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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 2014**

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 2014. The interim results of the Group are unaudited but have been reviewed by the Audit Committee of the Company.

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

For the six months ended 31 December 2014

(Express in Renminbi)

		Six months ended	
		31 December	
		2014	2013
		(Unaudited)	(Unaudited
	<i>Notes</i>	RMB'000	and restated)
			RMB'000
CONTINUING OPERATIONS			
REVENUE	4	8,200	12,511
Cost of sales		<u>(5,682)</u>	<u>(7,930)</u>
Gross profit		2,518	4,581
Other income and gains	4	143	98
Selling and distribution expenses		(52)	(396)
Administrative expenses		(14,144)	(8,741)
Other expenses		(6,258)	—
Finance costs	5	<u>(899)</u>	<u>(3,280)</u>
Loss before tax from continuing operations	6	(18,692)	(7,738)
Income tax expense	7	<u>(17)</u>	<u>(480)</u>
Loss for the period from continuing operations		<u>(18,709)</u>	<u>(8,218)</u>
DISCONTINUED OPERATION			
Profit/(loss) for the period from discontinued operation	8	<u>79,623</u>	<u>(26,637)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>60,914</u>	<u>(34,855)</u>
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>1,504</u>	<u>397</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,504</u>	<u>397</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>62,418</u>	<u>(34,458)</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		64,838	(34,542)
Non-controlling interests		<u>(3,924)</u>	<u>(313)</u>
		<u>60,914</u>	<u>(34,855)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		66,207	(34,145)
Non-controlling interests		<u>(3,789)</u>	<u>(313)</u>
		<u>62,418</u>	<u>(34,458)</u>

		Six months ended	
		31 December	
		2014	2013
		(Unaudited)	(Unaudited
	<i>Notes</i>	RMB' Cents	and restated)
			RMB' Cents
Earnings/(loss) per share attributable to ordinary equity holders of the Company	9		
Basic			
— For earnings/(loss) for the period		<u><u>2.8</u></u>	<u><u>(1.8)</u></u>
— For loss from continuing operations		<u><u>(0.6)</u></u>	<u><u>(0.4)</u></u>
Diluted			
— For earnings/(loss) for the period		<u><u>2.4</u></u>	<u><u>(1.8)</u></u>
— For loss from continuing operations		<u><u>(0.6)</u></u>	<u><u>(0.4)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

(Express in Renminbi)

		As at 31 December 2014 (Unaudited) RMB'000	As at 30 June 2014 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		3,556	39,792
Investment properties		14,890	14,890
Prepaid land lease payments		—	1,676
Intangible assets		117,155	121,904
Prepayments		—	6,527
Deferred tax assets		<u>1,608</u>	<u>1,608</u>
Total non-current assets		<u>137,209</u>	<u>186,397</u>
CURRENT ASSETS			
Inventories		119,119	133,700
Trade and bills receivables	10	—	21,738
Prepayments, deposits and other receivables		34,756	6,773
Equity investments at fair value through profit or loss		—	141
Pledged deposits		1,530	2,058
Cash and cash equivalents		<u>73,895</u>	<u>184,579</u>
Total current assets		<u>229,300</u>	<u>348,989</u>
CURRENT LIABILITIES			
Trade and bills payables	11	3,291	26,664
Other payables and accruals		23,629	112,511
Due to a director		1,814	1,441
Interest-bearing bank and other borrowings	12	—	134,530
Tax payable		<u>10,734</u>	<u>6,909</u>
Total current liabilities		<u>39,468</u>	<u>282,055</u>

		As at 31 December 2014 (Unaudited) <i>RMB'000</i>	As at 30 June 2014 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
NET CURRENT ASSETS		<u>189,832</u>	<u>66,934</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>327,041</u>	<u>253,331</u>
NON-CURRENT LIABILITIES			
Non-redeemable convertible preferred shares		448	967
Interest-bearing other borrowings	12	21,100	22,100
Deferred tax liabilities		<u>11,467</u>	<u>11,467</u>
Total non-current liabilities		<u>33,015</u>	<u>34,534</u>
Net assets		<u><u>294,026</u></u>	<u><u>218,797</u></u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		214,415	204,451
Non-redeemable convertible preferred shares		2,574	6,004
Reserves		<u>8,887</u>	<u>(63,597)</u>
		<u><u>225,876</u></u>	<u><u>146,858</u></u>
Non-controlling interests		<u>68,150</u>	<u>71,939</u>
Total equity		<u><u>294,026</u></u>	<u><u>218,797</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2014

