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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Xiwang Property Holdings Company Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (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

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		<b>Unaudited</b>	Unaudited
<b>Revenue</b>	4	<b>10,312</b>	23,413
Cost of sales		<u>(9,613)</u>	<u>(23,248)</u>
<b>Gross profit</b>		<b>699</b>	165
Other income	4	<b>1,634</b>	1,628
Selling and marketing expenses		<b>(66)</b>	(87)
Reversal of impairment losses on trade receivables under expected credit loss (“ECL”) model		<b>8</b>	29
Administrative expenses		<u>(4,081)</u>	<u>(4,980)</u>
<b>Loss from operation</b>		<b>(1,806)</b>	(3,245)
Finance cost		<u>(86)</u>	<u>(8)</u>
<b>Loss before tax</b>	5	<b>(1,892)</b>	(3,253)
Income tax expense	6	<u>(31)</u>	–
<b>Loss for the period</b>		<u><b>(1,923)</b></u>	<u>(3,253)</u>
<b>Loss attributable to:</b>			
Owners of the Company		<u><b>(1,923)</b></u>	<u>(3,253)</u>
<b>Loss per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted	7		
Basic loss for the period		<u><b>RMB(0.1) cent</b></u>	<u>RMB(0.2) cent</u>
Diluted loss for the period		<u><b>RMB(0.1) cent</b></u>	<u>RMB(0.2) cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
<b>LOSS FOR THE PERIOD</b>	<b>(1,923)</b>	<b>(3,253)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>784</u>	<u>1,355</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(1,139)</u></b>	<b><u>(1,898)</u></b>
<b>Total comprehensive loss for the period attributable to owners of the Company</b>	<b><u>(1,139)</u></b>	<b><u>(1,898)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i>
	<i>Notes</i>	<b>Unaudited</b>	Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3	3
Right-of-use asset		1,953	2,298
Goodwill		178,455	178,455
		<b>180,411</b>	180,756
Total non-current assets		<b>180,411</b>	180,756
<b>CURRENT ASSETS</b>			
Completed properties held for sale		3,715	3,921
Properties under development	9	295,169	295,169
Trade receivables	10	8,684	8,771
Prepayments and other receivables	11	89,427	88,007
Cash and cash equivalents		151,198	150,500
		<b>548,193</b>	546,368
Total current assets		<b>548,193</b>	546,368
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	45,744	46,660
Lease liabilities		814	759
Contract liabilities		625	594
Tax payable		16	–
Amounts due to related companies		20,908	17,110
		<b>68,107</b>	65,123
Total current liabilities		<b>68,107</b>	65,123
<b>Net current assets</b>		<b>480,086</b>	481,245
<b>Total assets less current liabilities</b>		<b>660,497</b>	662,001

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
<b>Non-current liabilities</b>		
Lease liabilities	<b>1,189</b>	1,554
Deferred tax liabilities	<b>92,671</b>	92,671
	<hr/>	<hr/>
Total non-current liabilities	<b>93,860</b>	94,225
	<hr/>	<hr/>
<b>Net assets</b>	<b>566,637</b>	567,776
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>175,672</b>	175,672
Reserves	<b>390,965</b>	392,104
	<hr/>	<hr/>
<b>Total equity</b>	<b>566,637</b>	567,776
	<hr/>	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE 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 Unit 2110, 21/F Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally involved in property development, trading of construction materials and provision of property management services in the PRC. In the opinion of the Directors, the immediate holding company of the Company is Xiwang Investment Company Limited (in liquidation) (“**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 PRC.

### 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 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 interim financial statements of the Group have not been audited but have been reviewed by the Company’s Audit Committee. 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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

### 2.2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis. Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2022.

### 2.3 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the Period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated interim financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

### 3. 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 of property development business, trading of construction materials business and provision of property management services.

