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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
INSIDE INFORMATION
UPDATES ON BUSINESS DEVELOPMENT OF THE COMPANY**

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of Xiwang Property Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Group is currently operating three major business segments namely, (i) property development; (ii) trade of construction materials; and (iii) property management business.

The Board wishes to update the shareholders of the Company (the “**Shareholders**”) and the market in regard of the business development in property development segment of the Group.

DEVELOPMENT OF MEIJUN PROJECT PHASE THREE

Reference is made to the circular of the Company dated 11 December 2012 (the “**Circular**”) and the announcement dated 31 December 2012.

The Company has been developing a residential project (the “**Meijun Project**”) located at the east of Daiqi 3rd Road South – 1st Road, Chengnan New District, in Zouping City, Binzhou City, Shandong Province, the People’s Republic of China (the “**PRC**”). Meijun Project occupies an aggregate site area of approximately 227,483 sq. m. and consists of residential properties, car parks and ancillary. It is divided into three phases. The first two phases have been completed and approximately ninety-nine percent (99%) of the total saleable gross floor area (“**GFA**”) has been sold, details of which are set out in Table 1 below.

The Company is now developing the remaining phase of Meijun Project (the “**Meijun Project Phase Three**”) with its resources and manpower. In Meijun Project Phase Three, land use certificate (the “**Land Use Certificate**”) (土地使用證) has been obtained for area of approximately 95,820 sq. m. (“**Meijun Land A**”) on 20 December 2005 before the Group has acquired any interest in the land of Meijun Project on 31 December 2012, but Land Use Certificate for the remaining area of approximately 77,334 sq. m. (“**Meijun Land B**”) is yet to be granted.

To commence the construction work of Meijun Project Phase Three, the Company shall obtain (i) the Land Use Certificate; (ii) the Construction Land Planning Permit (建設用地規劃許可證), the Construction Work Planning Permit (建設工程規劃許可證) and the Construction Work Commencement Permit (建築工程施工許可證) for the construction; and (iii) the Commodity Housing Pre-sale Permit for the pre-sales of Meijun Project Phase Three. As Land Use Certificate for Meijun Land A has been obtained, permits under items (ii) and (iii) are mere legal formality and shall be granted without major obstacles once the existing structures on the land are cleared. Hence the Company intends to start off the construction works on Meijun Land A first. For Meijun Land B, construction works can only be commenced when (i) Land Use Certificate is granted; (ii) permits under items (ii) and (iii) are received; and (iii) the existing structures on the land are cleared.

Pursuant to the Circular, it was the original plan that the construction work for Meijun Land A to be started in 2014 and completed in 2017. The Company expected the Land Use Certificate for Meijun Land B to be granted within four years after the Company had fully paid the relevant land premium and the taxes as at 18 November 2012. As of the date of this announcement, the Company still has yet to obtain the Land Use Certificate for Meijun Land B because Land Use Certificate can only be obtained when the demolition work of the existing structures is duly completed and the land is cleared. The construction works for both Meijun Land A and Meijun Land B have been hold up due to the delay in the relevant demolition work of the existing structures, details of which are set out in the section headed “Reasons for Delay in Meijun Project Phase Three”.

Table 1 provides the brief information of Meijun Project in different phases:

Table 1

| Construction Period | Phase One | Phase Two | Phase Three Stage 1 |
|---|---------------|---------------|---------------------|
| – Actual/Estimated Commencement Date | July 2007 | November 2009 | June 2024 |
| – Actual/Estimated Pre-sale Commencement Date | December 2008 | May 2010 | October 2024 |
| – Actual/Estimated Completion Date | December 2009 | December 2013 | December 2026 |
| Construction Status | Completed | Completed | To be developed |
| Gross Land Area (sq. m.) | 13,333 | 54,330 | 95,820 |
| GFA Available for Sale (sq. m.) | 21,407 | 153,674 | Not applicable |
| Percentage of Total Saleable GFA Sold | 95.4% | 99.7% | Not applicable |
| Effective Interest to the Group | 100% | 100% | 100% |

REASONS FOR DELAY IN MEIJUN PROJECT PHASE THREE

The development of Meijun Project Phase Three has been in huge delay mainly because the relevant land is in the regeneration area which involves resettlement of existing residents and demolition of the existing structures on both Meijun Land A and Meijun Land B.

