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**KINGWELL GROUP LIMITED**

**京維集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1195)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**RESULTS**

The Board (the “Board”) of directors (the “Directors”) of Kingwell Group Limited (the “Company” or “Kingwell”) herein announces the preliminary consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2021 (the “Year”) together with the comparative figures for the corresponding year ended 30 June 2020.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
<b>REVENUE</b>	4	<b>34,246</b>	44,634
Cost of sales		<u>(25,647)</u>	<u>(31,475)</u>
Gross profit		<b>8,599</b>	13,159
Other income and gains	4	<b>1,855</b>	6,354
Selling and distribution expenses		<b>(455)</b>	(1,086)
Administrative expenses		<b>(11,403)</b>	(12,367)
Other expenses		<b>(4,098)</b>	(61)
Finance costs	6	<b>(36)</b>	(97)
		<b>(5,538)</b>	5,902
Provision for impairment of intangible assets		<u>–</u>	<u>(26,944)</u>
<b>LOSS BEFORE TAX</b>	5	<b>(5,538)</b>	(21,042)
Income tax expense	7	<b>(1,621)</b>	(6,655)
<b>LOSS FOR THE YEAR</b>		<b><u>(7,159)</u></b>	<b><u>(27,697)</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(6,623)</u>	<u>(5,272)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(6,623)</u></b>	<b><u>(5,272)</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(13,782)</u></b>	<b><u>(32,969)</u></b>
Loss attributable to:			
Owners of the Company		<b>(6,381)</b>	(13,235)
Non-controlling interests		<b>(778)</b>	(14,462)
		<b><u>(7,159)</u></b>	<b><u>(27,697)</u></b>
Total comprehensive loss attributable to:			
Owners of the Company		<b>(10,413)</b>	(15,944)
Non-controlling interests		<b>(3,369)</b>	(17,025)
		<b><u>(13,782)</u></b>	<b><u>(32,969)</u></b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME (continued)**

*Year ended 30 June 2021*

	<i>Note</i>	<b>2021</b> <b><i>RMB cents</i></b>	<b>2020</b> <b><i>RMB cents</i></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<i>9</i>		
Basic		<u><b>(0.22)</b></u>	<u><b>(0.46)</b></u>
Diluted		<u><b>(0.22)</b></u>	<u><b>(0.46)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,072</b>	1,215
Investment properties		<b>2,700</b>	5,490
Goodwill		<b>4,821</b>	4,821
Intangible assets		<b>37,722</b>	42,763
Deferred tax assets		<b>4,761</b>	5,428
		<hr/>	<hr/>
Total non-current assets		<b>51,076</b>	59,717
<b>CURRENT ASSETS</b>			
Inventories		<b>62,668</b>	35,652
Trade receivables	<i>10</i>	<b>16,911</b>	13,772
Deposits and other receivables		<b>1,924</b>	1,027
Financial assets at fair value through profit or loss		<b>–</b>	5,303
Pledged deposits		<b>235</b>	506
Cash and cash equivalents		<b>51,622</b>	84,596
		<hr/>	<hr/>
		<b>133,360</b>	140,856
Non-current assets classified as held for sale		<b>747</b>	–
		<hr/>	<hr/>
Total current assets		<b>134,107</b>	140,856
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>9,378</b>	5,524
Other payables and accruals		<b>11,442</b>	25,618
Contract liabilities		<b>2,155</b>	4,827
Tax payable		<b>22,930</b>	9,482
		<hr/>	<hr/>
Total current liabilities		<b>45,905</b>	45,451
<b>NET CURRENT ASSETS</b>			
		<b>88,202</b>	95,405
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>139,278</b>	155,122

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

30 June 2021

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>139,278</b></u>	<u>155,122</u>
<b>NON-CURRENT LIABILITIES</b>			
Non-redeemable convertible preferred shares	12	–	865
Deferred tax liabilities		<u><b>1,370</b></u>	<u>3,381</u>
Total non-current liabilities		<u><b>1,370</b></u>	<u>4,246</u>
Net assets		<u><b>137,908</b></u>	<u>150,876</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>253,688</b>	252,856
Non-redeemable convertible preferred shares	12	–	2,252
Other reserves		<u><b>(136,630)</b></u>	<u>(128,451)</u>
		<b>117,058</b>	126,657
<b>Non-controlling interests</b>		<u><b>20,850</b></u>	<u>24,219</u>
<b>Total equity</b>		<u><b>137,908</b></u>	<u>150,876</u>

Notes:

## 1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 30 June 2021 but are extracted from those financial statements.

