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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 2011**

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 2011. The interim results of the Group are unaudited but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2011

(Express in Renminbi)

		Six months ended	
		31 December	2010
		2011	(Unaudited
		(Unaudited)	and restated)
	Notes	RMB'000	RMB'000
CONTINUING OPERATIONS			
REVENUE	4	137,257	168,130
Cost of sales		<u>(129,715)</u>	<u>(157,664)</u>
Gross profit		7,542	10,466
Other income and gains	4	1,607	1,694
Selling and distribution costs		(10,552)	(9,941)
Administrative expenses		(17,278)	(33,641)
Other expenses		(4,946)	(2,199)
Finance costs	5	<u>(6,856)</u>	<u>(7,927)</u>
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
	6	(30,483)	(41,548)
Income tax expense	7	<u>(4,668)</u>	<u>(1,028)</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS			
		(35,151)	(42,576)
DISCONTINUED OPERATION			
	8		
Loss for the period from discontinued operation		<u>(7,633)</u>	<u>(8,891)</u>
LOSS FOR THE PERIOD			
		<u>(42,784)</u>	<u>(51,467)</u>
Attributable to:			
Ordinary equity holders of the Company		(42,784)	(52,392)
Non-controlling interests		<u>—</u>	<u>925</u>
		<u>(42,784)</u>	<u>(51,467)</u>

		Six months ended	
		31 December	
		2011	2010
		(Unaudited)	(Unaudited
			and restated)
	<i>Notes</i>	<i>cents</i>	<i>cents</i>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic			
— For loss for the period		<u>(2.8)</u>	<u>(3.6)</u>
— For loss from continuing operations		<u>(2.3)</u>	<u>(2.9)</u>
Diluted			
— For loss for the period		<u>(2.8)</u>	<u>(3.6)</u>
— For loss from continuing operations		<u>(2.3)</u>	<u>(2.9)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

(Express in Renminbi)

	Six months ended 31 December	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Loss for the period	(42,784)	(51,467)
Other comprehensive income for the period:		
Exchange differences on translation of foreign operations	<u>2,785</u>	<u>652</u>
Other comprehensive income for the period, net of tax	<u>2,785</u>	<u>652</u>
Total comprehensive loss for the period	<u><u>(39,999)</u></u>	<u><u>(50,815)</u></u>
Attributable to:		
Ordinary equity holders of the Company	(39,999)	(51,740)
Non-controlling interests	<u>—</u>	<u>925</u>
Total comprehensive loss for the period	<u><u>(39,999)</u></u>	<u><u>(50,815)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

(Express in Renminbi)

		As at 31 December 2011 (Unaudited) RMB'000	As at 30 June 2011 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		196,650	161,799
Prepaid land lease payments		11,531	16,646
Intangible assets		498	626
Deferred tax assets		<u>29,602</u>	<u>29,602</u>
Total non-current assets		<u>238,281</u>	<u>208,673</u>
CURRENT ASSETS			
Inventories		199,688	237,836
Trade and bills receivables	10	60,000	72,804
Prepayments, deposits and other receivables		19,994	22,801
Equity investments at fair value through profit or loss		720	570
Pledged deposits		8,875	9,786
Cash and cash equivalents		<u>226,103</u>	<u>400,298</u>
Total current assets		<u>515,380</u>	<u>744,095</u>
CURRENT LIABILITIES			
Trade and bills payables	11	71,445	102,114
Other payables and accruals		113,492	139,116
Due to a director		3,021	2,267
Interest-bearing bank and other borrowings	12	191,635	290,000
Tax payable		<u>8,848</u>	<u>6,052</u>
Total current liabilities		<u>388,441</u>	<u>539,549</u>
NET CURRENT ASSETS		<u>126,939</u>	<u>204,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>365,220</u>	<u>413,219</u>

		As at 31 December 2011 (Unaudited) <i>RMB'000</i>	As at 30 June 2011 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Non-redeemable convertible preferred shares		8,183	8,183
Interest-bearing bank and other borrowings	12	25,000	33,000
Deferred tax liabilities		14,995	14,995
Total non-current liabilities		48,178	56,178
Net assets		317,042	357,041
EQUITY			
Equity attributable to owners of the Company			
Share capital		142,152	142,152
Non-redeemable convertible preferred shares		69,801	69,801
Reserves		105,089	145,088
Total equity		317,042	357,041

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

(Express in Renminbi)

