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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 2023**

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 2023. 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 2023

(Express in Renminbi)

		Six months ended	
		31 December	
		2023	2022
	<i>Notes</i>	(Unaudited)	(Unaudited)
		RMB'000	RMB'000
REVENUE	4	33,158	39,163
Cost of sales		<u>(28,248)</u>	<u>(31,012)</u>
Gross profit		4,910	8,151
Other income and gains	4	1,643	1,354
Administrative expenses		(7,748)	(9,309)
Finance costs	6	<u>(5)</u>	–
(LOSS)/PROFIT BEFORE TAX	5	(1,200)	196
Income tax expense	7	<u>(285)</u>	<u>(1,389)</u>
LOSS FOR THE PERIOD		<u>(1,485)</u>	<u>(1,193)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>185</u>	<u>(11,210)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>185</u>	<u>(11,210)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(1,300)</u>	<u>(12,403)</u>
Loss for the period attributable to:			
Owners of the Company		(1,658)	(1,011)
Non-controlling interests		<u>173</u>	<u>(182)</u>
		<u>(1,485)</u>	<u>(1,193)</u>

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

For the six months ended 31 December 2023

(Express in Renminbi)

		Six months ended	
		31 December	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		(1,473)	(6,552)
Non-controlling interests		<u>173</u>	<u>(5,851)</u>
		<u>(1,300)</u>	<u>(12,403)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	<i>8</i>		
Basic			
– For loss for the period		<u>RMB(0.06) cent</u>	<u>RMB(0.03) cent</u>
Diluted			
– For loss for the period		<u>RMB(0.06) cent</u>	<u>RMB(0.03) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Express in Renminbi)

		As at 31 December 2023 (Unaudited) RMB'000	As at 30 June 2023 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		716	780
Investment properties		1,470	1,470
Goodwill		19,968	19,968
Intangible assets		13	231
Deferred tax assets		3,502	3,502
Right-of-use assets		242	301
		<hr/>	<hr/>
Total non-current assets		25,911	26,252
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		104,588	104,929
Trade receivables	10	24,431	27,378
Deposits and other receivables		9,252	8,346
Pledged deposits		236	236
Cash and cash equivalents		62,306	63,469
		<hr/>	<hr/>
Total current assets		200,813	204,358
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	11	4,398	5,445
Other payables and accruals		29,615	34,499
Contract liabilities		5,586	6,541
Lease liabilities		117	117
Amounts due to related companies		27,911	23,607
Tax payable		31,537	31,480
		<hr/>	<hr/>
Total current liabilities		99,164	101,689
		<hr/>	<hr/>
NET CURRENT ASSETS		101,649	102,669
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		127,560	128,921
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2023**(Express in Renminbi)*

	As at 31 December 2023 (Unaudited) RMB'000	As at 30 June 2023 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>127,560</u>	<u>128,921</u>
NON-CURRENT LIABILITIES		
Lease liabilities	126	187
Deferred tax liabilities	<u>2,758</u>	<u>2,758</u>
Total non-current liabilities	<u>2,884</u>	<u>2,945</u>
Net assets	<u>124,676</u>	<u>125,976</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	253,688	253,688
Other reserves	<u>(141,049)</u>	<u>(139,576)</u>
	<u>112,639</u>	<u>114,112</u>
Non-controlling interests	<u>12,037</u>	<u>11,864</u>
Total equity	<u>124,676</u>	<u>125,976</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2023

(Express in Renminbi)

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows (used in)/from operating activities	<u>(1,617)</u>	<u>6,463</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	333	80
Purchases of items of property, plant and equipment	–	(63)
Proceeds from disposal of financial assets at fair value through profit or loss	<u>–</u>	<u>2,700</u>
Net cash flows from investing activities	<u>333</u>	<u>2,717</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal portion of lease payment	<u>(66)</u>	<u>–</u>
Net cash flows used in financing activities	(66)	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,350)	9,180
Cash and cash equivalents at 1 July	63,469	29,643
Effect of foreign exchange rate changes, net	<u>187</u>	<u>229</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>62,306</u>	<u>39,052</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>62,306</u>	<u>39,052</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 December 2023

(Express in Renminbi)

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 December 2023 (“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 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and 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.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

The amendments did not have any impact on the financial position and performance of the Group.