These 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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. 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 Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2021. 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 parent of the Group 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.

## 1. BASIS OF PREPARATION (continued)

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.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 July 2020. The amendments did not have any impact on the financial position and performance of the Group.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below: (continued)

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group as the Group did not obtain any rent concessions.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable operating segments as follows:

- (a) the property development, property leasing and property management services segment engages in the development of villas, apartments and commercial buildings, property leasing of self-owned properties, the sale of parking lots and the provision of property management services and construction services; and
- (b) the gold mining segment engages in the production and sale of gold.

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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, gain on disposal of an associate, provision for impairment of intangible assets, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, non-current assets classified as held for sale and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude tax payable, non-redeemable convertible preferred shares, deferred tax liabilities and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION (continued)

Year ended 30 June 2021

	Property development, property leasing and property management services <i>RMB'000</i>	Gold mining <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>			
Sales to external customers	31,298	2,948	34,246
Other revenue	793	–	793
	<u>32,091</u>	<u>2,948</u>	<u>35,039</u>
<b>Segment results</b>	4,813	398	5,211
<i>Reconciliation:</i>			
Interest income			1,062
Corporate and other unallocated expenses			(11,775)
Finance costs			(36)
Loss before tax			<u>(5,538)</u>
<b>Segment assets</b>	133,622	43,109	176,731
<i>Reconciliation:</i>			
Corporate and other unallocated assets			8,452
			<u>185,183</u>
<b>Segment liabilities</b>	34,714	290	35,004
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			12,271
			<u>47,275</u>
<b>Other segment information:</b>			
Depreciation and amortisation	742	–	742
Capital expenditure*	376	–	376

### 3. OPERATING SEGMENT INFORMATION (continued)

Year ended 30 June 2020

	Property development, property leasing and property management services <i>RMB'000</i>	Gold mining <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>			
Sales to external customers	44,634	–	44,634
Other revenue	676	–	676
	<u>45,310</u>	<u>–</u>	<u>45,310</u>
<b>Segment results</b>	11,195	(628)	10,567
<i>Reconciliation:</i>			
Interest income			886
Gain on disposal of an associate			4,792
Provision for impairment of intangible assets			(26,944) <sup>#</sup>
Corporate and other unallocated expenses			(10,246)
Finance costs			(97)
Loss before tax			<u>(21,042)</u>
<b>Segment assets</b>	140,378	49,748	190,126
Corporate and other unallocated assets			10,447
			<u>200,573</u>
<b>Segment liabilities</b>	32,396	164	32,560
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			17,137
			<u>49,697</u>
<b>Other segment information:</b>			
Depreciation and amortisation	714	–	714
Capital expenditure	182	–	182 <sup>*</sup>

\* Capital expenditure consists of additions to property, plant and equipment.

<sup>#</sup> In respect of the gold mining segment

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

(a) Revenue from external customers

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Mainland China	<b>31,298</b>	44,634
Russia	<b>2,948</b>	–
	<b><u>34,246</u></b>	<b><u>44,634</u></b>

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Mainland China	<b>9,628</b>	12,975
Hong Kong	<b>116</b>	159
Russia	<b>36,571</b>	41,155
	<b><u>46,315</u></b>	<b><u>54,289</u></b>

The non-current asset information above is based on the locations of the assets, which excludes deferred tax assets.

