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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

**RESULTS**

The board (the “Board”) of directors (the “Directors”) of Kingwell Group Limited (“Kingwell” or the “Company”) herein presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2021. The interim results of the Group are unaudited but have been reviewed by the audit committee of the Company (the “Audit Committee”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 31 December 2021*

*(Express in Renminbi)*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>REVENUE</b>	4	<b>9,224</b>	22,631
Cost of sales		<u>(5,583)</u>	<u>(17,144)</u>
<b>Gross profit</b>		<b>3,641</b>	5,487
Other income and gains	4	<b>533</b>	1,124
Selling and distribution expenses		<b>(39)</b>	(773)
Administrative expenses		<b>(6,149)</b>	(7,088)
Finance costs	5	<u>–</u>	<u>(38)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(2,014)</b>	(1,288)
Income tax expense	7	<u>(1,267)</u>	<u>(2,384)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(3,281)</b></u>	<u>(3,672)</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(887)</u>	<u>(7,951)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u>(887)</u>	<u>(7,951)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><b>(4,168)</b></u>	<u>(11,623)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(2,504)</b>	(3,388)
Non-controlling interests		<u>(777)</u>	<u>(284)</u>
		<u><b>(3,281)</b></u>	<u>(3,672)</u>

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

*For the six months ended 31 December 2021*

*(Express in Renminbi)*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(3,220)</b>	(7,435)
Non-controlling interests		<b>(948)</b>	(4,188)
		<b>(4,168)</b>	(11,623)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	<i>8</i>		
Basic			
– For loss for the period		<b>RMB(0.09) cent</b>	RMB(0.12) cent
Diluted			
– For loss for the period		<b>RMB(0.09) cent</b>	RMB(0.12) cent

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Express in Renminbi)

		As at 31 December 2021 (Unaudited) <i>RMB'000</i>	As at 30 June 2021 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,279	1,072
Investment properties		2,085	2,700
Goodwill		4,821	4,821
Intangible assets		36,346	37,722
Deferred tax assets		4,799	4,761
		<hr/>	<hr/>
Total non-current assets		49,330	51,076
<b>CURRENT ASSETS</b>			
Inventories		61,830	62,668
Trade receivables	10	17,614	16,911
Deposits and other receivables		2,744	1,924
Pledged deposits		235	235
Cash and cash equivalents		49,888	51,622
		<hr/>	<hr/>
		132,311	133,360
Non-current assets classified as held for sale		<hr/> –	<hr/> 747
Total current assets		<hr/> 132,311	<hr/> 134,107
<b>CURRENT LIABILITIES</b>			
Trade payables	11	9,657	9,378
Other payables and accruals		10,838	11,442
Contract liabilities		1,528	2,155
Tax payable		24,373	22,930
		<hr/>	<hr/>
Total current liabilities		46,396	45,905
<b>NET CURRENT ASSETS</b>		<hr/> 85,915	<hr/> 88,202
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 135,245	<hr/> 139,278

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2021**(Express in Renminbi)*

	<b>As at 31 December 2021 (Unaudited) RMB'000</b>	<b>As at 30 June 2021 (Audited) RMB'000</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>135,245</u></b>	<b><u>139,278</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>1,505</u>	<u>1,370</u>
Total non-current liabilities	<u>1,505</u>	<u>1,370</u>
<b>Net assets</b>	<b><u>133,740</u></b>	<b><u>137,908</u></b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	253,688	253,688
Other reserves	<u>(139,850)</u>	<u>(136,630)</u>
	<b><u>113,838</u></b>	<b><u>117,058</u></b>
<b>Non-controlling interests</b>	<u>19,902</u>	<u>20,850</u>
<b>Total equity</b>	<b><u>133,740</u></b>	<b><u>137,908</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2021

(Express in Renminbi)

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows (used in)/from operating activities	<u>(2,504)</u>	<u>12,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	4	30
Purchases of items of property, plant and equipment	(350)	(377)
Proceeds from disposal of items of property, plant and equipment	35	350
Proceeds from disposal of investment properties	<u>615</u>	<u>822</u>
Net cash flows from investing activities	<u>304</u>	<u>825</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,200)</b>	<b>13,610</b>
Cash and cash equivalents at 1 July	<b>51,622</b>	<b>84,596</b>
Effect of foreign exchange rate changes, net	<u>466</u>	<u>(584)</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b><u>49,888</u></b>	<b><u>97,622</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b><u>49,888</u></b>	<b><u>97,622</u></b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 December 2021

(Express in Renminbi)

## 1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 December 2021 (“Financial Statements”) have been prepared in accordance with the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These Financial Statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Financial Statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2021.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by the HKICPA for the first time for these Financial Statements.

