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 2023

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 2023 (the "Year") together with the comparative figures for the corresponding year ended 30 June 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**74,542**	32,957
Cost of sales		**(51,799)**	(21,255)
Gross profit		**22,743**	11,702
Other income and gains	4	**2,248**	3,607
Selling and distribution expenses		**(6)**	(748)
Administrative expenses		**(13,724)**	(15,973)
Impairment loss on financial assets		**(1,651)**	(833)
Other expenses		**(19,702)**	(763)
Finance costs	6	**(9)**	(1)
		(10,101)	(3,009)
Provision for impairment on intangible assets		**–**	(10,119)
LOSS BEFORE TAX	5	**(10,101)**	(13,128)
Income tax expense	7	**(9,478)**	(3,663)
LOSS FOR THE YEAR		**(19,579)**	(16,791)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(16,355)**	16,572
Reclassification adjustments for a foreign operation disposed of during the year	12	**23,444**	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements		**1,642**	424
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**8,731**	16,996
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(10,848)**	205

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

Year ended 30 June 2023

	Note	2023 *RMB'000*	2022 *RMB'000*
(Loss)/profit attributable to:			
Owners of the Company		**(23,101)**	(10,818)
Non-controlling interests		**3,522**	(5,973)
		(19,579)	(16,791)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(234)**	(2,712)
Non-controlling interests		**(10,614)**	2,917
		(10,848)	205

	Note	2023 *RMB cents*	2022 *RMB cents*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic and diluted		**(0.80)**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**780**	871
Investment properties		**1,470**	1,590
Right-of-use assets		**301**	86
Goodwill		**19,968**	19,968
Other intangible assets		**231**	43,412
Deferred tax assets		**3,502**	8,383
Total non-current assets		**26,252**	74,310
CURRENT ASSETS			
Inventories		**104,929**	104,967
Trade receivables	*10*	**27,378**	32,987
Deposits and other receivables		**8,346**	9,641
Financial assets at fair value through profit or loss		**–**	2,700
Pledged deposits		**236**	235
Cash and cash equivalents		**63,469**	29,643
Total current assets		**204,358**	180,173
CURRENT LIABILITIES			
Trade payables	*11*	**5,445**	12,462
Other payables and accruals		**34,499**	31,065
Contract liabilities		**6,541**	4,049
Lease liabilities		**117**	92
Amounts due to related companies		**23,607**	30,157
Tax payables		**31,480**	28,276
Total current liabilities		**101,689**	106,101
NET CURRENT ASSETS		**102,669**	74,072
TOTAL ASSETS LESS CURRENT LIABILITIES		**128,921**	148,382

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2023

	2023	2022
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**128,921**	148,382
NON-CURRENT LIABILITIES		
Lease liabilities	**187**	–
Deferred tax liabilities	**2,758**	2,027
Total non-current liabilities	**2,945**	2,027
Net assets	**125,976**	146,355
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**253,688**	253,688
Other reserves	**(139,576)**	(139,342)
	114,112	114,346
Non-controlling interests	**11,864**	32,009
Total equity	**125,976**	146,355

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 2023 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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 the consolidated statement of profit or loss and other comprehensive income. 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in the consolidated statement of profit or loss and other comprehensive income. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to *HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows. The gold mining segment was disposed on 20 March 2023.

(a) the property development, property leasing and the 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 mining 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 profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, provision for impairment of intangible assets, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, financial assets at fair value through profit or loss and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude tax payables, amounts due to related companies, 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 2023

	Property development, property leasing and property management services *RMB'000*	Gold mining *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	**74,542**	**–**	**74,542**
Other revenue	**1,933**	**–**	**1,933**
	76,475	**–**	**76,475**
Segment results	**16,960**	**(19,136)**	**(2,176)**
Reconciliation:			
Interest income			**315**
Corporate and other unallocated expenses			**(8,240)**
Loss before tax			**(10,101)**
Segment assets	**162,562**	**–**	**162,562**
Reconciliation:			
Corporate and other unallocated assets			**68,048**
			230,610
Segment liabilities	**43,151**	**–**	**43,151**
Reconciliation:			
Corporate and other unallocated liabilities			**61,483**
			104,634
Other segment information:			
Loss on disposal of subsidiaries	**–**	**(18,400)**	**(18,400)**
Impairment losses on financial assets	**1,651**	**–**	**1,651**
Depreciation and amortisation	**867**	**–**	**867**
Capital expenditure*	**192**	**–**	**192**