#### Information about major customers

During the year, revenue of RMB15,047,000 (2020: RMB19,387,000) was derived from rendering of property development, property leasing and property management services to a single customer.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Revenue from contracts with customers</u>		
Rendering of property management services	10,758	8,275
Sale of properties	9,195	19,357
Rendering of construction services	7,892	2,842
Sale of gold	2,948	–
Sale of parking lots	2,938	1,491
Rendering of sales agency service	515	12,669
	<u>34,246</u>	<u>44,634</u>

#### Revenue from contracts with customers

##### (i) *Disaggregated revenue information*

For the year ended 30 June 2021

<u>Segments</u>	Property development, property leasing and property management services <i>RMB'000</i>	Gold mining <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Type of goods or services</b>			
Sale of properties	9,195	–	9,195
Sale of parking lots	2,938	–	2,938
Property management services	10,758	–	10,758
Construction services	7,892	–	7,892
Sales agency service	515	–	515
Sale of gold	–	2,948	2,948
	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>
Total revenue from contracts with customers	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>
<b>Geographical markets</b>			
Mainland China	31,298	–	31,298
Russia	–	2,948	2,948
	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>
Total revenue from contracts with customers	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	12,648	2,948	15,596
Services transferred over time	18,650	–	18,650
	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>
Total revenue from contracts with customers	<u>31,298</u>	<u>2,948</u>	<u>34,246</u>

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

##### Revenue from contracts with customers (continued)

##### (i) Disaggregated revenue information (continued)

For the year ended 30 June 2020

<u>Segments</u>	Property development, property leasing and property management services <i>RMB'000</i>	Gold mining <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Sale of properties	19,357	–	19,357
Sale of parking lots	1,491	–	1,491
Property management services	8,275	–	8,275
Construction services	2,842	–	2,842
Sales agency service	12,669	–	12,669
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>44,634</u>	<u>–</u>	<u>44,634</u>
<b>Geographical market</b>			
Mainland China	<u>44,634</u>	<u>–</u>	<u>44,634</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	33,517	–	33,517
Services transferred over time	11,117	–	11,117
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>44,634</u>	<u>–</u>	<u>44,634</u>

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

##### Revenue from contracts with customers (continued)

###### (i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	2,604	4,283
Sale of parking lots	1,626	1,439
Property management services	542	2,253
	<u>4,772</u>	<u>7,975</u>

###### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

###### *Sale of properties/parking lots*

For contracts entered into with customers on the sale of properties/parking lots, the Group does not have an enforceable right to payment prior to transfer of the relevant properties/parking lots to customers. Revenue from sale of properties/parking lots is therefore recognised at a point in time when the properties/parking lots are transferred to customers, being at the point that the customers obtain the control of the properties/parking lots and the Group has a present right to payment and collection of the consideration is probable.

###### *Property management services*

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are for periods of one year.

###### *Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing.

###### *Sales agency service*

For contracts entered into with customers on the sales agency service, the Group does not have an enforceable right to payment prior to the completion of sales. Revenue from sales agency service is therefore recognised at a point in time when the service is completed, being at the point that the customer obtains the control of the outcome from sales agency service and the Group has a present right to payment and collection of the consideration is probable.

The amounts of transaction prices totalling RMB5,334,000 (30 June 2020: RMB6,322,000) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021 are expected to be recognised within one year.

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	60	82
Interest income from financial assets at fair value through profit or loss	1,002	804
Rental income from investment property operating leases:		
Fixed payments	350	365
Others	344	45
	<u>1,756</u>	<u>1,296</u>
<b>Gains</b>		
Fair value gains on investment properties	–	150
Gain on disposal of an associate	–	4,792
Gain on disposal of items of property, plant and equipment	99	116
	<u>99</u>	<u>5,058</u>
	<u><u>1,855</u></u>	<u><u>6,354</u></u>

## 5. LOSS BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	12,123	17,444
Cost of services provided	13,524	14,031
Depreciation	226	197
Amortisation	516	517
Minimum lease payments under operating leases	672	793
Auditor's remuneration	1,678	2,003
Staff costs (excluding directors' remuneration):		
Salaries and wages	10,250	8,565
Pension scheme contributions	497	460
	<u>10,747</u>	<u>9,025</u>
Foreign exchange differences, net*	74	33
Write-down of inventories to net realisable value*	2,823	–
Loss on disposal of investment properties*	–	8
Fair value loss/(gain) on investment properties	800	(150)
Impairment of assets held for sale*	313	–
Provision for impairment of intangible assets	–	26,944
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>61</u>	<u>50</u>

\* These amounts were included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
Non-redeemable convertible preferred shares ( <i>note 12</i> )	<u>36</u>	<u>97</u>

## 7. INCOME TAX

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its business through its subsidiaries established in Mainland China (the “PRC Subsidiaries”) and Russia.