Amendments to HKFRS9, *Interest Rate Benchmark Reform – Phase 2*  
HKAS 39, HKFRS 7, HKFRS4  
and HKFRS16

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The Group was not affected these amendments as the Group did not hold any interest-bearing bank borrowing.

### 3. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services 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 carpark spaces, and 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 resources 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, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude tax payable, 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)

Period ended 31 December 2021

	Property development, property leasing and property management services (Unaudited) RMB'000	Gold mining (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue:</b>			
Sales to external customers	8,883	341	9,224
Other revenue	212	–	212
	<u>9,095</u>	<u>341</u>	<u>9,436</u>
<b>Segment results:</b>	2,735	(191)	2,544
<u>Reconciliation:</u>			
Interest income and other income			321
Corporate and other unallocated expenses			<u>(4,879)</u>
Loss before tax			<u>(2,014)</u>

Period ended 31 December 2020

	Property development, property leasing and property management services (Unaudited) RMB'000	Gold mining (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue:</b>			
Sales to external customers	19,648	2,983	22,631
Other revenue	192	–	192
	<u>19,840</u>	<u>2,983</u>	<u>22,823</u>
<b>Segment results:</b>	2,519	(496)	2,023
<u>Reconciliation:</u>			
Interest income and other income			932
Corporate and other unallocated expenses			(4,205)
Finance costs			<u>(38)</u>
Loss before tax			<u>(1,288)</u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

	<b>Property development, property leasing and property management services RMB'000</b>	<b>Gold mining RMB'000</b>	<b>Total RMB'000</b>
<b>Segment Assets</b>			
31 December 2021 (Unaudited)	131,599	40,987	172,586
30 June 2021 (Audited)	133,622	43,109	176,731
<b>Segment Liabilities</b>			
31 December 2021 (Unaudited)	44,044	159	44,203
30 June 2021 (Audited)	34,714	290	35,004

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	<b>Six Months ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue from contracts with customers		
Sales of properties	1,938	11,682
Rendering of property management services	6,945	7,966
Sales of gold	341	2,983
	<b>9,224</b>	<b>22,631</b>
Other income and gains		
Bank interest income	4	30
Interest income from financial assets at fair value through profit or loss	271	716
Gain on disposal of investment properties	35	–
Other	223	378
	<b>533</b>	<b>1,124</b>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six Months ended	
	31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on:		
Non-redeemable convertible shares	—	38
	<u>          </u>	<u>          </u>

No interest was capitalised by the Group in both periods.

## 6. LOSS BEFORE TAX

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

	Six Months ended	
	31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	838	7,879
Cost of property management services provided	4,386	7,075
Cost of gold sold	359	2,190
Depreciation	128	21
Lease payments not included in the measurement of lease liabilities	320	313
Staff costs (including directors' remuneration)		
Salaries and wages	2,070	3,326
	<u>          </u>	<u>          </u>

## 7. INCOME TAX EXPENSE

	Six Months ended	
	31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China		
Provision for corporate income tax	1,267	2,384
Deferred	—	—
	<u>          </u>	<u>          </u>
Total tax expense for the period	<u>1,267</u>	<u>2,384</u>

No provision for Hong Kong profits tax has been made (2020: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 8. 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 period attributable to ordinary equity holders of the Company of RMB2,504,000 (2020: RMB3,388,000), and the weighted average number of ordinary shares of 2,894,091,737 (2020: 2,887,243,911) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss for the period 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 that period, 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 amount presented for the periods ended 31 December 2021 and 2020, in respect of the Company did not have any dilutive potential ordinary share for the period ended 31 December 2021 and the impact of the share options and non-redeemable convertible preferred shares outstanding had anti-dilutive effect on the basic loss per share amount presented in last period.

## 9. DIVIDENDS

No interim dividends were declared for the six months ended 31 December 2021 and 2020.

## 10. TRADE RECEIVABLES

	<b>31 December 2021 (Unaudited) RMB'000</b>	30 June 2021 (Audited) RMB'000
Trade receivables	17,614	16,911
Impairment	—	—
	<u>17,614</u>	<u>16,911</u>

The Group's trade receivables arise from the sale of properties and provision of property management services, construction services and sales agency service. Consideration in respect of the properties sold are payable by the buyers in accordance with the terms of the related sale and purchase agreements. A credit period of generally 6 months is granted to the property developer for whom the Group provides property management services, construction services and sales agency service. 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.