	Attributable to owners of the Company													
				Non-redeemable	Equity component									
	Issued capital	Share premium account	Share option reserve	convertible preferred shares	Statutory reserve	Warrants reserve	Capital reserve	contribution reserve	of convertible bonds	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Audited)														
At 1 July 2010	123,651	342,184	6,779	—	14,274	—	63,966	48,448	15,016	27,091	(121,899)	519,510	21,488	540,998
Loss for the year	—	—	—	—	—	—	—	—	—	—	(229,653)	(229,653)	(706)	(230,359)
Other comprehensive income for the year:														
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	4,128	—	4,128	—	4,128
Total comprehensive loss for the year	—	—	—	—	—	—	—	—	—	4,128	(229,653)	(225,525)	(706)	(226,231)
Acquisition of non-controlling interests	—	—	—	69,801	—	—	(57,037)	—	—	—	—	12,764	(20,782)	(8,018)
Issued of shares upon conversion of convertible bonds	18,443	33,195	—	—	—	—	—	—	(15,016)	—	—	36,622	—	36,622
Equity-settled share option arrangements	—	—	11,675	—	—	—	—	—	—	—	—	11,675	—	11,675
Exercise of share options	58	109	—	—	—	—	—	—	—	—	—	167	—	167
Transfer from share option reserve	—	62	(62)	—	—	—	—	—	—	—	—	—	—	—
Issue of warrants	—	—	—	—	—	1,828	—	—	—	—	—	1,828	—	1,828
At 30 June 2011	142,152	375,550	18,392	69,801	14,274	1,828	6,929	48,448	—	31,219	(351,552)	357,041	—	357,041
(Unaudited)														
At 1 July 2011	142,152	375,550	18,392	69,801	14,274	1,828	6,929	48,448	—	31,219	(351,552)	357,041	—	357,041
Loss for the period	—	—	—	—	—	—	—	—	—	—	(42,784)	(42,784)	—	(42,784)
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	2,785	—	2,785	—	2,785
Total comprehensive loss for the period	—	—	—	—	—	—	—	—	—	2,785	(42,784)	(39,999)	—	(39,999)
At 31 December 2011	142,152	375,550	18,392	69,801	14,274	1,828	6,929	48,448	—	34,004	(394,336)	317,042	—	317,042

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2011

(Express in Renminbi)

	(Unaudited)	
	As at 31 December	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Cash used in operations	(3,674)	(9,759)
Tax paid	<u>(1,827)</u>	<u>(400)</u>
Net cash used in operating activities	(5,501)	(10,159)
Net cash used in investing activities	(145,653)	(75,015)
Net cash (used in)/generated from financing activities	<u>(23,080)</u>	<u>28,048</u>
Net decrease in cash and cash equivalents	(174,234)	(57,126)
Cash and cash equivalents at 1 July	400,298	476,972
Effect of foreign exchange rates changes	<u>39</u>	<u>652</u>
Cash and cash equivalents at 31 December	<u>226,103</u>	<u>420,498</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>226,103</u>	<u>420,498</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 December 2011

(Express in Renminbi)

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements for the six months ended 31 December 2011 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 2011.

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 2011, 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 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a numbers of HKFRSs issued in May 2010

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 (“PCBs”) and flexible printed circuit boards (“FPCBs”);
- (b) the electronic processing services segment engages in the provision of surface mounting technology (“SMT”) processing services. During the period, the Group sold the whole of the SMT services segment; and

- (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 profit before tax except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Period ended 31 December 2011

	<u>Continuing operations</u>		<u>Discontinued operation</u>	
	Electronic products	Property development	SMT Processing services	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	92,680	44,577	2,309	139,566
Other revenue	<u>636</u>	<u>18</u>	<u>2,273</u>	<u>2,927</u>
	<u>93,316</u>	<u>44,595</u>	<u>4,582</u>	<u>142,493</u>
 Segment results	 (25,029)	 8,881	 (4,973)	 (21,121)
Reconciliation				
Interest income				953
Corporate and other unallocated expenses				(7,233)
Finance costs				<u>(10,715)</u>
 Loss before tax				<u>(38,116)</u>