No provision for Hong Kong profits tax has been made (2020: Nil) as the Group did not generate any assessable profits in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2020: 25%).

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current – Mainland China		
Provision for corporate income tax	<b>1,661</b>	6,218
Provision for land appreciation taxes (“LAT”)	<b>1,304</b>	2,955
Deferred	<b>(1,344)</b>	(2,518)
	<u>1,621</u>	<u>6,655</u>
Total tax charge for the year	<b><u>1,621</u></b>	<b><u>6,655</u></b>

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for Mainland China in which the major subsidiaries of the Company are domiciled to the tax expense at the effective tax rate is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loss before tax	<b><u>(5,538)</u></b>	<b><u>(21,042)</u></b>
Tax at the Mainland China statutory income tax rate of 25%	<b>(1,384)</b>	(5,260)
Lower tax rates on profits arising elsewhere	<b>1,775</b>	2,532
Expenses not deductible for tax	<b>14</b>	117
Effect of withholding tax at 10% on the distributable profits of the Group’s PRC subsidiaries	<b>332</b>	1,523
Tax losses not recognised	<b>2</b>	5,540
Tax losses utilised from previous years	<b>(96)</b>	(13)
Provision for LAT	<b>1,304</b>	2,955
Tax effect of LAT	<b>(326)</b>	(739)
	<u>1,621</u>	<u>6,655</u>
Tax charge at the Group’s effective rate	<b><u>1,621</u></b>	<b><u>6,655</u></b>

## 8. DIVIDENDS

No final dividends were proposed for the years ended 30 June 2021 and 2020.

## 9. 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 of RMB6,381,000 (2020: RMB13,235,000), and the weighted average number of ordinary shares of 2,894,091,737 (2020: 2,884,091,737) in issue during the year.

The calculation of the diluted loss per share amount 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 30 June 2021 and 2020 in respect of a dilution as the impact of the share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

## 10. TRADE RECEIVABLES

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Trade receivables	<b>16,911</b>	13,772
Impairment	<u>—</u>	<u>—</u>
	<b><u>16,911</u></b>	<b><u>13,772</u></b>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Within 1 month	<b>4,245</b>	754
1 to 2 months	<b>1,329</b>	2,464
2 to 3 months	<b>4,235</b>	9,544
Over 3 months	<u><b>7,102</b></u>	<u>1,010</u>
	<b><u>16,911</u></b>	<b><u>13,772</u></b>

## 11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	3,388	928
1 to 3 months	500	1,102
3 months to 1 year	1,036	2,203
Over 1 year	<u>4,454</u>	<u>1,291</u>
	<u><u>9,378</u></u>	<u><u>5,524</u></u>

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

## 12. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES

The Company allotted and issued 93,000,000 non-redeemable convertible preferred shares (“CPS”) at HK\$1.00 per CPS on 3 May 2011. The holder of the CPS has the right to convert the CPS into a total of 310,000,000 ordinary shares at a price of HK\$0.30 per share on any business day after the issue date. A non-cumulative dividend of 2% per annum on the face value is payable by the Company annually in arrears on each anniversary date of the issue date, subject to sufficient reserves permissible by laws from time to time. In prior years, 90,000,000 CPS has been converted into ordinary shares. In the current year, the remaining 3,000,000 CPS have been converted into ordinary shares and there was no CPS outstanding (2020: 3,000,000).

Initial recognition of the CPS recognised at the issue date was calculated as follows:

	<i>RMB'000</i>
Fair value of the CPS	77,820
Equity component of the CPS	<u>(69,801)</u>
Liability component of the CPS	<u><u>8,019</u></u>

## 12. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES (continued)

The Black-Scholes model was used to measure the fair value of the CPS. The inputs to the model were as follows:

Valuation date	3 May 2011
Share price	HK\$0.32
Exercise price	HK\$0.30
Risk-free rate	0.169%
Expected volatility	35.577%
Expected dividend yield	–

The liability component represents the Company's contractual obligation of interest payment to the holders of the CPS. For the fair value of the liability component of the CPS at initial recognition, the effective interest rate method is adopted in the valuation. The effective interest rate used in the valuation is 12.867%.

