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KINGWELL GROUP LIMITED

京維集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2024**

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 2024 (the “Year”) together with the comparative figures for the corresponding year ended 30 June 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|--|-------|-----------------------|-----------------|
| REVENUE | 4 | 71,415 | 74,542 |
| Cost of sales | | <u>(53,191)</u> | <u>(51,799)</u> |
| Gross profit | | 18,224 | 22,743 |
| Other income and gains | 4 | 2,677 | 2,248 |
| Selling and distribution expenses | | (408) | (6) |
| Administrative expenses | | (15,733) | (13,724) |
| Impairment loss on financial assets | | (5,788) | (1,651) |
| Other expenses | | (2,334) | (19,702) |
| Finance costs | 6 | <u>(19)</u> | <u>(9)</u> |
| LOSS BEFORE TAX | 5 | (3,381) | (10,101) |
| Income tax expense | 7 | <u>(3,977)</u> | <u>(9,478)</u> |
| LOSS FOR THE YEAR | | <u>(7,358)</u> | <u>(19,579)</u> |
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | 342 | (16,355) |
| Reclassification adjustments for a foreign operation disposed of during the year | | – | 23,444 |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of the Company's financial statements | | <u>(263)</u> | <u>1,642</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | <u>79</u> | <u>8,731</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(7,279)</u> | <u>(10,848)</u> |

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

Year ended 30 June 2024

| | <i>Note</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|-------------|--|--------------------------|
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | (9,966) | (23,101) |
| Non-controlling interests | | <u>2,608</u> | <u>3,522</u> |
| | | <u>(7,358)</u> | <u>(19,579)</u> |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | | (9,887) | (234) |
| Non-controlling interests | | <u>2,608</u> | <u>(10,614)</u> |
| | | <u>(7,279)</u> | <u>(10,848)</u> |
| | | 2024 <i>RMB cents</i> | 2023 <i>RMB cents</i> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | <i>9</i> | | |
| Basic and diluted | | <u>(0.34)</u> | <u>(0.80)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*30 June 2024*

| | <i>Notes</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|--------------|--------------------------------------|--------------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 665 | 780 |
| Investment properties | | 1,080 | 1,470 |
| Right-of-use assets | | 251 | 301 |
| Goodwill | | 19,968 | 19,968 |
| Other intangible assets | | 16 | 231 |
| Deferred tax assets | | 4,780 | 3,502 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 26,760 | 26,252 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Inventories | | 104,553 | 104,929 |
| Trade receivables | <i>10</i> | 25,337 | 27,378 |
| Deposits and other receivables | | 5,643 | 8,346 |
| Restricted deposits | | 1,165 | 236 |
| Cash and cash equivalents | | 46,869 | 63,469 |
| | | <hr/> | <hr/> |
| Total current assets | | 183,567 | 204,358 |
| | | <hr/> | <hr/> |
| CURRENT LIABILITIES | | | |
| Trade payables | <i>11</i> | 3,138 | 5,445 |
| Other payables and accruals | | 41,545 | 34,499 |
| Contract liabilities | | 7,523 | 6,541 |
| Lease liabilities | | 195 | 117 |
| Amounts due to related companies | | – | 23,607 |
| Tax payables | | 35,872 | 31,480 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 88,273 | 101,689 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 95,294 | 102,669 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 122,054 | 128,921 |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*30 June 2024*

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|--------------------------------------|--------------------------------------|
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>122,054</u> | <u>128,921</u> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 64 | 187 |
| Deferred tax liabilities | <u>3,293</u> | <u>2,758</u> |
| Total non-current liabilities | <u>3,357</u> | <u>2,945</u> |
| Net assets | <u>118,697</u> | <u>125,976</u> |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Issued capital | 253,688 | 253,688 |
| Other reserves | <u>(149,463)</u> | <u>(139,576)</u> |
| | 104,225 | 114,112 |
| Non-controlling interests | <u>14,472</u> | <u>11,864</u> |
| Total equity | <u>118,697</u> | <u>125,976</u> |

Notes:

1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 30 June 2024 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"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties 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 2024. 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, 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

| | |
|--|---|
| 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 12 | <i>International Tax Reform – Pillar Two Model Rules</i> |

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

- (a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has one reportable operating segment during the year. 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.

The gold mining segment which engages in mining and sale of gold was disposed of on 20 March 2023.