Period ended 31 December 2010

	<u>Continuing operations</u>		<u>Discontinued operation</u>	
	Electronic products (Unaudited and restated) <i>RMB'000</i>	Property development (Unaudited and restated) <i>RMB'000</i>	SMT Processing services (Unaudited and restated) <i>RMB'000</i>	Total (Unaudited and restated) <i>RMB'000</i>
Segment revenue				
Sales to external customers	137,190	30,940	2,390	170,520
Other revenue	<u>313</u>	<u>—</u>	<u>297</u>	<u>610</u>
	<u>137,503</u>	<u>30,940</u>	<u>2,687</u>	<u>171,130</u>
 Segment results	 (34,490)	 7,282	 (8,219)	 (35,427)
Reconciliation				
Interest income				1,381
Corporate and other unallocated expenses				(7,914)
Finance costs				<u>(8,479)</u>
 Loss before tax				<u>(50,439)</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	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Sales of goods	92,680	137,190
Sales of properties	<u>44,577</u>	<u>30,940</u>
	<u>137,257</u>	<u>168,130</u>
 Other income and gains		
Bank interest income	953	1,381
Others	<u>654</u>	<u>313</u>
	<u>1,607</u>	<u>1,694</u>

5. FINANCE COSTS

An analysis of finance costs from continuing operations as follows:

Six Months ended 31 December	
2011	2010
(Unaudited)	(Unaudited and restated)
RMB'000	RMB'000

Interest on:

Bank and other borrowings

6,856	7,927
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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	
2011	2010
(Unaudited)	(Unaudited and restated)
RMB'000	RMB'000

Cost of inventories sold	96,785	135,069
Cost of properties sold	32,930	22,595
Depreciation	11,181	12,952
Amortisation of intangible assets	106	223
Operating lease rental	582	632
Staff costs (including directors' remuneration)	10,618	14,847

7. INCOME TAX EXPENSE

Taxation in the condensed consolidated income statement presents:

Six Months ended 31 December	
2011	2010
(Unaudited)	(Unaudited and restated)
RMB'000	RMB'000

Current tax — Mainland China provision for enterprise income tax	4,668	1,028
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No provision for Hong Kong profits tax has been made (2010: 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 28 December 2011, the Company disposed of its equity interest in Winrise International Limited and its subsidiaries (collectively the “Winrise Group”) to an independent third party. The Winrise Group is engaged in the provision of surface mounting technology processing services. The disposal of the Winrise Group was completed on 31 December 2011. The above transaction was less than 5% size tests according to the Listing rules in Hong Kong.

	Six Months ended	
	31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	and restated)
		RMB'000
Revenue	2,309	2,390
Expenses	(8,051)	(10,729)
Finance costs	(3,859)	(552)
Loss from the discontinued operation	(9,601)	(8,891)
Gain on disposal of Winrise Group	1,968	—
Loss before tax from the discontinued operation	(7,633)	(8,891)
Income tax expense	—	—
Loss for the period from the discontinued operation	(7,633)	(8,891)
Loss attributable to equity owners of the Company	(7,633)	(8,891)
The net cash flow incurred by the Winrise Group is as follows:		
Operating activities	1,272	5,616
Investing activities	98,006	(8,832)
Financing activities	(15,000)	23,500
Net cash inflow	84,278	20,284
Loss per share:		
Basic, from the discontinued operation	(0.5 cents)	(0.7 cents)
Diluted, from the discontinued operation	(0.5 cents)	(0.7 cents)

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

	2011 RMB	2010 RMB
Loss attributable to ordinary equity holders of the Company from the discontinued operation	<u>7,633,000</u>	<u>8,891,000</u>
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>1,512,716,500</u>	<u>1,479,312,137</u>
Weighted average number of ordinary shares used in the diluted loss per share calculation	<u>1,512,716,500</u>	<u>1,479,312,137</u>

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,512,716,500 (2010: 1,479,312,137) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the period ended 31 December 2011 and 2010 in respect of a dilution as the impact of the warrants, share options, convertible bonds and 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 loss per share are based on:

	Six Months ended 31 December 2011 (Unaudited) RMB'000	2010 (Unaudited and restated) RMB'000
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation:	<u>42,784,000</u>	<u>52,392,000</u>
	Number of shares 2011	2010
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>1,512,716,500</u>	<u>1,479,312,137</u>
Effect of dilution — weighted average number of ordinary shares	<u>1,512,716,500</u>	<u>1,479,312,137</u>

For the periods ended 31 December 2011 and 2010, because the diluted loss per share amounts decreased when taking the warrants, share options, convertible bonds and non-redeemable convertible preferred shares into account, the warrants, share options, convertible bonds and non-redeemable convertible preferred shares had an anti-dilutive effect on the basic loss per share for the periods and were ignored in the calculation of diluted loss per share. Therefore, diluted loss per share amounts were based on the loss for the periods of RMB42,784,000 and RMB52,392,000, respectively, and the weighted average number of ordinary shares of 1,512,716,500 and 1,479,312,137, respectively, in issue during the periods.