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 follow. The gold mining segment was disposed of on 20 March 2023.

- (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 provision of property management services and construction services.
- (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 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 profit/loss before tax except that interest income, 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 and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude amounts due to related companies, 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 2023

	Property development, property leasing and property management services (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue:		
Sales to external customers	33,158	33,158
Other revenue	1,310	1,310
	34,468	34,468
Segment results:	1,896	1,896
<u>Reconciliation:</u>		
Interest income and other income		333
Corporate and other unallocated expenses		(3,429)
Loss before tax		(1,200)

Period ended 31 December 2022

	Property development, property leasing and property management services (Unaudited) RMB'000	Gold mining (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue:			
Sales to external customers	39,163	–	39,163
Other revenue	1,274	–	1,274
	40,437	–	40,437
Segment results:	4,700	(207)	4,493
<u>Reconciliation:</u>			
Interest income and other income			80
Corporate and other unallocated expenses			(4,377)
Profit before tax			196

3. OPERATING SEGMENT INFORMATION (Continued)

	Property development, property leasing and property management services RMB'000	Total RMB'000
Segment Assets		
31 December 2023 (Unaudited)	<u>160,620</u>	<u>160,620</u>
30 June 2023 (Audited)	<u>162,562</u>	<u>162,562</u>
Segment Liabilities		
31 December 2023 (Unaudited)	<u>36,397</u>	<u>36,397</u>
30 June 2023 (Audited)	<u>43,151</u>	<u>43,151</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six Months ended	
	31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Rendering of property management services	32,786	39,075
Sales of properties	372	–
Sales of parking lots	–	88
	<u>33,158</u>	<u>39,163</u>
Other income and gains		
Bank interest income	39	37
Interest income from financial assets at fair value through profit or loss	294	43
Rental income	936	662
Other	374	612
	<u>1,643</u>	<u>1,354</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	Six Months ended	
	31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	341	38
Cost of property management services provided	27,907	30,974
Depreciation	71	63
Lease payments not included in the measurement of lease liabilities	274	322
Staff costs (including directors' remuneration)		
Salaries and wages	3,694	3,226
	<u>3,694</u>	<u>3,226</u>

6. FINANCE COSTS

	Six Months ended	
	31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
An analysis of finance costs is as follows:		
Interest on:		
Lease liabilities	5	–
	<u>5</u>	<u>–</u>

7. INCOME TAX EXPENSE

	Six Months ended	
	31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China		
Provision for corporate income tax	285	1,389
Deferred	–	–
Total tax expense for the period	<u>285</u>	<u>1,389</u>

No provision for Hong Kong profits tax has been made (2022: 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 RMB1,658,000 (2022: RMB1,011,000), and the weighted average number of ordinary shares of 2,894,091,737 (2022: 2,894,091,737) 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 2023 and 2022.

9. DIVIDENDS

No interim dividends were declared for the six months ended 31 December 2023 and 2022.

10. TRADE RECEIVABLES

	31 December 2023 (Unaudited) RMB'000	30 June 2023 (Audited) RMB'000
Trade receivables	26,220	29,167
Impairment	(1,789)	(1,789)
	<u>24,431</u>	<u>27,378</u>

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.

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:

	31 December 2023 (Unaudited) RMB'000	30 June 2023 (Audited) RMB'000
Within 1 month	14	1,402
3 months to 1 year	860	–
Over 1 year	3,524	4,043
	<hr/> 4,398 <hr/>	<hr/> 5,445 <hr/>

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

12. EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Group has occurred since the end of the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 31 December 2023 (the “Period”), revenue of the Group amounted to approximately RMB33,158,000 (2022: RMB39,163,000), representing a decrease of approximately 15% as compared to the corresponding period in last year. The decrease in revenue was mainly due to the decrease of contribution from Xuzhou Project (as defined below) and Huizhou Huiyang (as defined below) property management services during the Period.