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 as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, restricted 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 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 2024

**Property
development,
property leasing
and property
management
services
RMB'000**

Segment revenue:

| | |
|-----------------------------|--------|
| Sales to external customers | 71,415 |
| Other revenue | 1,994 |

| | |
|-----------------------|--------|
| Total segment revenue | 73,409 |
|-----------------------|--------|

Segment results

Reconciliation:

| | |
|--|----------|
| Interest income | 683 |
| Corporate and other unallocated expenses | (11,083) |

| | |
|-----------------|---------|
| Loss before tax | (3,381) |
|-----------------|---------|

Segment assets

Reconciliation:

| | |
|--|--------|
| Corporate and other unallocated assets | 53,130 |
|--|--------|

| | |
|--|---------|
| | 210,327 |
|--|---------|

Segment liabilities

Reconciliation:

| | |
|---|--------|
| Corporate and other unallocated liabilities | 43,106 |
|---|--------|

| | |
|--|--------|
| | 91,630 |
|--|--------|

Other segment information:

| | |
|---------------------------------------|-------|
| Impairment losses on financial assets | 5,788 |
| Depreciation and amortisation | 621 |
| Capital expenditure* | 16 |

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

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 30 June 2023

| | Property development, property leasing and property management services <i>RMB'000</i> | Gold mining <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|-------------------------------|-------------------------|
| Segment revenue: | | | |
| Sales to external customers | 74,542 | – | 74,542 |
| Other revenue | 1,933 | – | 1,933 |
| | <hr/> | <hr/> | <hr/> |
| Total segment revenue | <u>76,475</u> | <u>–</u> | <u>76,475</u> |
| Segment results | 16,960 | (19,136) | (2,176) |
| <u>Reconciliation:</u> | | | |
| Interest income | | | 315 |
| Corporate and other unallocated expenses | | | <u>(8,240)</u> |
| Loss before tax | | | <u>(10,101)</u> |
| Segment assets | 162,562 | – | 162,562 |
| <u>Reconciliation:</u> | | | |
| Corporate and other unallocated assets | | | <u>68,048</u> |
| | | | <u>230,610</u> |
| Segment liabilities | 43,151 | – | 43,151 |
| <u>Reconciliation:</u> | | | |
| Corporate and other unallocated liabilities | | | <u>61,483</u> |
| | | | <u>104,634</u> |
| 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 |
| | <hr/> | <hr/> | <hr/> |

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|------------------|------------------------|------------------------|
| Chinese Mainland | <u>71,415</u> | <u>74,542</u> |

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

(b) Non-current assets

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--------------------------|------------------------|------------------------|
| Chinese Mainland | 21,891 | 22,651 |
| Hong Kong | <u>89</u> | <u>99</u> |
| Total non-current assets | <u>21,980</u> | <u>22,750</u> |

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 2024 (30 June 2023: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| <u>Revenue from contracts with customers</u> | | |
| Rendering of property management services | 58,225 | 59,981 |
| Parking fee | 12,700 | 14,473 |
| Sale of parking lots | <u>490</u> | <u>88</u> |
| Total | <u>71,415</u> | <u>74,542</u> |

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 30 June 2024

Property
development,
property leasing
and property
management
services
RMB'000

Segments

Type of goods or services

Property management services

58,225

Parking fee

12,700

Sale of parking lots

490

Total

71,415

Geographical markets

Chinese Mainland

71,415

Timing of revenue recognition

Goods transferred at a point in time

490

Services transferred over time

70,925

Total

71,415

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

For the year ended 30 June 2023

Property
development,
property leasing
and property
management
services
RMB'000

Segments

Type of goods or services

| | |
|------------------------------|--------|
| Property management services | 59,981 |
| Parking fee | 14,473 |
| Sale of parking lots | 88 |

| | |
|-------|--------|
| Total | 74,542 |
|-------|--------|

Geographical markets

| | |
|------------------|--------|
| Chinese Mainland | 74,542 |
|------------------|--------|

Timing of revenue recognition

| | |
|--------------------------------------|--------|
| Goods transferred at a point in time | 88 |
| Services transferred over time | 74,454 |

| | |
|-------|--------|
| Total | 74,542 |
|-------|--------|

4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|--------------------------------------|------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Property management services | 6,269 | 3,708 |
| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
| <u>Other income</u> | | |
| Rental income from operating leases: | | |
| Fixed payments | 1,573 | 1,311 |
| Interest income from financial assets at fair value through profit or loss | 605 | 234 |
| Bank interest income | 78 | 81 |
| Others | 421 | 622 |
| Total | 2,677 | 2,248 |