The carrying amount of the liability component of the CPS during the year were calculated as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Beginning of the year	<b>865</b>	738
Interest expense ( <i>note 6</i> )	<b>36</b>	97
Conversion	<b>(842)</b>	–
Exchange realignment	<b>(59)</b>	30
	<hr/>	<hr/>
End of the year	<b>–</b>	<b>865</b>
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the Year, revenue of the Group amounted to approximately RMB34,246,000 (2020: RMB44,634,000), representing an decrease of approximately 23.3% as compared with last year. The decrease in revenue was mainly due to decrease of contribution from sales of properties and sales agency service.

During the Year, the Group recorded a gross profit of approximately RMB8,599,000 (2020: RMB13,159,000) and loss before tax of approximately RMB5,538,000 (2020: RMB21,042,000) respectively. The decrease in gross profit was mainly due to decrease in gross profit from the sale of properties and sales agency service. The decrease in loss before tax was mainly due to no provision for impairment of intangible assets occurred in the current year.

The loss attributable to owners of the Company for the Year was approximately RMB6,381,000 (2020: RMB13,235,000). Basic loss per share during the Year was RMB0.22 cents (2020: RMB0.46 cents).

### Business Review

#### *Property Development, Property Leasing and Property Management Services Business*

The property development project “Anlu Taihe Paradise” at Liang Ji Bei Road, Anlu Economic Development District in Anlu city, Hubei province in the PRC (Postal code 432600), is developed by the Anlu Taihe Real Estate Development Company# (the “Anlu Taihe”) (“安陸泰合房地產開發有限公司”) and is wholly owned by the Group and is having positive contribution to the Group. The project comprises three phases, constructions were completed in 2007, 2009 and 2011 respectively, with a total gross floor area of approximately 272,568 square meters and are approved for residential and commercial composite uses. The land use rights of the properties have been granted for a term expiring on 22 August 2065.

The Group had enlarged the existing property development and property leasing business to include the provision of management services, in which, the Group wholly owned Xuzhou Taihua Property Service Co., Ltd.# (the “Xuzhou Taihua”) (“徐州泰華物業管理有限公司”) and Jiangsu Tianan Hongji Property Management Co., Ltd.# (the “Jiangsu Tianan Hongji”) (“江蘇天安鴻基物業管理有限公司”).

Some of the properties are held by the Group as investment purpose to generate rental income. Properties held by the Group for investment purpose are classified as investment properties and stated at fair value as at 30 June 2021.

During the Year, the PRC property market condition was more difficult as compared with that of the last year, but the sale of properties and rendering of property management service business in PRC, continued to contribute positive contribution to the Group.

During the Year, the property development, property leasing and property management services segment recorded a profit of approximately RMB4,813,000 as compared to a profit of approximately RMB11,195,000 in 2020. As at 30 June 2021, the property development, property leasing and property management services business had segment assets of approximately RMB133,622,000 (2020: RMB140,378,000) and segment liabilities of approximately RMB34,714,000 (2020: RMB32,396,000). The property development, property leasing and property management services shared 72% of the Group's total assets.

### ***Gold Mining Business***

The Group owned 34,230 shares (“51% equity interests”) of Commerce Prosper Limited and investment costs was US\$13 million (RMB81.7 million). Commerce Prosper Limited owned 100% equity interests of Zolotoy Standart Limited (the “Gold Mining Company”). The Gold Mining Company is a company established under the laws of Russian Federation with limited liability and currently operates and owns the legal and beneficial interest in a mining project related to the mine. With an aggregate mining area of about 309.3 square kilometres, the mine is operated by the Gold Mining Company and located in Molchan river, Zeyskiy region, Amur area, the Russian Federation. The Group has exploration and exploitation rights on the same area (BLG02398BR) with an expiry date on 31 December 2027.

Since the mining area is too large and the rock composition in the northern Molchan region is complex, the Gold Mining Company planned to conduct small scale production prior to large scale exploitation, which is common for all the mining exercise. Due to the Covid-19 the Group expects the Russia gold mine will only maintain the minimum operation by the outsourcing contractor in 2021. During the Year, the Group had sold the gold sand from the outsourcing contractor's production.