(Express in Renminbi)

	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	<u>(40,465)</u>	<u>(7,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	128	372
Purchases of items of property, plant and equipment	(182)	(4,447)
Disposal of a subsidiary	<u>(103,744)</u>	<u>—</u>
Net cash flows used in investing activities	<u>(103,798)</u>	<u>(4,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	37,428	137,147
New bank loans and other borrowings	—	19,902
Repayment of bank loans and other borrowings	(1,000)	(64,714)
Repayment of convertible note	—	(10,310)
Decrease in amounts due to directors	—	(22,694)
Interest paid	<u>(4,218)</u>	<u>(8,651)</u>
Net cash flows from financing activities	<u>32,210</u>	<u>50,680</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 July	184,579	193,197
Effect of foreign exchange rate changes, net	<u>1,369</u>	<u>16</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>73,895</u>	<u>232,588</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>73,895</u>	<u>232,588</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 December 2014

(Express in Renminbi)

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 December 2014 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 unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim 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 2014.

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period’s financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits</i> — <i>Defined Benefit Plans: Employee Contributions</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014

The adoption of the new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the unaudited condensed consolidated interim financial statements.

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the electronic products segment engages in the manufacture and sales of rigid printed circuit boards (“RPCBs”). During the period, the Group sold the whole of the electronics products segment and the electronic products segment was reclassified as discontinued operation during the period. The segment information reported set out below does not include any amounts for this discontinued operation;
- (b) the gold mining segment engages in the production and sale of sand gold;
- (c) the property development segment engages in the development of villas, houses, apartments, residential buildings and commercial buildings.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s loss before tax from continuing operations except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude amounts due to directors, tax payable, non-redeemable convertible preferred shares, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Period ended 31 December 2014

	Gold mining (Unaudited) RMB’000	Property development (Unaudited) RMB’000	Total (Unaudited) RMB’000
Segment revenue:			
Sales to external customers	—	8,200	8,200
Other revenue	—	110	110
	<u>—</u>	<u>8,310</u>	<u>8,310</u>
Segment results:	(6,409)	1,460	(4,949)
<i>Reconciliation:</i>			
Interest income			33
Corporate and other unallocated expenses			(12,877)
Finance costs			<u>(899)</u>
Loss before tax from continuing operations			<u><u>(18,692)</u></u>

Period ended 31 December 2013

	Gold mining (Unaudited) <i>RMB'000</i>	Property development (Unaudited) <i>RMB'000</i>	Total (Unaudited and restated) <i>RMB'000</i>
Segment revenue:			
Sales to external customers	—	12,511	12,511
Other revenue	—	98	98
	<u>—</u>	<u>12,609</u>	<u>12,609</u>
Segment results:	(100)	2,739	2,639
<i>Reconciliation</i>			
Corporate and other unallocated expenses			(7,097)
Finance costs			<u>(3,280)</u>
Loss before tax from continuing operations			<u>(7,738)</u>

	Gold mining <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment Assets			
31 December 2014 (Unaudited)	<u>125,520</u>	<u>107,373</u>	<u>232,893</u>
30 June 2014 (Audited and restated)	<u>147,048</u>	<u>147,398</u>	<u>294,446</u>
Segment Liabilities			
31 December 2014 (Unaudited)	<u>26</u>	<u>53,307</u>	<u>53,333</u>
30 June 2014 (Audited and restated)	<u>182</u>	<u>72,155</u>	<u>72,337</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six Months ended 31 December	
	2014 (Unaudited) <i>RMB'000</i>	2013 (Unaudited and restated) <i>RMB'000</i>
Revenue		
Sales of properties	<u>8,200</u>	<u>12,511</u>
Other income and gains		
Bank interest income	33	—
Other	<u>110</u>	<u>98</u>
	<u>143</u>	<u>98</u>

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six Months ended 31 December	
	2014 (Unaudited) <i>RMB'000</i>	2013 (Unaudited and restated) <i>RMB'000</i>
Interest on bank and other borrowings	<u>899</u>	<u>3,280</u>

No interest was capitalised by the Group in both periods.