## 11. TRADE PAYABLES

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

	<b>31 December</b> <b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	30 June 2021 (Audited) RMB'000
Within 1 month	<b>300</b>	3,388
1 to 3 months	–	500
3 months to 1 year	<b>4,288</b>	1,036
Over 1 year	<b>5,069</b>	4,454
	<hr/> <b>9,657</b> <hr/>	<hr/> 9,378 <hr/>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATION**

For the six months ended 31 December 2021 (the “Period”), revenue of the Group amounted to approximately RMB9,224,000 (2020: RMB22,631,000), representing an decrease of approximately 59.2% as compared to the corresponding period in last year. The decrease in revenue was mainly due to the decrease of contribution from the sales of properties.

During the Period, the Group recorded a gross profit of approximately RMB3,641,000 (2020: RMB5,487,000) and loss before tax of approximately RMB2,014,000 (2020: RMB1,288,000) respectively. The decrease in gross profit and the increase in loss before tax were mainly due to the decrease in gross profit contribution from the sales of properties and the sales of gold.

The loss attributable to ordinary equity holders of the Company for the Period was approximately RMB2,504,000 (2020: RMB3,388,000). The decrease in loss attributable to ordinary equity holders of the Company was due to the decrease in the income tax expense of management services during the Period. Basic loss per share during the Period was RMB0.09 cent (2020: RMB0.12 cent).

### **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 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 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.\* (“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”).

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 31 December 2021.

During the Period, 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 the PRC, continued to contribute positive contribution to the Group.

During the Period, the property development, property leasing and property management services segment recorded a profit of approximately RMB2,735,000 as compared to a profit of approximately RMB2,519,000 in 2020. As at 31 December 2021, the property development, property leasing and property management services business had segment assets of approximately RMB131,599,000 (30 June 2021: RMB133,622,000) and segment liabilities of approximately RMB44,044,000 (30 June 2021: RMB34,714,000). 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 2022. During the Period, the Group had sold the gold sand from the outsourcing contractor's production.

During the Period, the gold mining segment recorded a loss of approximately RMB191,000 as compared to a loss of approximately RMB496,000 in 2020. As at 31 December 2021, the gold mining business had segment assets of approximately RMB40,987,000 (30 June 2021: RMB43,109,000) and segment liabilities of approximately RMB159,000 (30 June 2021: RMB290,000). The gold mining segment shared 23% of the Group's total assets. There was no dividend income from the gold mining segment during the Period.

## **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 properties for sales in the Anlu Taihe project. The Group does not expect Anlu Taihe will continue to contribute significant income in the future.

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 year. 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 contribute significant income in 2022.

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



## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

For the six months ended 31 December 2021, the Group's working capital requirement was principally financed by its internal resources.

As at 31 December 2021, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB49,888,000 (30 June 2021: RMB51,622,000), RMB85,915,000 (30 June 2021: RMB88,202,000) and RMB135,245,000 (30 June 2021: RMB139,278,000) respectively.

Total equity attributable to owners of the Company as at 31 December 2021 decreased by RMB3,220,000 to RMB113,838,000 (30 June 2021: RMB117,058,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 31 December 2021 was in net cash position (30 June 2021: net cash position).

## **SIGNIFICANT INVESTMENTS**

Save as disclosed above, the Group had no significant investment held during the six months ended 31 December 2021.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

## **EMPLOYMENT INFORMATION**

As at 31 December 2021, the Group employed a total of 85 (2020: 87) employees. It is a policy of the Group to review its employee's pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industry. During the Period, the employment cost (including Directors' emoluments) amounted to approximately RMB2,070,000. In order to align the interests of staff, Directors and consultants with the Group, share options would be granted to staff, Directors and consultants under the Company's 2019 share options scheme (the "2019 Share Options Scheme"). As at the date of this announcement, no option has been granted under the 2019 Share Option Scheme.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2021 and 30 June 2021, no Group assets were pledged to secure general banking facilities to the Group.

## **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.

On 10 November 2021, the Group has entered into a non-legally binding letter of intention with potential vendors. The terms of the possible acquisition are subject to further negotiation and not finalized. No binding agreement in relation to the possible acquisition has been entered into as at the date of this announcement and the possible acquisition may or may not materialize.