For management purposes, the Group is organised into business units based on their principal activities and has three reportable operating segments as follows: (i) property development business, (ii) trading of construction materials business and (iii) provision of property management services. 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 development		Property management services		Trading of construction materials		Consolidated	
	Six months ended 30 June							
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	<u>89</u>	<u>–</u>	<u>1,379</u>	<u>–</u>	<u>8,844</u>	<u>23,413</u>	<u>10,312</u>	<u>23,413</u>
Segment result	<u>(116)</u>	<u>–</u>	<u>813</u>	<u>–</u>	<u>2</u>	<u>165</u>	<u>699</u>	<u>165</u>
Other segment information:								
Other income							<u>1,634</u>	<u>1,628</u>
Finance cost							<u>(86)</u>	<u>(8)</u>
Unallocated corporate expenses							<u>(4,170)</u>	<u>(5,038)</u>
Loss before tax							<u>(1,923)</u>	<u>(3,253)</u>

#### 4. REVENUE AND OTHER INCOME

Revenue represents proceeds from the sale of properties, trading of construction materials and provision of property management services in the PRC.

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
<b>Revenue</b>		
Sale of properties	<u>89</u>	<u>–</u>
Property management services income	<u>1,379</u>	<u>–</u>
Trading of construction materials	<u>8,844</u>	<u>23,413</u>
	<u>10,312</u>	<u>23,413</u>
<b>Other income</b>		
Interest income from Xiwang Group Finance Company Limited (“Xiwang Finance”)	<u>1,631</u>	<u>1,589</u>
Government grant	<u>–</u>	<u>7</u>
Bank interest income	<u>1</u>	<u>1</u>
Sundry income	<u>2</u>	<u>31</u>
	<u>1,634</u>	<u>1,628</u>

## 5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Cost of inventories sold	9,613	23,248
Depreciation		
– property, plant and equipment	1	–
– right-of-use asset	412	276
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	1,078	832
Pension scheme contributions	132	83
	<u>1,210</u>	<u>915</u>

## 6. INCOME TAX EXPENSE

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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Current tax	<u>31</u>	<u>–</u>
Total tax expense for the Period	<u>31</u>	<u>–</u>

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

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>Unaudited</b>	Unaudited
Loss attributable to ordinary equity holders of the Company	<u>(1,923)</u>	<u>(3,253)</u>

	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>Unaudited</b>	Unaudited
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted loss per share calculations	<u>1,408,784,198</u>	<u>1,408,784,198</u>

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 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.

## 8. DIVIDENDS

No interim dividend was proposed by the Board for both ordinary shares and convertible preference shares for the six months ended 30 June 2023 (1H2022: RMB Nil).

## 9. PROPERTIES UNDER DEVELOPMENT

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>Unaudited</b>	Audited
Land in PRC held at cost:		
At 1 January and at 30 June/31 December	<u>295,169</u>	<u>291,983</u>
Development expenditure, at cost:		
At 1 January and at 30 June/31 December	-	3,186
Additions	-	-
At 30 June/31 December	<u>295,169</u>	<u>295,169</u>

## 10. TRADE RECEIVABLES

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
Trade receivables	8,742	8,837
Less: Allowance for expected credit losses	<u>(58)</u>	<u>(66)</u>
	<b><u>8,684</u></b>	<b><u>8,771</u></b>

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

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
0-180 days	100	8,837
Over 180 days	<u>8,642</u>	<u>–</u>
Total receivables, before loss allowance	<b><u>8,742</u></b>	<b><u>8,837</u></b>

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

## 11. PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
Prepayments ( <i>note</i> )	80,010	79,943
Other receivables	2,938	1,583
Prepaid tax	<u>6,479</u>	<u>6,481</u>
	<b><u>89,427</u></b>	<b><u>88,007</u></b>

*Note:*

The prepayment mainly composed of prepaid construction and development costs for the project of approximately RMB74,469,000 (31 December 2022: RMB74,428,000).

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
Trade payables	<b>18,545</b>	18,502
Other payables	<b>26,954</b>	27,340
Salary and welfare payables	<b>245</b>	818
	<hr/> <b>45,744</b> <hr/>	<hr/> 46,660 <hr/>

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:

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
0 – 30 days	<b>60</b>	381
31 – 60 days	<b>29</b>	–
61 – 90 days	<b>29</b>	–
Over 90 days	<b>18,427</b>	18,121
	<hr/> <b>18,545</b> <hr/>	<hr/> 18,502 <hr/>

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

Xiwang Property Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) was established in 2001 with headquarters located in Zouping City, Shandong Province of the People’s Republic of China (the “**PRC**”). The Company 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, trading of construction materials and provision of property management services in the PRC.