6. LOSS BEFORE TAX

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

	Six Months ended	
	31 December	
	2014	2013
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Cost of properties sold	5,682	7,930
Depreciation	139	294
Amortisation of intangible assets	1	1
Minimum lease payments under operating leases:		
Land and buildings	853	792
Staff costs (including directors' remuneration)	4,036	3,589
Exchange loss	6,258	—
	<u>6,258</u>	<u>—</u>

7. INCOME TAX EXPENSE

	Six Months ended	
	31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — Mainland China		
provision for corporate income tax	17	480
	<u>17</u>	<u>480</u>

No provision for Hong Kong profits tax has been made (2013: 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. DISCONTINUED OPERATION

On 27 August 2014, the Company entered into sale and purchase agreement, pursuant to which the Company conditionally agreed to sell of its equity interest in Superford Holding Limited and its subsidiary (collectively the “Superford Group”) to an independent third party. The Superford Group is engaged in the manufacture and sales of RPCBs. As the relevant percentage ratios of the above transaction are more than 25% but less than 75%, the transaction constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules. The circular and notice of extraordinary general meeting for the above transaction had been dispatched to the shareholders on 26 September 2014. The shareholders had been approved the transaction by poll at the extraordinary general meeting held on 23 October 2014. The disposal of the Superford Group was completed on 31 October 2014. The comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the period had been discontinued at the beginning of the comparative period. With Superford Group being classified as a discontinued operation, the electronic products segment is no longer included in the note for operating segment information.

The results of Superford Group for the period are presented below:

	Six Months ended	
	31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
Revenue	20,561	38,234
Expenses	(36,845)	(58,943)
Finance costs	(3,321)	(5,928)
Loss of the discontinued operation	(19,605)	(26,637)
Gain recognised on the disposal of Superford Group	99,228	—
Profit/(loss) before tax and profit/(loss) for the period from the discontinued operation	79,623	(26,637)
The net cash flows incurred by the Superford Group is as follows:		
Operating activities	756	(1,824)
Investing activities	(81)	(3,262)
Financing activities	(3,045)	(20,106)
Net cash outflow	(2,370)	(25,192)
	RMB’ Cents	RMB’ Cents
Earnings/(loss) per share:		
Basic, from the discontinued operation	3.4	(1.4)
Diluted, from the discontinued operation	2.9	(1.4)

The calculation of basic and diluted earnings/(loss) per share from the discontinued operation is based on:

	31 December	
	2014	2013
	RMB	RMB
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operation	<u>79,623,000</u>	<u>(26,637,000)</u>

Number of shares

Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation (<i>note 9</i>)	<u>2,329,638,027</u>	<u>1,887,648,196</u>
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation (<i>note 9</i>)	<u>2,758,434,027</u>	<u>1,887,648,196</u>

The net assets of Superford Group disposed are presented below:

	2014
	RMB'000
Property, plant and equipment	31,055
Prepaid land lease payments	1,630
Intangible assets	160
Prepayments, deposits and other payables	8,186
Inventories	7,739
Trade receivables	18,359
Equity investments at fair value through profit or loss	151
Cash and cash equivalents	104,301
Trade payables	(20,893)
Other payables and accruals	(114,889)
Interest bearing bank borrowings	(134,530)
Tax payable	<u>60</u>
	(98,671)
Gain on disposal of Superford Group	<u>99,228</u>
	<u>557</u>
Satisfied by:	
Cash	<u>557</u>

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

	2014
	RMB'000
Cash consideration	557
Cash and bank balances disposed of	<u>(104,301)</u>
Net outflow of cash and cash equivalents in respect of the disposal of Superford Group	<u><u>(103,744)</u></u>

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,329,638,027 (2013: 1,887,648,196) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit 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 the period, as used in the basic earnings 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 from continuing operations presented for the period ended 31 December 2014 and the basic loss per share amounts for the period ended 31 December 2013 in respect of a dilution as the impact of the warrants, share options, non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	Six Months ended 31 December	
	2014	2013
	RMB'000	RMB'000
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	(14,785)	(7,905)
From a discontinued operation	<u>79,623</u>	<u>(26,637)</u>
	<u><u>64,838</u></u>	<u><u>(34,542)</u></u>

	Number of shares	
	31 December	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,329,638,027	1,887,648,196
Effect of dilution — weighted average number of ordinary shares:		
Warrants	367,000,000	—
Share options	51,796,000	—
Non-redeemable convertible preferred shares	10,000,000	—
	<u>2,758,434,027</u>	<u>1,887,648,196</u>