During the Period, the Group recorded a gross profit of approximately RMB4,910,000 (2022: RMB8,151,000) and loss before tax of approximately RMB1,200,000 (2022: profit before tax RMB196,000) respectively. The decrease in gross profit and increase in loss before tax were mainly due to the decrease of contribution from Xuzhou Project (as defined below) and Huizhou Huiyang (as defined below) property management services.

The loss attributable to ordinary equity holders of the Company for the Period was approximately RMB1,658,000 (2022: RMB1,011,000). The increase in loss attributable to ordinary equity holders of the Company was due to the decrease of contribution from Xuzhou Project (as defined below) and Huizhou Huiyang (as defined below) property management services during the Period. Basic loss per share during the Period was RMB0.06 cent (2022: RMB0.03 cent).

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 and Jiangsu Tianan Hongji, in which, the size of the property under management are approximately 254,248 square meters in aggregate. Also, the Group has 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.

Shenzhen Hailian Property Management Co., Ltd.* (深圳市海聯物業有限公司)(“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”) 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 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.

* English name is for identification only

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 2023.

The sales of properties were difficult due to the real estate downturn in the PRC.

During the Period, the property development, property leasing and property management services segment recorded a profit of approximately RMB1,896,000 as compared to a profit of approximately RMB4,700,000 in 2022. As at 31 December 2023, the property development, property leasing and property management services business had segment assets of approximately RMB160,620,000 (30 June 2023: RMB162,562,000) and segment liabilities of approximately RMB36,397,000 (30 June 2023: RMB43,151,000). The property development, property leasing and property management services shared 71% of the Group's total assets.

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 Greater Bay Area. According to the Outline Development Plan for the Greater Bay Area 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.

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

* *English name is for identification only*

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 31 December 2023, the Group's working capital requirement was principally financed by its internal resources.

As at 31 December 2023, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB62,306,000 (30 June 2023: RMB63,469,000), RMB101,649,000 (30 June 2023: RMB102,669,000) and RMB127,560,000 (30 June 2023: RMB128,921,000) respectively.

Total equity attributable to owners of the Company as at 31 December 2023 decreased by RMB1,473,000 to RMB112,639,000 (30 June 2023: RMB114,112,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 31 December 2023 was negative 0.34% (30 June 2023: 0.07%).

SIGNIFICANT INVESTMENTS

The Group had no significant investment held during the six months ended 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

EMPLOYMENT INFORMATION

As at 31 December 2023, the Group employed a total of 496 (2022: 491) 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 RMB3,694,000. 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.

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

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.

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, which contributions are made based on a percentage of the employees' basic salaries and the employees of the Group's subsidiaries which operates 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 six months ended 31 December 2022 and 31 December 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 31 December 2022 and 31 December 2023.

For each of the six months ended 31 December 2022 and 31 December 2023, the Group did not have any defined benefit plan.

CHARGES ON GROUP ASSETS

As at 31 December 2023 and 30 June 2023, 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.

Save as disclosed above, the Group had no future plans for material investments and expected sources of funding as at 31 December 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 Dollar. 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 31 December 2023, the Group had no capital commitments (2022: Nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the banking facilities of RMB236,000 were granted to the buyers of certain properties developed by the Group (30 June 2023: RMB236,000).

DIVIDENDS

The Board did not declare the payment of any interim dividend for the six months ended 31 December 2023 (2022: Nil).

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

As at 31 December 2023, 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 issued ordinary shares held	Total approximate % of the issued shares
Mr. Du Yun	Interest held through controlled corporation	671,976,153 (Note)	23.22

Note: 671,976,153 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 2023, 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 2023, 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 issued ordinary shares held	Total Approximate % of the issued shares
Union Day Group Limited	Beneficial owner	671,976,153 (Note)	23.22
Mr. Yin Jia Tang	Beneficial owner	217,880,604	7.53

Note: 671,976,153 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 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the sections headed "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, 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 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. Mao Yangguang 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.

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, Ms. Ng Ching Yee and Mr. Cheung Chuen. The Company's interim results for the six months ended 31 December 2023 have not been audited, but have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

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
Mao Yangguang
Chairman

Hong Kong, 28 February 2024

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 Ms. Ng Ching Yee as independent non-executive Directors.