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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)

SUPPLEMENTAL ANNOUNCEMENT ON THE 2019 ANNUAL REPORT

Reference is made to the annual report of Xiwang Property Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 published on the website of the Stock Exchange of Hong Kong Limited on 13 May 2020 (the “**2019 Annual Report**”). Unless otherwise defined or the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Annual Report.

The board of directors (the “**Board**”) of the Company wishes to provide certain supplemental information in connection with the impairment loss recognised in respect of goodwill of RMB20,178,000 in the consolidated statement of profit or loss on page 50 of the 2019 Annual Report (the “**Impairment Loss**”). Reference is also made to note 14 “**Goodwill**” on page 96 and 97 of the 2019 Annual Report. The Board would like to supplement that the Impairment Loss is entirely attributable to the cash-generating unit (“**CGU**”) named “**Xiwang Property Company Limited**”. During the year ended 31 December 2019, upon disposal of all completed properties held for sale held by this CGU in Qingdao, and the Company plans to reduce the operation and implement cost control measures for this CGU due to uncertain economic factors, which adversely affect the cash flow projection of this CGU, the Board considered that this CGU has minimal foreseeable future cash flow from its operation. The Board consequently determined to record an impairment of goodwill on this CGU amounting to RMB20,178,000 and the impairment loss has been included in profit or loss for the year ended 31 December 2019 as the Board considered that the recoverable amount of this CGU is considered minimal as at 31 December 2019.

The Board would like to further supplement that the recoverable amount of the CGUs as at 31 December 2019 has been determined based on a value in use calculation prepared by Vincorn Consulting and Appraisal Limited (“**Vincorn**”) which is an independent third party not connected to the Group, using cash flow projections based on financial budgets covering three to five-year periods approved by the senior management. The pre-tax discount rates and post-tax discount rates applied to the cash flow projections by Vincorn is 14% to 16% (2018: 14% to 16%) and 10% to 11% (2018: 10% to 11%) respectively.

The Board confirmed that the supplementary information provided in this announcement does not affect other information contained in the 2019 Annual Report. Save as disclosed above, the contents of the 2019 Annual Report remained unchanged.

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

Hong Kong, 21 August 2020

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 Ming
Mr. WANG An
Mr. WANG Zhen

Non-executive Directors:

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

* *For identification purpose only*