10. TRADE AND BILLS RECEIVABLES

	31 December	30 June
	2014	2014
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Trade and bills receivables	—	78,147
Impairment	—	(56,409)
	<u>—</u>	<u>21,738</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months, extending up to six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	31 December	30 June
	2014	2014
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within 1 month	—	7,097
1 to 3 months	—	13,233
3 months to 1 year	—	1,408
	<u>—</u>	<u>21,738</u>

11. TRADE AND BILLS PAYABLES

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

	31 December 2014 (Unaudited) RMB'000	30 June 2014 (Audited) RMB'000
Within 1 month	—	7,531
1 to 3 months	—	8,772
3 months to 1 year	—	5,919
Over 1 year	<u>3,291</u>	<u>4,442</u>
	<u>3,291</u>	<u>26,664</u>

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

12. INTEREST — BEARING BANK AND OTHER BORROWINGS

	31 December 2014 (Unaudited) RMB'000	30 June 2014 (Audited) RMB'000
Within one year or on demand	—	134,530
In the second year	<u>21,100</u>	<u>22,100</u>
	<u>21,100</u>	<u>156,630</u>

13. OPERATING LEASE ARRANGEMENTS AS LESSEE

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2014 (Unaudited) RMB'000	30 June 2014 (Audited) RMB'000
Within one year	473	2,097
In the second year	<u>197</u>	<u>2,223</u>
	<u>670</u>	<u>4,320</u>

14. COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following capital commitments at the end of the reporting period:

	31 December 2014 (Unaudited) RMB'000	30 June 2014 (Audited) RMB'000
Contracted, but not provided for:		
Acquisition of equity investment	<u>370,000*</u>	<u>370,000</u>

* The capital commitment was subsequently changed to RMB150,000,000 on 30 January 2015. Details are set out in note 16 to this interim results announcement.

15. RELATED PARTY TRANSACTION

The Group entered into a lease agreement with Truroll Investment Limited, of which Mr. Hui Lung Hing, a substantial shareholder and an executive director of the Company, is the Chairman. Pursuant to the agreement, the Group agreed to pay a monthly rental of HK\$50,000 from 1 June 2013 onwards in respect of the Group's occupation of Units 314–315, Wing On Plaza, 62 Mody Road, Tsimshatsui East, Kowloon, Hong Kong. During the period, the Company paid a total of HK\$300,000 (RMB236,661) (2013: RMB235,869) to Truroll Investment Limited.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 9 January 2015, the Company granted to eligible participants a total of 102,300,000 share options and the exercise price at HK\$0.582 per share to subscribe for ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company under the share option scheme adopted by the Company on 11 February 2010 and amended on 24 May 2010.

On 15 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. All conditions of the placing have been fulfilled and the completion of the placing took place on 27 January 2015. 185,000,000 placing shares were issued and allotted to not less than six placees at the placing price of HK\$0.47 per placing share pursuant to the terms and conditions of the placing agreements. Gross proceeds from the placing is approximately HK\$86.95 million. Net proceeds after deducting relevant cost associated with the placing is approximately HK\$86.85 million.

On 30 January 2015, the Company entered into the termination agreement with an independent third party to terminate the previous acquisition agreements for the acquisition of 100% equity interest of Port First Limited, pursuant to which, each party to the previous agreements irrevocably and unconditionally releases and discharges the other party absolutely from all claims, liabilities and demands under or in connection with the previous agreements.

On 30 January 2015, following the execution of the termination agreement with an independent third party for the acquisition of 100% equity interest of the Port First Limited, the Company entered into the new agreement, pursuant to which, among other things, the Company conditionally agreed to purchase 35% of the entire issued share capital of Port First Limited, free from encumbrance at the consideration of RMB150,000,000 (approximately HK\$187,500,000). On 30 January 2015, all conditions have been fulfilled and completion took place simultaneously upon entering into the new agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 31 December 2014 (the “Period”), revenue of the Group from continuing operations amounted to approximately RMB8,200,000 (2013: RMB12,511,000), representing a decrease of approximately 34.5% as compared to the corresponding period in last year. The decrease in revenue was mainly due to the decrease in sales in property development business.

During the Period, the Group recorded a gross profit from continuing operations of approximately RMB2,518,000 (2013: RMB4,581,000) and loss before tax from continuing operations of approximately RMB18,692,000 (2013: RMB7,738,000) respectively. The decrease in gross profit and the increase in loss before tax were mainly due to the smaller profit contribution from the property development business and the increase in administrative expenses during the Period.

