KINGWELL GROUP LIMITED

京 維 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

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On 15th January, 2015, the Company entered into the Placing Agreements with not less than six Placees for the placement of an aggregate of 185,000,000 Placing Shares at the Placing Price of HK$0.47 per Placing Share. The 185,000,000 Placing Shares represents approximately 7.68% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.13% of the issued share capital of the Company as enlarged by the Placing Shares.

The Placing Price, which represents approximately 16.37% discount to the average closing price of the Shares for the five consecutive trading days ending on the Last Trading Day, was arrived at after arm's length negotiations among the Company and the Placees with reference to the prevailing market price of the Shares and the latest audited consolidated net asset value per Share.

The Directors consider that the Placing Price and the terms of the Placing Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing is estimated to be approximately HK$86.95 million. The net proceeds after deducting relevant cost associated with the Placing is estimated to be approximately HK$86.85 million. Accordingly, the net price per Placing Share is approximately HK$0.469. The Company intends to use the net proceeds from the Placing for the general working capital and future investments of the Group.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 12th December, 2014 which authorised the Directors to allot and issue up to 479,736,512 Shares. The Company has not issued any Shares pursuant to the General Mandate since it is granted until the date of the Placing Agreements. After the completion of the Placing, there will be 294,736,512 Shares that is allowed to be allotted and issued under the General Mandate. No shareholders' approval will be required for the Placing.

Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreements. As the Placing may or may not proceed, Shareholders, holders of securities of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENTS

Date: 15th January, 2015

Parties: (a) The Company; and

(b) Placees.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each Placee is an individual investor in Hong Kong or in the PRC and none of them is a connected person of the Company and/or any of their associates.

Other than the number of Placing Shares to be subscribed and the consideration to be satisfied by each of the Placees, the terms to each of the Placees are the same. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing. If any of the Placees becomes a substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Terms of the Placing

According to the Placing Agreements, the Company agreed to place and the Placees agreed to subscribe an aggregate of 185,000,000 Placing Shares at the Placing Price of HK$0.47 per Placing Share.

The Placing Shares represents (i) approximately 7.68% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.13% of the issued share capital of the Company as enlarged by the Placing Shares.

Condition of the Placing Agreements

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. In the event that the condition to the Placing Agreements are not fulfilled by 10 February 2015 or such other day as the Company and the Placees may agree, the Placing Agreements shall cease and determine and none of the parties to the Placing Agreements shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Completion of the Placing

Subject to the fulfillment of the condition precedent, completion of the Placing shall take place on the fifth Business Day following the date on which all the condition precedent set out in the Placing Agreements are fulfilled (or such other date as may be agreed in writing between the Company and the Placees).

Placing Price

The Placing Price of HK$0.47 per Placing Share represents:

(i) a discount of approximately 16.07% to the closing price of the Shares of HK$0.56 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 16.37% to the average closing price of the Shares of approximately HK$0.562 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trading Day;

(iii) a discount of approximately 17.83% to the average closing price of the Shares of approximately HK$0.572 per Share as quoted on the Stock Exchange for the ten consecutive trading days ending on the Last Trading Day; and

(iv) a premium of approximately 327.27% over the audited consolidated net asset value per Share of approximately HK$0.11 calculated based on the audited consolidated net asset value of the Group of approximately RMB218,797,000 (approximately HK$273,846,000) as at 30th June, 2014 and 2,408,682,564 Shares in issue as at the date of this announcement.

The Placing Price was arrived at after arm's length negotiations among the Company and the Placees with reference to the prevailing market price of the Shares and the latest audited consolidated net asset value per Share.

The Directors consider that the Placing Price and the terms of the Placing Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 12th December, 2014 which authorised the Directors to allot and issue up to 479,736,512 Shares. The Company has not issued any Shares pursuant to the General Mandate since it is granted until the date of the Placing Agreements. After the completion of the Placing, there will be 294,736,512 Shares that is allowed to be allotted and issued under the General Mandate. No shareholders' approval will be required for the Placing.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Placing Shares.

Use of Proceeds

The gross proceeds from the Placing is estimated to be approximately HK$86.95 million. Net proceeds after deducting relevant cost associated with the Placing is estimated to be approximately HK$86.85 million. Accordingly, the net price per Placing Share is approximately HK$0.469. The Company intends to use the net proceeds from the Placing for the general working capital and future investments of the Group.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the (i) property development and (ii) gold mining business.