5. LOSS BEFORE TAX

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

| | <i>Note</i> | 2024 RMB'000 | 2023 <i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Cost of inventories sold | | 376 | 38 |
| Cost of services provided | | 19,988 | 18,938 |
| Depreciation of property, plant and equipment | | 128 | 228 |
| Depreciation of right-of-use assets | | 262 | 118 |
| Amortisation | | 231 | 521 |
| Lease payments not included in the measurement of lease liabilities | | 643 | 638 |
| Auditor's remuneration | | 2,140 | 2,095 |
| Staff costs (excluding directors' remuneration): | | | |
| Salaries and wages | | 38,010 | 36,935 |
| Pension scheme contributions | | 3,216 | 2,661 |
| Total | | 41,226 | 39,596 |
| Foreign exchange differences, net* | | 177 | 1,032 |
| Loss on disposal of investment properties* | | 18 | – |
| Fair value loss on investment properties* | | – | 120 |
| Impairment of trade receivables | | 4,002 | 956 |
| Impairment of other receivables | | 1,786 | 695 |
| Tax late payment surcharge* | 7 | 1,834 | – |
| Loss on disposal of subsidiaries* | | – | 18,400* |

* 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:

| | 2024 RMB'000 | 2023 <i>RMB'000</i> |
|-------------------|-------------------------------|------------------------|
| Interest on: | | |
| Lease liabilities | 19 | 9 |

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 Chinese Mainland (the “PRC Subsidiaries”).

No provision for Hong Kong profits tax has been made (2023: Nil) as the Group did not generate any assessable profits in Hong Kong during the year. Taxes on profits assessable in Chinese Mainland have been calculated at the rate of 25% (2023: 25%).

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Current – Chinese Mainland | | |
| Provision for corporate income tax | 3,016 | 3,866 |
| Provision for land appreciation taxes (“LAT”) (<i>Note (i)</i>) | 1,704 | – |
| Deferred | (743) | 5,612 |
| Total tax charge for the year | <u>3,977</u> | <u>9,478</u> |

Note:

- (i) During the year, the Group has conducted self-inspection following the notice issued by local tax bureau. The Group has made provision based on the best estimate of under provision on LAT, real estate tax and relevant late payment surcharge of RMB1,704,000, RMB1,560,000 and RMB1,834,000, respectively, from the year ended 30 June 2020 to 2024, of which RMB1,704,000, RMB660,000 and RMB1,601,000 were paid by the Group in September 2024.

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Loss before tax | <u>(3,381)</u> | <u>(10,101)</u> |
| Tax at the Chinese Mainland statutory income tax rate of 25% | (845) | (2,525) |
| Lower tax rates for specific provinces or enacted by local authority* | 1,907 | 6,274 |
| Adjustments in respect of current tax of previous periods | – | (74) |
| Expenses not deductible for tax** | 569 | 19 |
| Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries | (111) | 847 |
| Tax losses not recognised | 120 | 125 |
| Temporary differences not recognised | (80) | 140 |
| Provision for LAT | 1,704 | – |
| Write-down of deferred tax assets | 713 | 4,672 |
| Tax charge at the Group's effective rate | <u>3,977</u> | <u>9,478</u> |

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

** Expenses not deductible for tax for year ended 30 June 2024 mainly represented tax late payment surcharge as aforementioned.

8. DIVIDENDS

No final dividends were proposed for the years ended 30 June 2024 and 2023.

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 RMB9,966,000 (2023: RMB23,101,000), and the weighted average number of ordinary shares of 2,894,091,737 (2023: 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 2024 and 2023.

10. TRADE RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Trade receivables | 31,128 | 29,167 |
| Impairment | (5,791) | (1,789) |
| Net carrying amount | <u>25,337</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. The property's owners are required to pay the property management fee based on certain fee level that within the range approved by local government. 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:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Within 1 month | 4,606 | 3,729 |
| 1 to 2 months | 1,800 | 1,827 |
| 2 to 3 months | 1,973 | 2,070 |
| Over 3 months | <u>16,958</u> | <u>19,752</u> |
| Total | <u>25,337</u> | <u>27,378</u> |

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:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|----------------|--------------------------------------|--------------------------------------|
| Within 1 month | 857 | 1,402 |
| Over 1 year | 2,281 | 4,043 |
| | <hr/> | <hr/> |
| Total | 3,138 | 5,445 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the Year, revenue of the Group amounted to approximately RMB71,415,000 (2023: RMB74,542,000), representing an decrease by approximately 4% as compared with last year. The decrease in revenue was mainly due to the decrease in contribution from Xuzhou operation and parking fee income.