The profit attributable to ordinary equity holders of the Company for the Period was approximately RMB64,838,000 (2013: loss of approximately RMB34,542,000). The profit attributable to ordinary equity holders of the Company for the Period from a discontinued operation was approximately RMB79,623,000 (2013: loss of approximately RMB26,637,000) which included the gain on disposal from the discontinued operation of approximately RMB99,228,000 (2013: Nil). Basic earnings per share during the Period was RMB2.8 cents (2013: basic loss per share was RMB1.8 cents).

BUSINESS REVIEW

Electronic Business

After the disposal of the electronic business, the Group ceased to be engaged in the electronic business which mainly engaged in the manufacture and sale of RPCBs. Its products have a broad range of applications in items such as consumer digital devices, automotive and medical devices.

During the Period, unfavourable market condition in the global economy continued to pose various challenges to the electronic industry. Both the Group’s orders and average selling prices were under pressure and amid intense market competition. The rise of raw material and labour costs, shortage of labour force and environmental protection requirements increased the production costs and undermined the profitability of the electronic business.

Gold Mining Business

The Company acquired 51% equity interest in a gold mining company in Russian Federation and completed the acquisition on 15 August 2012. The gold mining company is a company established under the laws of Russian Federation with limited liability and currently operates and owns the legal and beneficial interest in a mining project related to the mine. With an aggregate mining area of about 309.3 square kilometers, the mine is operated by the gold mining company and located in Molchan

river, Zeyskiy region, Amur area, the Russian Federation. The mine is estimated to have sand gold reserve of 35 tonnes (C1 category). The gold mining company is in the process of devising its production and exploitation plan.

Property Development Business

The residential development project “Anlu Taihe Paradise” at Liang Ji Bei Road, Anlu Economic Development District in Anlu city, Hubei province in the PRC is wholly owned by the Group and is having positive contribution to the Group. The project comprises three phases, with a total gross floor area of approximately 272,568 square meters. During the Period, the PRC property market condition had made challenges to the property development business. The property sales situations and average selling prices were under great pressure and undermined the profitability of the property development business.

BUSINESS PROSPECTS

In order to sustain the continuous growth of the Group and meet the coming challenges, the Group had successfully entered into the property development business through its property development project in Anlu City, Hubei province in the PRC. The real estate project, comprising various types of properties including villas, houses, apartments and commercial buildings, had made positive contribution to the Group during the Period.

Looking ahead, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities, particularly in gold mining projects. On 15 August 2012, the Group had completed the acquisition of 51% equity interest in a gold mining company in the Russian Federation. The acquisition provided the Group with a unique opportunity to purchase the gold mine and enabled the Group to enter into the gold mining industry. Also, the Group will continue to explore gold mining business for its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2014, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB73,895,000 (30 June 2014: approximately RMB184,579,000), RMB189,832,000 (30 June 2014: approximately RMB66,934,000) and RMB327,041,000 (30 June 2014: approximately RMB253,331,000) respectively.

At 31 December 2014, the Group had total interest-bearing bank and other borrowings of approximately RMB21,100,000 (30 June 2014: approximately RMB156,630,000), all these borrowings were long-term and unsecured as at 31 December 2014. All of the interest-bearing bank borrowings as at 30 June 2014 were either unsecured or secured by interest in leasehold land and buildings of subsidiaries.

The total interest-bearing bank and other borrowings of the Group were mainly for business expansion, capital expenditure and working capital purposes and were mainly denominated in Renminbi.

Total equity of the Company as at 31 December 2014 increased by RMB75,229,000 to RMB294,026,000 (30 June 2014: RMB218,797,000). The gearing ratio (calculated as the ratio of net debt: adjusted capital and net debt) of the Group as at 31 December 2014 was in net cash position for the Period (30 June 2014: 43%).