Save as disclosed above and important events after the Period, the Group had no future plans for material investments and expected sources of funding as at 31 December 2021.

## **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 currencies 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 31 December 2021, the Group had no capital commitments (2020: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the banking facilities of RMB460,000 were granted to the buyers of certain properties developed by the Group (30 June 2021: RMB460,000).

## DIVIDENDS

The Board did not declare the payment of any interim dividend for the six months ended 31 December 2021 (2020: Nil).

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

### Long positions in the shares of the Company

Name	Capacity	Number of Shares	Number of issued ordinary shares held	Total approximate % of the issued shares
Mr. Du Yun	Interest held through controlled corporation	394,198,376	394,198,376 (Note)	13.62
Mr. Mu Dongsheng	Beneficial owner	277,777,777	277,777,777	9.60

*Note:* 394,198,376 shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 40% beneficially owned by Mr. Du Yun.

Save as disclosed above, as at 31 December 2021, none of the Directors nor the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, according to the register of members kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

### Long positions in the shares of the Company

Name	Capacity	Number of shares	Number of issued ordinary shares held	Total Approximate % of the issued shares
Union Day Group Limited	Beneficial owner	394,198,376	394,198,376 <i>(Note)</i>	13.62
Mr. Yin Jia Tang	Beneficial owner	217,880,604	217,880,604	7.53

*Note:* 394,198,376 shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 40% beneficially owned by Mr. Du Yun.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued shares of the Company and recorded in the register maintained under Section 336 of the SFO as at 31 December 2021.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the sections headed "Share Options" and "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the Period was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective close associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## **CORPORATE GOVERNANCE**

During the Period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules 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.

## **MODEL CODE**

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the Period.

## **DIRECTORS’ INTEREST IN COMPETING BUSINESS**

None of the Directors or the management shareholders or the substantial shareholders of the Company, or any of their respective close associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company’s articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **AUDIT COMMITTEE**

The Company established the Audit Committee since 8 May 2001 with written terms of reference and the duties of the Audit Committee include reviewing the Company’s annual reports and interim reports and providing advice and comments to the Directors. The Audit Committee is also responsible for reviewing and supervising the financial reporting, risk management and internal control systems of the Group. The Audit Committee of the Company comprised three independent non-executive Directors, namely Mr. Ling Aiwen, Mr. Lu Lin and Mr. Cheung Chuen. The Company’s interim results for the six months ended 31 December 2021 have not been audited, but have been reviewed by the Audit Committee.

## IMPORTANT EVENTS AFTER THE PERIOD

### Very Substantial Acquisition – Acquisition of 51% Equity Interests of Property Management Companies

On 18 January 2022, 深圳融匯控股集團有限公司 (Shenzhen Integration Holding Group Co. Ltd.\*), a wholly-owned subsidiary of the Company (the “Purchaser”) and incorporated in the PRC with limited liability, 中建蛇口發展有限公司 (China Construction Shekou Development Co., Ltd.\*), a company incorporated in the PRC with limited liability (the “Vendor”), 深圳市海聯物業管理有限公司 (Shenzhen Hailian Property Management Co., Ltd.\*), a company incorporated in the PRC with limited liability (“Shenzhen Hailian”) and 惠州市惠陽半島壹號物業管理有限公司 (Huizhou Huiyang Peninsula One Property Management Co., Ltd.\*), a company incorporated in the PRC with limited liability (“Huiyang Peninsula One”) entered into a conditional equity transfer agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Shenzhen Hailian Sale Shares and the Huiyang Peninsula One Sales Shares, being 51% equity interest in each of Shenzhen Hailian and Huiyang Peninsula One, at a consideration of RMB15.50 million (equivalent to approximately HK\$19.07 million) (the “Agreement”). An extraordinary general meeting will be convened and held for the shareholders of the Company to consider, and if thought fit, to approve, the Agreement and the transactions contemplated thereunder.

Details of the above acquisition are set out in the announcement of the Company dated 18 January 2022.

Save as disclosed above, no important events affecting the Group has occurred since the end of the Period.

## PUBLICATION OF RESULTS ANNOUNCEMENT

The result announcement is published on the Stock Exchange’s website at <http://www.hkex.com.hk> and the Company’s website at <http://www.kingwell.todayir.com>. The interim report will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 25 February 2022

*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 purposes only