### I. BUSINESS REVIEW

The Group’s main source of revenue for the six months ended 30 June 2023 (the “**Period**”) is trading of construction materials in the PRC. Geographically, Shandong Province remains the Group’s principal market. All revenues of the Group during the Period were derived from Shandong Province.

#### **Property development business**

Property development business is the principal activity of the Group since year 2012. In the past 10 years, the Group successfully completed Phase One and Phase Two of the Lanting Project and Meijun Project.

The business environment of property development market is heavily affected by the national and local governmental policies in the past years. The real estate market of Zouping City also fluctuated a lot and showed a downward trend in the recent years. All these factors rendered the management to take a conservative approach in dealing with all the potential projects. Property development is a capital intensive industry and it will heavily tie up the working capital of the Group once a project is kicked off. As such, it takes longer time for the Group to identify profitable projects while preserving a healthy financial position. The Company has never depended heavily on aggressive fund raising for any project development and does not have the pressure of de-stock and deleverage which other property developers may currently encounter.

Meijun Project Phase Three is one of the flagship projects of the Group. The management has strong confidence in kicking off this project in these couple of years. The Company intends to complete this project and closely monitor the situation to see if there is any other opportunity.

The management considered that the location of Meijun Project Phase Three is attractive which it is worthwhile for the Group to deploy more resources for development.

In order to cater for the growth of local population and the economic needs, the local government has been putting enormous efforts in town planning to develop Zouping City South New Town ( 鄒平城南新城 ), as the south side of Zouping City is nearly saturated with no further land available for expansion. The city government headquarter has also been moved to the neighbouring land of Meijun Project Phase Three and thereby brings positive effect to the land value. The district of Meijun Project Phase Three therefore has matured and is now a good place for people to live and work. Since Meijun Project Phase Three is an undeveloped land within the district, the government now has more incentive to push forward this project.

The Group is fully committed to develop Meijun Project Phase Three with its internal resources and manpower. Meijun Project Phase Three has been delayed for years because it is situated in the regeneration area which has been subject to demolition requests by the local government. The Group has liaised with various government departments that are responsible for such demolition works and plot ratio planning during the Period. The Group also received positive responses from the stakeholders such as the potential customers and local communities.

The development of Meijun Project Phase Three will be divided into two stages. Meijun Project Phase Three Stage 1 will include a parcel of land area of approximately 95,820 square meters (“**Meijun Land A**”) while the Meijun Project Phase Three Stage 2 will be developed in a parcel of land area of approximately 77,334 square meters (“**Meijun Land B**”). The Group has already obtained the State-owned Land Use Certificate (“**Land Use Certificate**”) of Meijun Land A but the Land Use Certificate of Meijun Land B is yet to be granted.

The Group has set out the following timetable in connection with the development of Meijun Project Phase Three:

Early 2024	Commencement of the demolition works of the existing structures for Meijun Project Phase Three
Late 2024	Completion of demolition
2025	Obtain the Land Use Certificate of Meijun Land B  Commence pre-sale activities of Meijun Project Phase Three Stage 1
Late 2027	Complete the entire development of Meijun Project Phase Three Stage 1

To the best knowledge and belief of the Directors, the development of Meijun Land B (“**Meijun Project Phase Three Stage 2**”) is subject to the grant of Land Use Certificate which is currently expected to be obtained in year 2025.

Details of the development of Meijun Project Phase Three is set out in the announcement dated 25 July 2022.

As to the Qinghe Project, it comprises a parcel of land with a site area of approximately 131,258 square meters for the construction of resident units. Due to its heavy working capital investment, the Group is very cautious in starting this project. Besides, the Group also considers that the progress of the Qinghe Project is very slow and it is difficult for the Group to obtain the Land Use Certificate through public tender, auction and listing-for-bidding. Continuous discussion with the government is still in progress. The Group will also explore other possibilities to recover the costs incurred for the Qinghe Project, so that the Group’s resources can be utilised properly and the risks in excessive borrowings could be avoided.