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

3. **OPERATING SEGMENT INFORMATION (Continued)**

Year ended 30 June 2022

	Property development, property leasing and property management services	Gold mining	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue:			
Sales to external customers	32,614	343	32,957
Other revenue	3,105	–	3,105
	35,719	343	36,062
Segment results	6,928	(343)	6,585
Reconciliation:			
Interest income			502
Provision for impairment of intangible assets			(10,119)
Corporate and other unallocated expenses			(10,095)
Finance costs			(1)
Loss before tax			(13,128)
Segment assets	161,085	48,102	209,187
Reconciliation:			
Corporate and other unallocated assets			45,296
			254,483
Segment liabilities	44,258	154	44,412
Reconciliation:			
Corporate and other unallocated liabilities			63,716
			108,128
Other segment information:			
Provision for impairment on intangible assets	–	10,119	10,119
Impairment losses on financial assets	833	–	833
Depreciation and amortisation	764	–	764
Capital expenditure*	166	–	166

* *Capital expenditure consists of additions to property, plant and equipment including assets arising from the acquisition of subsidiaries.*

3. **OPERATING SEGMENT INFORMATION (Continued)**

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**74,542**	32,614
Russia	**–**	343
	74,542	32,957

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**22,651**	23,093
Hong Kong	**99**	100
Russia	**–**	42,734
	22,750	65,927

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

Information about major customers

No information about major customers is presented as no single customer contributed over 10% of total revenue of the Group during the year ended 30 June 2023.

During the year ended 30 June 2022, revenue of RMB14,891,000 was derived from rendering of property leasing and property management services to a single customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Rendering of property management services	**59,981**	19,626
Parking fee	**14,473**	2,755
Sale of parking lots	**88**	2,114
Sale of gold	**–**	343
Rendering of construction services	**–**	8,119
	74,542	32,957

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 30 June 2023

	Property development, property leasing and property management services	**Gold mining**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segments			
Type of goods or services			
Property management services	**59,981**	**–**	**59,981**
Parking fee	**14,473**	**–**	**14,473**
Sale of parking lots	**88**	**–**	**88**
Total revenue from contracts with customers	**74,542**	**–**	**74,542**
Geographical markets			
Mainland China	**74,542**	**–**	**74,542**
Timing of revenue recognition			
Goods transferred at a point in time	**88**	**–**	**88**
Services transferred over time	**74,454**	**–**	**74,454**
Total revenue from contracts with customers	**74,542**	**–**	**74,542**

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

For the year ended 30 June 2022

	Property development, property leasing and property management services *RMB'000*	Gold mining *RMB'000*	Total *RMB'000*
Segments			
Type of goods or services			
Property management services	19,626	–	19,626
Parking fee	2,755	–	2,755
Sale of parking lots	2,114	–	2,114
Sale of gold	–	343	343
Construction services	8,119	–	8,119
Total revenue from contracts with customers	32,614	343	32,957
Geographical markets			
Mainland China	32,614	–	32,614
Russia	–	343	343
Total revenue from contracts with customers	32,614	343	32,957
Timing of revenue recognition			
Goods transferred at a point in time	2,114	343	2,457
Services transferred over time	30,500	–	30,500
Total revenue from contracts with customers	32,614	343	32,957

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:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	**3,708**	720

4. REVENUE, OTHER INCOME AND GAINS (Continued)

	2023	2022
	RMB'000	*RMB'000*
Other income		
Gain on disposal of a subsidiary	**–**	1,509
Sale of goods	**–**	667
Rental income from operating leases:		
Fixed payments	**1,311**	566
Interest income from financial assets at fair value through profit or loss	**234**	442
Bank interest income	**81**	60
Others	**622**	363
	2,248	3,607

5. LOSS BEFORE TAX

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

	Note	**2023**	2022
		RMB'000	*RMB'000*
Cost of inventories sold		**38**	1,256
Cost of services provided		**18,938**	19,999
Depreciation of property, plant and equipment		**228**	269
Depreciation of right-of-use assets		**118**	–
Amortisation		**521**	495
Lease payments not included in the measurement of lease liabilities		**638**	596
Auditor's remuneration		**2,095**	1,986
Staff costs (excluding directors' remuneration):			
Salaries and wages		**36,935**	12,965
Pension scheme contributions		**2,661**	626
		39,596	13,591
Foreign exchange differences, net*		**1,032**	395
Loss on disposal of investment properties*		**–**	257
Fair value loss on investment properties*		**120**	110
Impairment of intangible assets		**–**	10,119
Impairment of financial assets:			
Impairment of trade receivables		**956**	833
Impairment of other receivables		**695**	–
Loss/(gain) on disposal of subsidiaries	*12*	**18,400***	(1,509)

* 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:

	2023	2022
	RMB'000	*RMB'000*
Interest on:		
Lease liabilities	**9**	1

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 People's Republic of China ("PRC") Subsidiaries") and Russia.