The Directors have considered various methods of raising funds such as rights issue and open offer and consider that the Placing is the most efficient way in terms of cost and time involved for the Company. The gearing ratio of the Group is currently 43%. After application of the proceeds from the Placing, the gearing ratio of the Group will be lowered significantly to 17%, thereby strengthening the financial position of the Group. The Placing also provides an opportunity for the Company to broaden its shareholder base and capital base. Accordingly, the Directors consider the entering into of the Placing Agreements is in the interest of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Placing:

Shareholders	As at the date of this announcement		Immediately after the Placing	
	No. of Shares	*%*	*No. of Shares*	*%*
Mr. Sze Ming Yee *(Notes 1 and 2)*	345,778,539	14.36	345,778,539	13.33
Mr. Hui Lung Hing *(Note 2)*	250,000,000	10.38	250,000,000	9.64
Mr. Yin Jia Tang *(Note 3)*	144,866,667	6.01	144,866,667	5.59
Ms. Xu Yue Yue *(Note 2)*	8,000,000	0.33	8,000,000	0.31
Public Shareholders	1,660,037,358	68.92	1,660,037,358	64.00
The Placees	—	0.00	185,000,000	7.13
Total	2,408,682,564	100.00	2,593,682,564	100.00

Notes:

1. As at the date of this announcement, 345,778,539 Shares are held by Union Day Group Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 72% by Mr. Sze Ming Yee.

2. Mr. Sze Ming Yee, Mr. Hui Lung Hing and Ms. Xu Yue Yue are Directors. As at the date of this announcement, Mr. Hui Lung Hing is interested in 8,000,000 share options which, upon exercise in full, will be convertible into 8,000,000 Shares.

3. As at the date of this announcement, Mr. Yin Jia Tang is interested in 5,000,000 share options which, upon exercise in full, will be convertible into 5,000,000 Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Date of announcement	Capital raising activities	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
9 May 2014, 12 May 2014 and 21 May 2014	Issue 370,000,000 warrants	HK$ 3.7 million	To be used for the reduction of interest-bearing bank and other borrowings, general working capital and future investments of the Group	Used as intended
3 June 2014, 18 June 2014 and 10 November 2014	Total allotment of 45,000,000 shares upon total conversion of 45,000,000 warrants at subscription price of HK$0.29 per new share	HK$13.05 million	To be used for general working capital and future development of the Group	Used as intended
1 December 2014	Total allotment of 3,000,000 shares upon total conversion of 3,000,000 warrants at subscription price of HK$0.75 per new share	HK$2.25 million	To be used for the reduction of interest-bearing bank and other borrowings, general working capital and future investments of the Group	Used as intended

For the past twelve months, the Company has issued and allotted 32,600,000, 31,200,000, 20,064,000 and 41,704,000 new shares (Total 125,568,000 new shares) at exercise price of HK$0.287, HK$0.449, HK$0.306 and HK$0.610 per share, respectively, as a result of the exercise of share options to the share option holders of the Company. The total fund raising from exercise of share options of total 125,568,000 new shares are HK$54.94 million (32,600,000 × HK$0.287 + 31,200,000 × HK$0.449 + 20,064,000 × HK$0.306 + 41,704,000 × HK$0.610 = HK$54.94 million). The fund is used as the general working capital for the Group.

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the past twelve months before the date of this announcement.

Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreements. As the Placing may or may not proceed, Shareholders, holders of securities of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

"associates"	has the meaning ascribed to it in the Listing Rules
"Board"	board of directors of the Company
"Business Day(s)"	a day other than a Saturday or a Sunday on which banks in Hong Kong are open to the general public for business
"Company"	Kingwell Group Limited (Stock Code: 1195), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"connected persons"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company
"General Mandate"	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 12th December, 2014, pursuant to which the Directors were authorised to allot, issue and deal with 479,736,512 new Shares
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	15th January, 2015, being the last trading day prior to signing of the Placing Agreements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placee(s)"	not less than six placees who are individual investors in Hong Kong or in the PRC and none of them are connected persons of the Company and/or any of their associates
"Placing"	the placing of an aggregate of 185,000,000 Placing Shares pursuant to the terms of the Placing Agreements

"Placing Agreements"	The placing agreements dated 15th January, 2015 entered into between the Company and each of the Placees respectively in relation to the Placing
"Placing Price"	HK$0.47 per Placing Share
"Placing Share(s)"	an aggregated of 185,000,000 new Shares to be placed to the Placees pursuant to the terms and conditions of the Placing Agreements with an aggregate nominal value of HK$18,500,000
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	Shareholder(s) of the Company
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

(The exchange rate used for the purpose of this announcement is at RMB1 = HK$1.2516)

By Order of the Board
KINGWELL GROUP LIMITED
Hui Lung Hing
Executive Director

Hong Kong, 15th January, 2015

As at the date of this announcement, the Board comprises Mr. Hui Lung Hing, Mr. Xiang Song, Mr. Sze Ming Yee, Mr. Lin Wan Xin, Ms. Xu Yue Yue and Mr. Yang Xue Jun as executive Directors, and Mr. Huang Jian Zi, Mr. Cheung Chuen and Ms. Wong Lai Wing as independent non-executive Directors.