During the Year, the gold mining segment recorded a profit of approximately RMB398,000 as compared to a loss of approximately RMB628,000 in 2020. As at 30 June 2021, the gold mining business had segment assets of approximately RMB43,109,000 (2020: RMB49,748,000) and segment liabilities of approximately RMB290,000 (2020: RMB164,000). The gold mining segment shared 23% of the Group's total assets. There was no dividend income from the gold mining segment during the Year.

## ***Geographic Information***

Revenue from operations derived from sales to external customers located in Mainland China and Russia are RMB31,298,000 (2020: RMB44,634,000) and RMB2,948,000 (2020: Nil) respectively.

## **Business Prospects**

The property management business in Xuzhou City, Jiangsu Province, the PRC, will enhance the Group's expertise in the daily management of properties in the PRC, enabling the Group to improve the quality of the property management at the Group's property development project. The property management business in Xuzhou City are implementing the precautionary measures against Covid-19 to protect our staff and customers. The Group will enhance the management services and provide the tailor-made services to our customers in Xuzhou.

In addition, the Group has completed the acquisition of 700 parking lots in Xuzhou City, the PRC. This acquisition is a good opportunity to expand the Group's participation in the PRC property market. Also, the Group expanded its property related business segment in PRC. The Group had acquired the 3 blocks of 3-storey commercial buildings, which comprises of Block 10, Block 11 and Block 12 in the Xuzhou Yueqiao Flower Garden Project# (徐州月橋花院項目). The Directors expect that the Xuzhou property and property management business will continue contributing positive contribution to the Group.

There is only remaining few cargo tails for sales in the Anlu Taihe project. The Group does not expect the Anlu Taihe will continue to contribute significant income in the future.

\* *English name is for identification only*

As for the gold mining business, the Group will continue to sign the contract with the outsourcing contractor in the coming years. Also, the Group will also invite and negotiate with the other outsourcing contractors in the coming years. The Group would like to obtain the better terms with outsourcing contractors. In this case, the Group do not expect the Russia gold mine will provide positive contribution in 2021.

The Group has established Shengzhen Integration Holding Group Co., Ltd.# (“深圳融匯控股集團有限公司”) in Shenzhen, PRC and Guangzhou Integration Environmental Technology Co., Ltd.# (“廣州融匯環境科技有限公司”) in Guangzhou, PRC. Looking ahead, the Group will search for light assets and new potential investment opportunities in Shenzhen and Guangzhou to join the Greater Bay Area development in the PRC.

### **Liquidity and Financial Resources and Capital Structure**

For the year ended 30 June 2021, the Group’s working capital requirement was principally financed by its internal resources.

As at 30 June 2021, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB51,622,000 (2020: RMB84,596,000), RMB88,202,000 (2020: RMB95,405,000) and RMB139,278,000 (2020: RMB155,122,000), respectively.

As at 30 June 2021, the Group had no interest-bearing borrowings (2020: Nil).

Total equity attributable to owners of the Company as at 30 June 2021 decreased by approximately RMB9,599,000 to approximately RMB117,058,000 (2020: RMB126,657,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 30 June 2021 was in a net cash position (2020: net cash position).

## **Significant Investments**

The Group held no significant investment during the Year.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Save as disclosed herein, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

### ***Major transaction in relation to the acquisition of the commercial buildings***

On 14 August 2020, the Group had entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with Xuzhou City Zhongwei Real Estate Co., Ltd.# (徐州市中維地產有限公司) (the “Vendor”), pursuant to which the Group conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the 3 blocks of 3-storey commercial buildings, which comprises of Block 10, Block 11 and Block 12 in the Xuzhou Yueqiao Flower Garden Project# (徐州月橋花院項目) developed by the Vendor at a consideration of RMB40,000,000 (equivalent to approximately HK\$44,400,000) (the “Acquisition”). The Acquisition was completed in January 2021.

Details of the Acquisition are set out in the announcements of the Company dated 14 August 2020, 27 August 2020, 20 October 2020, 13 November 2020, 27 November 2020, 11 December 2020, 18 December 2020, 31 December 2020, 4 January 2021, 7 January 2021 and 25 January 2021 and in the circular of the Company dated 8 January 2021.

