertible preference shares of the Company in favour of such independent third party as security for notes issued by its subsidiary to such independent third party in the aggregate principal amount of HK\$200 million. For further details of this transaction, please refer to the announcement of the Company dated 28 September 2017.

### **Capital commitments**

As at 31 December 2021, the Group's capital commitment amounted to RMB935,000 (2020: RMB1,377,000), which mainly representing 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 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 2021, the Group employed approximately 19 staff (2020: 19). Staff-related costs (including Directors' remuneration) incurred during the Year was RMB2,330,000 (2020: RMB2,535,000). 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.

### **Contingent liabilities/advance to an entity**

The Group did not have any contingent liabilities as at 31 December 2021 (2020: Nil).

## **III. Business Outlook**

The property market as a whole remained stable and continued to move towards an integrated approach involving land, finance, market management and housing protection, in line with the city-specific policies. When Vice Premier of the State Council Han Zheng attended a teleconference on "Accelerating the development of guaranteed rental housing and further improving the regulation of the real estate market" held in July, he reiterated his insistence on the position of "no speculation in housing" and the full implementation of the long-term mechanism of "stabilizing land prices, stabilizing housing prices and stabilizing expectations". The expected long-term mechanism proposed accelerate the development of rental housing and implement supporting policies such as land use and taxation, with emphasis on the two key issues of real estate finance and land auctions. The Ministry of Finance also proposed at the same time to improve the taxation policies related to residential leasing, including value-added tax at a reduced rate of 1.5% for residential leasing businesses renting housing to individuals. It is expected that in the second half of the year, the real estate market regulation and control policies will still be in a state of tightening, with more stringent management of the "third-line and four-tiers", and the further implementation of superimposed housing loan concentration management will further increase the pressure on the liquidity of housing companies. At the same time, the effect of centralized land supply control will be strengthened. Hotspot cities may strengthen restrictions on real estate companies' land auctions and capital scrutiny, and superimpose restrictions on land acquisitions and sales ratio, which may lead to a dual cooling of land acquisitions and sales by real estate companies in the second half of the year. The real estate industry has shifted from the "incremental era" to the "stock era". With the in-depth implementation of the long-term regulatory mechanism, the overall leverage ratio will gradually decline and risks will be gradually released. The overall development of the industry will become more benign after the adjustment. In Zouping City, Shandong Province, where the Group's principal operations are located, prices of some high-end residential properties were reduced slightly in the first half of the year and remained stable overall, leaving more room for demand for new and improved housing, limited land supply and fewer new housing developments, and commercial housing prices are expected to remain at the current level with narrow fluctuations.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the “**AGM**”) of the Company is proposed to be held on 27 May 2022. 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 in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members in respect of ordinary shares of the Company will be closed from 24 May 2022 to 27 May 2022 (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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 23 May 2022.

## **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.

## **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.

## **SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The 2021 annual report will be despatched to the shareholders and published on the respective websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.xiwangproperty.com](http://www.xiwangproperty.com)) in due course.

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

Hong Kong, 25 March 2022

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

*Executive Directors*

Mr. WANG Jin Tao  
Mr. WANG Wei Min

*Independent non-executive Directors:*

Mr. WONG Kai Hing  
Mr. WANG An  
Mr. WANG Zhen

*Non-executive Directors:*

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

\* *For identification purpose only*