SIGNIFICANT INVESTMENTS

Save as disclosed under the section headed “Acquisition and Disposal of Subsidiaries and Associated Companies”, the Group had no other significant investment held during the six months ended 31 December 2014.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 27 August 2014, the Company entered into a sale and purchase agreement with Splendid Vantage Limited, an independent third party, for the disposal of the Company’s 100% equity interest in Superford Holding Limited to Splendid Vantage Limited at a cash consideration of HK\$700,000 (equivalent to RMB557,000). Superford Holding Limited holds 100% equity interest in Fujian Fuqiang Delicate Circuit Plate Co., Ltd. which is engaged in the manufacture and trading of RPCBs. On 23 October 2014, the resolution for approving the disposal was passed by the shareholders of the Company. Upon completion of the disposal on 31 October 2014, the Group ceased to be engaged in the electronic products business.

Save as disclosed above, the Group had no acquisition and disposals of subsidiaries and affiliated companies, during the Period.

EMPLOYMENT INFORMATION

At 31 December 2014, the Group employed a total of 38 (2013: 564) employees. It is the Group’s policy to review its employee’s pay levels and performance bonus system regularly to ensure the competitiveness of the Group’s remuneration policy within the relevant industry. During the Period, the employment cost (including directors’ emoluments) amounted to approximately RMB4,036,000. 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 2010 share options schemes (the “2010 Scheme”). There were 51,796,000 share options outstanding under the 2010 Scheme at 31 December 2014.

CHARGES ON GROUP ASSETS

As at 31 December 2014, no buildings and leasehold land were pledged to secure the bank loans of the Group. As at 30 June 2014, certain of the Group’s buildings and leasehold land with a net carrying amount of RMB30,053,000 and approximately RMB1,723,000 were pledged to secure the bank loans of 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, particularly in the gold mining projects, with reference to the Company's announcements made on 11 October 2012, 6 January 2013, 11 January 2013, 28 March 2013, 30 August 2013, 30 September 2013, 28 November 2013, 31 December 2013, 31 March 2014, 30 June 2014, 31 October 2014 and 31 December 2014, the Company entered into the Share Purchase Agreement in relation to the acquisition of the 100% equity interest of the Port First Limited. In which, the company owned 70% equity interest of gold mines in Shandong province, PRC. The Group will be financed by the issue of Convertible Note and Promissory Note.

On 30 January 2015, following the execution of the termination agreement with the vendor for the acquisition of 100% equity interest of the Port First Limited, the Company entered into the new agreement, pursuant to which, among other things, the Company conditionally agreed to purchase 35% of the entire issued share capital of Port First Limited, free from encumbrance at the consideration of RMB150,000,000 (approximately HK\$187,500,000) and will be settled by cash and the issue of a promissory note. On 30 January 2015, all conditions have been fulfilled and the completion took place simultaneously upon entering into the new agreement.

On 15 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. All conditions of the placing have been fulfilled and the completion of the placing took place on 27 January 2015. 185,000,000 placing shares were issued and allotted to the placees pursuant to the terms and conditions of the placing agreements. Gross proceeds from the placing is approximately HK\$86.95 million. Net proceeds after deducting relevant cost associated with the placing is approximately HK\$86.85 million.

Save as disclosed above, the Group had no future plans for material investments and expected sources of funding.

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 United States dollars, Russia ruble and Hong Kong dollars. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currency which might materially affects the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENT

At 31 December 2014, in respect of capital expenditures, the Group had capital commitments that were contracted, but not provided for the acquisition of equity investment amounting to approximately RMB370,000,000.

Following the execution of the termination agreement and execution of new agreement on 30 January 2015, the Group's capital commitments would be reduced from RMB370,000,000 to RMB150,000,000, that were contracted, but not provided for the acquisition of equity investment.

CONTINGENT LIABILITIES

At 31 December 2014, the banking facilities granted to the buyers of certain properties developed by the Group were RMB1,530,000 (30 June 2014: RMB 2,058,000). Time deposits of RMB1,530,000 (30 June 2014: RMB2,058,000) of the Group were pledged to banks in respect of those banking facilities.

DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 31 December 2014 (2013: Nil).

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

As at 31 December 2014, 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 were as follows:

Long positions in the shares of the Company

Name	Capacity	Number of Shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Total approximate % of the issued share capital
Sze Ming Yee	Interest held as beneficial owner and through controlled corporation	345,778,539	345,778,539 (Note)	—	14.36
Hui Lung Hing	Beneficial owner	258,000,000	250,000,000	8,000,000	10.71
Xu Yue Yue	Beneficial owner	8,000,000	8,000,000	—	0.33

Note: 345,778,539 Shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 72% beneficially owned by Sze Ming Yee.

Save as disclosed above, as at 31 December 2014, 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.