No provision for Hong Kong and Russia profits tax has been made (2022: Nil) as the Group did not generate any assessable profits in Hong Kong and Russia during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2022: 25%).

	2023	2022
	RMB'000	*RMB'000*
Current – Mainland China		
Provision for corporate income tax	**3,866**	2,991
Provision for land appreciation taxes (''LAT'')	**–**	420
Deferred	**5,612**	252
Total tax charge for the year	**9,478**	3,663

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:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(10,101)**	(13,128)
Tax at the Mainland China statutory income tax rate of 25%	**(2,525)**	(3,282)
Lower tax rates for specific provinces or enacted by local authority*	**6,274**	2,338
Adjustments in respect of current tax of previous periods	**(74)**	–
Expenses not deductible for tax	**19**	1,814
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**847**	1,556
Tax losses not recognised	**125**	922
Temporary differences not recognised	**140**	–
Provision for LAT	**–**	420
Tax effect of LAT	**–**	(105)
Write-down of deferred tax assets	**4,672**	–
Tax charge at the Group's effective rate	**9,478**	3,663

* *Specific province or local authority mainly represented Cayman Islands and Hong Kong.*

8. DIVIDENDS

No final dividends were proposed for the years ended 30 June 2023 and 2022.

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 RMB23,101,000 (2022: RMB10,818,000), and the weighted average number of ordinary shares of 2,894,091,737 (2022: 2,894,091,737) 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 2023 and 2022.

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**29,167**	33,820
Impairment	**(1,789)**	(833)
	27,378	32,987

The Group's trade receivables arise from the provision of property management services. A credit period of generally six months is granted to the property developer for whom the Group provides property management services. Advanced payment is normally required for the property owners for whom the Group provides management services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**3,729**	11,499
1 to 2 months	**1,827**	1,750
2 to 3 months	**2,070**	1,950
Over 3 months	**19,752**	17,788
	27,378	32,987

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**1,402**	6,502
3 months to 1 year	**–**	30
Over 1 year	**4,043**	5,930
	5,445	12,462

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

12. DISPOSAL OF SUBSIDIARIES

		2023	2022
	Note	***RMB'000***	*RMB'000*
Net assets disposed of:			
Property, plant and equipment		**27**	144
Intangible assets		**20,406**	–
Deferred tax assets		**38**	–
Inventories		**2**	120
Deposits and other receivables		**10,341**	1,843
Cash and bank balances		**188**	246
Other payables and accruals		**(15)**	(369)
Contract liabilities		**–**	(3,477)
Non-controlling interests		**(9,531)**	494
		21,456	(999)
Satisfied by:			
Cash		**26,500**	510
		5,044	1,509
Reclassification adjustments for a foreign operation disposed of during the year		**(23,444)**	–
(Loss)/gain on disposal of subsidiaries	*5*	**(18,400)**	1,509

On 16 February 2023, the Company entered into an agreement with Mr. Guo Wei (the "Purchaser"), an independent third party, to dispose its 51% equity interest in Commerce Prosper Limited ("CPL") to the Purchaser at a cash consideration of RMB26,500,000. Pursuant to the supplementary agreement entered into between the Company and the Purchaser dated 20 March 2023, the disposal of CPL was completed on 20 March 2023.

12. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2023	2022
	RMB'000	*RMB'000*
Cash consideration	**26,500**	–
Cash and bank balances disposed of	**(188)**	(246)
Net inflow/(outflow) of cash and cash equivalents In respect of the disposal of subsidiaries	**26,312**	(246)

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the Year, revenue of the Group amounted to approximately RMB74,542,000 (2022: RMB32,957,000), representing an increase by approximately 126% as compared with last year. The increase in revenue was mainly due to the contribution from the property management services income from the Shenzhen Hailian Property Management Co., Ltd.# （深圳市海聯物業管理有限公司）(“Shenzhen Hailian”) and Huizhou Huiyang Peninsula One Property Management Co., Ltd.# （惠州市惠陽半島壹號物業管理有限公司）(“Huizhou Huiyang”).

During the Year, the Group recorded a gross profit of approximately RMB22,743,000 (2022: RMB11,702,000) and loss before tax of approximately RMB10,101,000 (2022: RMB13,128,000) respectively. The increase in gross profit and decrease in loss before tax were mainly due to the increase in the contribution from the property management services of Shenzhen Hailian and Huizhou Huiyang.