## **Trading of construction materials**

The Group considers trading of construction materials is supplementary to the business of property development. Given the Group has developed years of relationship and network in the industry, the Group intends to expand its scale of trading of construction materials in Zouping City.

The Group will rigorously develop its business of trading in construction materials. During the Period, the Group sold approximately 2,356 tonnes of construction materials (1H2022: approximately 6,000 tonnes). The Group will recruit more sales personnels to expand its customer base, particularly outside Shandong Province. Besides, the Group will also broaden its sourcing network in order to enrich and offer a variety of products to its customers. Due to the weak demand for construction materials, the Group recorded an approximately 60% decrease in the sales volume as compared to the corresponding period in 2022.

The future business development of this segment largely depends on the economic situation in Shandong Province and also the local construction works. The Group will closely discuss with potential customers and check with their needs in the future.

## **Provision of Property Management Services**

The Company commenced its property management services in July 2022. As at the date of this announcement, the Group provided services in Zouping City to residential properties with an aggregate contracted gross floor area of approximately 179,000 square meters.

The Group will continue to seek new business opportunities in the provision of property management services.

## **Business prospect and outlook**

Property development business has been the principal business of the Group since 2012. The business environment of the property development market has been heavily affected by national and local governmental policies in the past years. The real estate market of Zouping City also fluctuated a lot and showed a downward trend in recent years. All these factors rendered the management of the Company to take a conservative approach in dealing with all the potential projects.

In the first half of the year, the Ministry of Housing and Urban-Rural Development of Zouping City convened a forum with enterprise representatives for in-depth exchanges on the high-quality development of the construction industry and the stable and healthy development of real estate market. The meeting emphasises that stabilizing the two pillars, i.e., the construction industry and real estate industry have a vital role to play in boosting economic recovery. Taking industrialisation and digitalisation as the direction and being green-oriented, it will vigorously promote the sustainable and healthy development of the construction industry and give full play to the positive role of construction industry in “promoting investment, stabilising growth, and ensuring employment.” It is essential to continue to consolidate the stable and rising trend of the real estate market, strongly support rigid and improved housing demand, further implement the reduction of the down payment ratio and loan interest rate for the first housing purchase, provide tax reliefs for those selling existing houses for improved houses, implement the individual housing loan policy to disregard loan records when one purchases his first house as long as no property is registered under his name and other policy measures. It will continue to guarantee the delivery of housing and speed up the delivery of project construction to protect the legitimate rights and interests of the people effectively. As a result, all of these measures posted positive signals to the real estate industry and construction industry.

According to the development plan of Meijun Project Phase Three, in the first half of 2023, the Company has repeatedly negotiated with the government on the demolition works of the remaining houses on the land of the Phase Three project, and followed up the government’s implementation of the demolition works. The government has also convened relevant responsible parties to discuss the demolition of the remaining houses several times. Until now, the progress of the government’s work on the preliminary stage of the project is still being followed.

As to the Qinghe Project, it comprises of a parcel of land with a site area of approximately 131,258 square meters for the construction of residential units. Due to its heavy working capital investment, the Group is very cautious in starting this project. Besides, the Group also considers that the progress of the Qinghe Project is very slow and it is difficult for the Group to obtain the land use rights certificate through public tender, auction and listing-for-bidding. Continuous discussion with the government is still in progress. The Group will also explore other possibilities to recover the costs incurred for the Qinghe Project, so that the Group’s resources can be utilised properly and the risks in excessive borrowings can be avoided. It is estimated that Qinghe Project may not commence before the year 2025.

## II. FINANCIAL REVIEW

### Operating Results

#### 1. Revenue

Revenue amounted to RMB10.3 million during the Period (1H2022: RMB23.4 million) which arises from sale of properties, trading of construction materials and provision of property management services in the PRC.

#### 2. Cost of sales

Cost of sales amounted to RMB9.6 million during the Period (1H2022: RMB23.2 million).

The cost of sales represented the cost incurred from sale of properties, cost of construction materials plus tax and the cost related to the provision of property management services.

#### 3. Gross profit

Gross profit amounted to RMB0.7 million during the Period (1H2022: RMB0.2 million).