SHARE OPTIONS

The following table discloses details of the Company's share options held by the Directors, employees and consultants of the Group pursuant to the Company's 2010 Scheme and movements in such holdings during the Period:

Name or category of participant	Date of grant	Outstanding as at 1 July 2014	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2014	Exercisable period	Exercise price HK\$	Market value per share at date of grant of options HK\$
(a) <i>Directors</i>									
Xu Yue Yue	26 May 2010	8,000,000	—	8,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
Sze Ming Yee	26 May 2010	2,000,000	—	2,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
Hui Lung Hing	08 Jan 2014	8,000,000	—	—	—	8,000,000	08 Jan 2014 to 07 Jan 2019	0.610	0.600
(b) <i>Eligible employees</i>									
	26 May 2010	6,000,000	—	4,000,000	—	2,000,000	26 May 2010 to 25 May 2015	0.287	0.285
	11 May 2011	384,000	—	384,000	—	—	11 May 2011 to 10 May 2016	0.306	0.305
	08 Jan 2014	22,956,000	—	10,560,000	—	12,396,000	08 Jan 2014 to 07 Jan 2019	0.610	0.600
(c) <i>Eligible consultants</i>									
	26 May 2010	12,000,000	—	12,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
	08 Nov 2010	31,200,000	—	31,200,000	—	—	08 Nov 2010 to 07 Nov 2015	0.449	0.435
	11 May 2011	5,000,000	—	5,000,000	—	—	11 May 2011 to 10 May 2016	0.306	0.305
	08 Jan 2014	47,900,000	—	18,500,000	—	29,400,000	08 Jan 2014 to 07 Jan 2019	0.610	0.600
		<u>143,440,000</u>	<u>—</u>	<u>91,644,000</u>	<u>—</u>	<u>51,796,000</u>			

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

As at 31 December 2014, 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, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name	Capacity	Number of shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to non-redeemable convertible preferred shares	Total Approximate % of the issued share capital
Union Day Group Limited	Beneficial Owner	345,778,539	345,778,539 (Note 1)	—	14.36
Yin Jia Tang	Beneficial Owner	149,866,667	144,866,667	5,000,000 (Note 2)	6.22

Note 1: 345,778,539 Shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 72% beneficially owned by Sze Ming Yee.

Note 2: 5,000,000 share options are held by Mr. Yin Jia Tang.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the sections headed "Share Options" and "Directors' and Chief Executives' Interests in Securities and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the Period was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective 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, the Company has issued and allotted 26,000,000, 31,200,000, 5,384,000 and 29,060,000 new shares at par value of HK\$0.287, HK\$0.449, HK\$0.306 and HK\$0.61 each, respectively, as a result of the exercise of share options to the share option holders of the Company. The Company has issued and allotted 16,666,667 new ordinary shares by means of conversion of convertible preferred shares; 15,000,000 and 3,000,000 new ordinary shares by means of conversion of warrants at subscription prices of HK\$0.29 and HK\$0.75 each, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the Period, except the code provision of E.1.2.

CODE PROVISION E.1.2

Under the code provision E.1.2 in respect of the communication with shareholders of the Company in absence of the chairman of the Board at the Company's annual general meeting (the "AGM"), on 12 December 2014 because the respective chairman has commitments on other business occasions on the same day. An executive director had chaired the 2014 AGM and answered questions from the shareholders.

MODEL CODE

The Company has adopted the Model Code of securities transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own 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 under review.

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 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.

REMUNERATION COMMITTEE

The remuneration committee of the Company, currently comprising executive Director, namely Ms. Xu Yue Yue, and independent non-executive Directors, namely Mr. Huang Jian Zi and Mr. Cheung Chuen, is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management of the Company, as well as reviews and determines the remuneration of all the executive Directors and senior management of the Company with reference to the Company's objectives from time to time.

AUDIT COMMITTEE

The Company has established an audit committee on 8 May 2001 with written terms of reference. The duties of the audit committee of the Company 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 accounts, interim reports and to provide advice and comments to the Board. The audit committee of the Company comprised three independent non-executive Directors, namely Mr. Huang Jian Zi, Ms. Wong Lai Wing and Mr. Cheung Chuen. The Company's interim results for the six months ended 31 December 2014 have not been audited, but have been reviewed by the Audit Committee.

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
Hui Lung Hing
Executive Director

Hong Kong, 27 February 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.