## **Employees’ Information**

As at 30 June 2021, the Group employed a total of 72 (2020: 87) employees. It is a policy of the Group to review its employees’ pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industry. During the Year, the employment cost (including Directors’ emoluments) amounted to approximately RMB11,291,000 (2020: RMB9,830,000). In order to align the interests of staff, Directors and consultants with the Group, share options may be granted to staff, Directors and consultants under the Company’s 2019 share option scheme (the “2019 Share Option Scheme”) approved in 2019. As at the date of this announcement, no option has been granted under the 2019 Share Option Scheme.

## **Charges on Group Assets**

As at 30 June 2021, none of the Group’s assets were pledged to secure general banking facilities to the Group (2020: Nil).

## **Future Plans for Material Investments and Expected Sources of Funding**

In the future, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

The Group had no future plans for material investments and expected sources of funding as at 30 June 2021.

\* English name is for identification only

## **Exposure to Fluctuations in Exchange Rates**

The Group has foreign currency risk as certain financial assets and liabilities are denominated in foreign currencies, principally in Hong Kong dollars and Russian ruble. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currency which might materially affect the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

## **Capital Commitments**

As at 30 June 2021, the Group had no capital commitments (2020: Nil).

## **Contingent Liabilities**

As at 30 June 2021, the banking facilities of RMB460,000 were granted to buyers of certain properties developed by the Group (2020: RMB2,480,000).

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: Nil).

## **Issue of convertible preferred shares**

On 4 November 2020, 3,000,000 non-redeemable convertible preferred shares of the Company with aggregate principal amount of HK\$3,000,000 were converted into 10,000,000 ordinary shares to Union Day Group Limited under the acquisition agreement dated 26 April 2011. The non-redeemable convertible preferred shares were converted into ordinary shares of the Company at a conversion price of HK\$0.30 per share.

As a result of the full conversion of the non-redeemable convertible preferred shares, the total number of issued shares of the Company were 2,894,091,737 shares as at 30 June 2021. Union Day Group Limited continues to be substantial shareholder of the Company who holds 394,198,376 shares of the Company, representing approximately 13.62% of the total number of issued shares of the Company as enlarged by the allotment and issue of the 10,000,000 ordinary shares.

## **CORPORATE GOVERNANCE**

The Group is committed to statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising accountability, transparency, independence, fairness and responsibility.

The Group has complied with the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the Year, except the following deviation:

### **Code Provision A.2.1**

Under the code provision A.2.1 of the CG Code states that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Being aware of the said deviation from code provision A.2.1, but in view of the current rapid development of the Group, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer of the Company by Mr. Mu Dongsheng can facilitate execution of the Group’s business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the shareholders will be adequately and fairly represented. The Company will seek to re-comply with code provision A.2.1 by identifying and appointing a suitable and qualified candidate to the position of the chief executive officer of the Company in future.

### **Audit Committee**

The Company established an audit committee (the “Audit Committee”) in May 2001 with written terms of reference revised to be substantially the same as the provisions as set out in the CG Code. The Audit Committee acts as an important link between the Board and the Company’s auditors in matters within the scope of the Group’s audit. The duties of the Audit Committee are to review and discuss on the effectiveness of the external audit and risk evaluation of the Company, as well as the Company’s annual report and interim report and to provide advice and comments to the Board. The Audit Committee is also responsible for reviewing and supervising the Group’s financial reporting, risk management and internal control systems. The Audit Committee has reviewed these annual results with management and agreed these annual results with external auditor of the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **IMPORTANT EVENTS AFTER THE YEAR**

Save as disclosed under the section headed “Business Prospects” above, no important events affecting the Group has occurred since the end of the Year.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The results announcement of the Group for the year ended 30 June 2021 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at <http://kingwell.todayir.com>. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

By Order of the Board  
**KINGWELL GROUP LIMITED**  
**Mu Dongsheng**  
*Chairman*

Hong Kong, 29 September 2021

*As at the date of this announcement, the Board comprises Mr. Mu Dongsheng and Mr. Du Yun as executive Directors, and Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Lu Lin as independent non-executive Directors.*

*\* For identification purpose only*