During the Year, the loss attributable to owners of the Company for the Year was approximately RMB23,101,000 (2022: RMB10,818,000). Basic loss per share during the Year was RMB0.80 cents (2022: RMB0.37 cents).

Business Review

Property Development, Property Leasing and Property Management Services Business

The Group had its wholly-owned subsidiaries of property management companies to provide the property management services such as Xuzhou Taihua Property Service Co., Ltd.# (“Xuzhou Taihua”)（徐州泰華物業管理有限公司）and Jiangsu Tianan Hongji Property Management Co., Ltd.# (“Jiangsu Tianan Hongji”)（江蘇天安鴻基物業管理有限公司）, in which, the size of the property under management are approximately 254,248 square meters in aggregate. Also, the Group have 518 units parking lots and 3 blocks of 3-storey commercial buildings (total gross floor area of 3,267 square meters). The above held for sales properties and property under management are in the Xuzhou Yueqiao Flower Garden# （徐州月橋花院）(the “Xuzhou Project”), Xuzhou City, Jiangsu Province, the PRC.

During the Year, the Group recorded property management services income from the Shenzhen Hailian and Huizhou Huiyang for a whole year. The Group acquired 51% equity interests in each of Shenzhen Hailian and Huizhou Huiyang last year, at a consideration of RMB15.5 million. Pursuant to the agreement dated 18 January 2022, the vendor undertakes and guarantees to the Group that the net profit (after excluding the non-recurring gains and losses) of the Shenzhen Hailian and Huizhou Huiyang for the year ended 31 December 2022 (the “2022 guaranteed net profit”) should not be less than RMB6,200,000. The guaranteed net profit has been fulfilled. Shenzhen Hailian and Huizhou Huiyang provide property management services in Shenzhen and Huizhou, and have 864 units parking lots in Huizhou, in which, the size of the property under management are approximately 3,050,000 square meters in aggregate.

English name is for identification only

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# ("Anlu Taihe")（安陸泰合房地產開發有限公司）and is wholly owned by 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.

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 2023.

During the Year, the Group recorded significant increase in revenue due to property management services income contribution from the Shenzhen Hailian and Huizhou Huiyang for a whole year. The sales of properties were more difficult due to the real estate downturn in the PRC.

During the Year, the property development, property leasing and property management services segment recorded a profit of approximately RMB16,960,000 as compared to a profit of approximately RMB6,928,000 in 2022. As at 30 June 2023, the property development, property leasing and property management services business had segment assets of approximately RMB162,562,000 (2022: RMB161,085,000) and segment liabilities of approximately RMB43,151,000 (2022: RMB44,258,000). The property development, property leasing and property management services shared 70% of the Group's total assets.

Gold Mining Business

The Group owned 34,230 shares ("51% equity interests") of CPL and investment costs was US$13 million (RMB81.7 million). CPL owned 100% equity interests of Zolotoy Standart Limited (the "Gold Mining Company" or "ZSL"). 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.

As for the gold mining business, most of the Russian labours had refused to go out for mining work due to the Russia-Ukraine war. The Group had suspended the mining operation during the Year. On 16 February 2023, the Company entered into a share transfer agreement with Mr. Guo Wei#（郭偉）(the "Purchaser") (an independent third party), pursuant to which the Company agreed to sell and the Purchaser agreed to purchase 51% equity interests of CPL and its wholly-owned subsidiary, ZSL, which holds a gold mine located in Russia. Details of the transaction are set out in the announcement of the Company dated 16 February 2023. The transaction was completed on 20 March 2023.

English name is for identification only

During the Year, the gold mining segment recorded a loss of approximately RMB19,136,000 as compared to a loss of approximately RMB343,000 in 2022, in which, the net gain on disposal of the gold mine excluding the accumulated exchange differences on translation of foreign operations reclassified from other comprehensive income was RMB5,044,000. As a reclassification adjustment, the accumulated exchange differences on translation of foreign operations recognized in other comprehensive income previously for amounting to RMB23,444,000 was reclassified from other comprehensive income to profit or loss. As the disposal of the gold mining business was completed on 20 March 2023, there is no segment assets (2022: RMB48,102,000) and no segment liabilities (2022: RMB154,000) in the Group's gold mining segment. 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 RMB74,542,000 (2022: RMB32,614,000) and Nil (2022: RMB343,000) respectively.

Business Prospects

The Group had 518 units parking lots and 3 blocks of 3-storey commercial buildings, which comprises Block 10, Block 11 and Block 12 in the Xuzhou Project. 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. Also, the Group will enhance the management services and provide the tailor-made services to our customers in Xuzhou. The Group expects that the Xuzhou Project will continue to provide positive cash flow to the Group.