Generally, it is the responsibility of the local government to do the liaison and negotiation with the affected residents to arrange them moving out from the existing structures on both Meijun Land A and Meijun Land B before construction works to be commenced. Unfortunately, the local government has encountered strong opposition from the affected residents in the negotiation process which has rendered a delay of demolition of the existing structures on both Meijun Land A and Meijun Land B.

The Company has been actively in discussion with various departments of the local government to expedite the demolition progress since 2016. Upon numerous confabulations and negotiations, the local government has eventually come up a plan with the affected residents for demolition scheduled in the second half of 2019 with an aim to complete within one year. However, due to the outbreak of COVID-19 in early 2020, this plan is postponed.

EXPECTED TIMETABLE FOR DEVELOPMENT OF MEIJUN PROJECT PHASE THREE

As COVID-19 pandemic gradually becomes stabilized in Zouping City and ceases to affect the regular, everyday life of the society, the Company has restarted the discussion with the local governments with the view to kick off the demolition works at the earliest time. The Company has received positive support and feedback from the local government and has been informed that the demolition works of the existing structures for Meijun Project Phase Three shall start in early 2023 with a target to complete in late 2023. After the completion of demolition, the Company expects to obtain the Land Use Certificate for Meijun Land B in 2024. The Company intends to commence the construction works and first develops Meijun Land A once the relevant permits are received (“**Meijun Project Phase Three Stage 1**”). The Company targets to begin the pre-sale activities of Meijun Project Phase Three Stage 1 in 2024 and complete the entire development of Meijun Project Phase Three Stage 1 by December 2026.

As of the date of this announcement, based on the current information available and to the best knowledge and belief of the Board, it is expected that Meijun Project Phase Three Stage 1 will generate a revenue of not less than RMB1.8 billion when all units are sold. A number of factors have been considered for the forecast of the revenue of Meijun Project Phase Three Stage 1 which include:

- the location of Meijun Project Phase Three is highly accessible to public services, such as schools, colleges and city government headquarter;
- the Company intends to develop Meijun Project Phase Three into a premium residential area which is likely to command a higher unit price;
- taking into account the inflation and potential increment when the Company works out the estimated cost of construction and other possible unfavourable factors that may delay the construction works; and
- 30% of the construction works is expected to be completed before December 2024 which gives the Company the right to obtain Commodity Housing Pre-sale Permit.

As the development of Meijun Land B (“**Meijun Project Phase Three Stage 2**”) is subject to the grant of Land Use Certificate which is currently expecting to be in 2024, the Company will provide further announcements as and when appropriate from time to time in accordance with the Listing Rules to inform its Shareholders and potential investors.

VIEW ON DEVELOPMENT OF MEIJUN PROJECT PHASE THREE

The Board notices that many property developers in the PRC have faced enormous challenges in developing their projects on hand due to the change of government policies and pessimistic market sentiments in the past few years. The Board wishes to emphasize that the Company has adopted a relatively conservative approach in property development throughout the past years with a focus on selective markets that the Company is most familiar with, i.e. Zouping and Qingdao, Shandong Province, the PRC. The Board considers such approach serves the Company well, especially in the time of economic downturn when the market turns sour like now. Since the Company has never depended heavily on aggressive fund raising for any project development, the Company does not have the pressure of de-stock and deleverage which other property developers may currently encounter. As at 31 December 2021, the Company has approximately RMB148,233,000 in cash or cash equivalents and virtually free of any bank borrowings. The Board considers that the Group has sufficient financial resources to complete Meijun Project Phase Three even in this difficult time and is expected to conduct the pre-sale activities in 2024.

The Company will continue to publish further announcements from time to time in accordance with the Listing Rules to inform its Shareholders as and when appropriate regarding the progress and latest development of Meijun Project Phase Three, so that the Shareholders and the public investors can obtain important information necessary for assessing the business of the Group.

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

Hong Kong, 25 July 2022

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

Executive Directors:

Mr. WANG Jin Tao
Mr. WANG Wei Min

Non-executive Directors:

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

Independent non-executive Directors:

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

* *For identification purpose only*