During the Year, the Group recorded a gross profit of approximately RMB18,224,000 (2023: RMB22,743,000) and loss before tax of approximately RMB3,381,000 (2023: RMB10,101,000) respectively. The decrease in gross profit was mainly due to the real estate tax expense incurred by commercial buildings and parking lots held in Xuzhou area, and the decrease in commercial service fee in Xuzhou Yueqiao Flower Garden, as well as decrease of parking fee in Shenzhen Hailian, and decrease in loss before tax was mainly due to no loss on disposal of subsidiaries during the Year.

During the Year, the loss attributable to owners of the Company for the Year was approximately RMB9,966,000 (2023: RMB23,101,000). Basic loss per share during the Year was RMB0.34 cents (2023: RMB0.80 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 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 516 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”), located at Fuchun Road, Yunlong District, Xuzhou City, Jiangsu Province, the PRC.

The Group acquired 51% equity interests in each of 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”). 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 2023 (the “2023 guaranteed net profit”) should not be less than RMB6,200,000. The 2023 guaranteed net profit has been fulfilled. Shenzhen Hailian provide property management services in Shenzhen and Huizhou, and have 858 units parking lots in Huizhou, in which, the size of the property under management are approximately 3,050,000 square meters in aggregate.

During the Year, the property management services business faced a difficult operating environment, affected by factors such as the cyclical decline in community value-added service business amid the economic slowdown.

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 30 June 2024.

The sales properties and investment properties were faced a difficult operating environment due to the real estate demand downturn in the PRC.

During the Year, the property development, property leasing and property management services segment recorded a profit of approximately RMB7,019,000 as compared to a profit of approximately RMB16,960,000 in 2023. As at 30 June 2024, the property development, property leasing and property management services business had segment assets of approximately RMB157,197,000 (2023: RMB162,562,000) and segment liabilities of approximately RMB48,524,000 (2023: RMB43,151,000). The property development, property leasing and property management services shared 75% of the Group's total assets.

Geographic Information

Revenue from operations derived from sales to external customers located in Chinese Mainland was RMB71,415,000 (2023: RMB74,542,000).

Business Prospects

The Group had 516 units parking lots and 3 blocks of 3-storey commercial buildings in the Xuzhou Project. The above properties and 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. Despite the difficult business environment, the Group expects that the Xuzhou Project will provide positive contribution to the Group.

Shenzhen Hailian and Huizhou Huiyang provide property management services in Shenzhen and Huizhou, and have 858 units parking lots in Huizhou, in which, the size of the property under management are approximately 3,050,000 square meters in aggregate, 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 projects to expand the business in the PRC.

Liquidity and Financial Resources and Capital Structure

For the year ended 30 June 2024, the Group's working capital requirement was principally financed by its internal resources.

As at 30 June 2024, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB46,869,000 (2023: RMB63,469,000), RMB95,294,000 (2023: RMB102,669,000) and RMB122,054,000 (2023: RMB128,921,000), respectively.

As at 30 June 2024, the Group had no interest-bearing borrowings (2023: Nil).

Total equity attributable to owners of the Company as at 30 June 2024 decreased by approximately RMB9,887,000 to approximately RMB104,225,000 (2023: RMB114,112,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 30 June 2024 was in net cash position (2023: 0.07%).

Significant Investments

The Group held no significant investment during the Year.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Employees' Information

Emolument Policy and Long-Term Incentive Scheme

As at 30 June 2024, the Group employed a total of 480 (2023: 500) 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 RMB41,904,000 (2023: RMB40,241,000). 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 Chinese Mainland 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 2023 and 30 June 2024, 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 2023 and 30 June 2024.

For each of the two years ended 30 June 2023 and 30 June 2024, the Group did not have any defined benefit plan.

Charges on Group Assets

As at 30 June 2024, none of the Group’s assets were pledged to secure general banking facilities to the Group (2023: 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 2024.

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 2024, the Group had no capital commitments (2023: Nil).

Contingent Liabilities

As at 30 June 2024, the banking facilities of RMB237,000 were granted to buyers of certain properties developed by the Group (2023: RMB236,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: 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 C1 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. Mao Yangguang (Mr. Mu Dongsheng for the period from 1 July 2022 to 19 July 2023) and Mr. Mao 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 auditor 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.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

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 2024 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, 27 September 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.