Shenzhen Hailian and Huizhou Huiyang provide property management services in Shenzhen and Huizhou, and have 864 units parking lots in Huizhou, in which, the size of the property under management are approximately 3,050,000 square meters in aggregate. The property management portfolio and geographic layout of property management business of the Group have been expanded from Xuzhou to Huizhou and Shenzhen, which are both located in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). According to the Outline Development Plan for the Greater Bay Area# (粵港澳大灣區發展規劃綱要) issued by The State Council of the PRC in February 2019, both Huizhou and Shenzhen are the cities that becoming the focus of the future development of the Greater Bay Area. Therefore, the Group believes that Huizhou and Shenzhen have growth potential.

There are only remaining few inventories for sales in the Anlu Taihe project. The Group does not expect Anlu Taihe will contribute significant income in the future.

The gold mining business recorded net loss in previous years, the Group believes that the disposal of the gold mining business provides a good opportunity for the Group to release its resources to develop of its other existing businesses.

Looking ahead, the Group will search for potential acquisition projects to expand the management services business in the Greater Bay Area in the PRC.

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Liquidity and Financial Resources and Capital Structure

For the year ended 30 June 2023, the Group's working capital requirement was principally financed by its internal resources.

As at 30 June 2023, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB63,469,000 (2022: RMB29,643,000), RMB102,669,000 (2022: RMB74,072,000) and RMB128,921,000 (2022: RMB148,382,000), respectively.

As at 30 June 2023, the Group had no interest-bearing borrowings (2022: Nil).

Total equity attributable to owners of the Company as at 30 June 2023 decreased by approximately RMB234,000 to approximately RMB114,112,000 (2022: RMB114,346,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 30 June 2023 was 0.07% (2022: 27.81%).

Significant Investments

Save as disclosed herein, the Group held no significant investment during the Year.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Disclosable Transaction in relation to the Disposal of 51% Issued Share Capital in a Subsidiary

On 16 February 2023, the Company entered into a share transfer agreement with Mr. Guo Wei (郭偉)* (the "Purchaser") (an independent third party), pursuant to which the Company agreed to sell and the Purchaser agreed to purchase 51% equity interests of CPL at a consideration of RMB26.50 million. The principal asset of CPL and its wholly-owned subsidiary, ZSL, is a gold mine, which is located in Russia. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction are more than 5% but all of them are less than 25%, the transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirement.

Details of the above transaction are set out in the announcement of the Company dated 16 February 2023.

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

* *English name is for identification only*

Employees' Information

Emolument Policy and Long-Term Incentive Scheme

As at 30 June 2023, the Group employed a total of 500 (2022: 449) 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. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. During the Year, the employment cost (including Directors' emoluments) amounted to approximately RMB40,241,000 (2022: RMB14,255,000). For the purpose of providing appropriate long-term incentive to the Group's employees, share options may be granted to staff, Directors and consultants under the Company's 2019 share option scheme (the "2019 Share Option Scheme") adopted in 2019. As at the date of this announcement, no option has been granted under the 2019 Share Option Scheme.

Basis of Determining Emolument to Directors

Apart from benchmarking against the market, the Company looks at individual competence and contributions in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Company's Directors, including the share option scheme.

Retirement Benefit Scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme, whose contributions are made based on a percentage of the employees' basic salaries and the employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Central Pension Scheme", together with the MPF Scheme, the "Defined Contribution Schemes") operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 30 June 2022 and 30 June 2023, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 30 June 2022 and 30 June 2023.

For each of the two years ended 30 June 2022 and 30 June 2023, the Group did not have any defined benefit plan.

Charges on Group Assets

As at 30 June 2023, none of the Group's assets were pledged to secure general banking facilities to the Group (2022: 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 2023.

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. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure such as Hong Kong Dollars in order to keep the net exposure to an acceptable level. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

Capital Commitments

As at 30 June 2023, the Group had no capital commitments (2022: Nil).

Contingent Liabilities

As at 30 June 2023, the banking facilities of RMB236,000 were granted to buyers of certain properties developed by the Group (2022: RMB460,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: Nil).

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 C.2.1

Under the code provision C.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 C.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 (for the period from 1 July 2022 to 19 July 2023 and Mr. Mao Yangguang took up Mr. Mu's roles as the chairman and the chief executive officer on 20 July 2023) 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 C.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

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 2023 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at 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
Mao Yangguang
Chairman

Hong Kong, 28 September 2023

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