Gross profit increased as the provision of property management services recorded a better gross profit margin than the trading of construction materials and sale of properties. The overall profit margin of the Group improved.

#### 4. Other income

Other income mainly represented interest income from Xiwang Finance of RMB1.6 million (1H2022: RMB1.6 million).

5. *Selling and marketing expenses*

Selling and marketing expenses mainly represented the remuneration of sales staff. The expense remained stable for the Period.

6. *Reversal of impairment losses on trade receivables under expected credit loss model*

Under the Hong Kong Financial Reporting Standard 9 “Financial Instruments”, the management assessed the measurement of expected credit losses (“ECL”) in relation to trade receivables and used a collectively assessed provision matrix to calculate ECL. During the Period, a reversal of impairment loss of approximately RMB8,000 (1H2022: approximately RMB29,000) was recognised due to the decrease in trade receivable balances.

7. *Administrative expenses*

Administrative expenses included general administrative fees, legal and professional fees, salaries of management and administrative staff. Administrative expenses for the Period amounted to RMB4.1 million (1H2022: RMB5.0 million). The decrease for the Period was mainly due to the decrease in exchange loss and the legal and professional fee incurred during the Period.

8. *Finance cost*

Finance costs for the Period represented interest expenses on lease liabilities. The amount increased as the balances of lease liabilities increased from RMB0.2 million at 30 June 2022 to RMB2.0 million at 30 June 2023.

9. *Income tax expense*

The Group’s income tax expense included the land appreciation tax, corporate income tax and the deferred income tax.

The Group only incurred corporate income tax during the Period.

## **Financial position**

### *Contingent Liabilities*

As at 30 June 2023, the Group did not have any contingent liabilities.

### *Liquidity and capital resources*

As at 30 June 2023, the Group's cash and cash equivalents amounted to RMB151 million, (31 December 2022: RMB151 million). The Group primarily utilised the cash flow from operations and cash on hand to finance operational requirements during the Period. As at 30 June 2023, the gearing ratio, being the ratio of total liabilities divided by total equity, was 4.0% (31 December 2022: 3.4%) (including amounts due to related companies and lease liabilities). As at 30 June 2023, the Group had no bank borrowing (31 December 2022: Nil).

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

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

### *Pledge of assets*

As at 30 June 2023, none of the property, plant and equipment of the Group was pledged to secure bank and other borrowings (31 December 2022: RMB Nil).

### *Capital commitments*

As at 30 June 2023, the Group's capital commitment amounted to RMB0.9 million (31 December 2022: RMB0.9 million), which was mainly expenditure incurred for property development.

### *Foreign exchange risk*

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

### *Human resources*

As at 30 June 2023, the Group employed 21 staff (30 June 2022: 16 staff). Staff-related costs incurred during the Period was RMB1.2 million (1H2022: RMB0.9 million). 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.

## **CORPORATE GOVERNANCE**

The Company has adopted the principles of good governance and the code provisions contained in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. Save as disclosed otherwise, the board of Directors considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Period.

As disclosed in the announcement of the Company dated 8 May 2023, following the resignation of Mr. Wang Zhen (the former Independent Non-executive Director), the Company had two Independent Non-executive Directors and did not meet the requirements under Rules 3.10(1) and 3.10A of the Listing Rules between 9 May 2023 to 5 July 2023. With the appointment of Ms. Li Shaorui as Independent Non-executive Director on 6 July 2023, the Board comprises three Independent Non-executive Directors representing at least one-third of the members of the Board, which fulfils the requirements under Rules 3.10(1) and 3.10A of the Listing Rules.

## **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.

## **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.

## **EVENT AFTER THE REPORTING PERIOD**

On 2 August 2023, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun were appointed as the joint and several receivers of 982,999,588 ordinary shares and 506,244,669 convertible preference shares held by Xiwang Investment. Details of the event is set out in the announcement dated 4 August 2023.

## **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

Hong Kong, 21 August 2023

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  
Ms. LI Shaorui

*Non-executive Directors:*

Mr. WANG Yong  
Mr. SUN Xihu

\* *For identification purpose only*