10. TRADE AND BILLS RECEIVABLES

	31 December 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Trade and bills receivables	126,256	139,752
Impairment	<u>(66,256)</u>	<u>(66,948)</u>
	<u>60,000</u>	<u>72,804</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. 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 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Within 1 month	37,673	66,497
1 to 3 months	10,367	5,393
3 months to 1 year	<u>11,960</u>	<u>914</u>
	<u>60,000</u>	<u>72,804</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 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Within 1 month	31,125	52,412
1 to 3 months	21,415	33,727
3 months to 1 year	15,228	13,774
Over 1 year	3,677	2,201
	<u>71,445</u>	<u>102,114</u>

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

As at 31 December 2011, the Group's bills payable were secured by the deposit of RMB8,875,000 (30 June 2011: RMB3,450,000)

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Within one year or on demand	191,635	290,000
In the second to fifth years, inclusive	25,000	33,000
	<u>216,635</u>	<u>323,000</u>

13. OPERATING LEASE ARRANGEMENTS

The Group had the following operating lease arrangements at the end of the reporting period:

	31 December 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Within one year	360	800
In the second to fifth years, inclusive	605	968
	<u>965</u>	<u>1,768</u>

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 December 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
Contracted but not provided for: buildings, plant and machinery	<u>29,847</u>	<u>1,621</u>

15. RELATED PARTY TRANSACTIONS

The Group entered into a lease agreement through an arm's length transaction 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\$45,000 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\$270,000 (RMB218,889) to Truroll Investment Limited.

16. COMPARATIVE FIGURES

The comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income and the related notes to the financial statements have been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (note 8).

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Disposal of Herowin Group

On 18 January 2012, the Company and the buyer, an independent third party, entered into the Sale and Purchase Agreement, in which the Company disposed of its equity interest in Herowin Limited and its subsidiaries (collectively the "Herowin Group"). The Herowin Group is not yet commenced business. The disposal of the Herowin Group was completed on 31 January 2012. The above transaction was less than 5% size tests according to the Listing rules in Hong Kong.

(b) Issued of the warrants

On 31 January 2012, the Company and three independent Subscribers entered into the Warrant Subscription Agreements pursuant to which the Subscribers conditionally agreed with the Company to subscribe up to 100,000,000 Warrants. The completion of the subscription of warrants took place on 10 February 2012.

The Issue Price per Warrant is HK\$0.01 and the Subscription Price is HK\$0.29 per New Share (subject to adjustment).

Upon the exercise of the subscription rights attaching to the Warrants in full, a maximum of 100,000,000 New Shares will be issued and allotted, representing approximately 6.61% of the existing issued share capital of the Company and approximately 6.20% of the issued share capital of the Company as enlarged by the issue and allotment of the New Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 31 December 2011 (the “Period”), turnover of the Group from continuing operations amounted to RMB137,257,000 (2010: RMB168,130,000), representing a decrease of approximately 18.4% as compared to the corresponding period in last year. The decrease in turnover was mainly due to the slow market in electronic business.

During the Period, the Group recorded a gross profit from continuing operations of approximately RMB7,542,000 (2010: gross profit of RMB10,466,000) and operating loss before tax from continuing operations of RMB30,483,000 (2010: operating loss before tax of RMB41,548,000) respectively. The decrease in gross profit was mainly due to the loss in electronic business. The decrease in operating loss was mainly attributable to the decrease in administrative costs during the Period.

The loss attributable to ordinary equity holders of the Company for the Period was RMB42,784,000 (2010: loss of RMB52,392,000). The loss for the period from discontinued operation was RMB7,633,000 (2010: loss of RMB8,891,000) which included the gain on disposal from a discontinued operation of RMB1,968,000 (2010: Nil). Basic loss per share during the Period was RMB2.8 cents (2010: basic loss per share was RMB3.6 cents).

BUSINESS REVIEW

Electronic Business

After the disposal of the surface mounting technology processing services (“SMT”), the Electronic business is principally engaged in the manufacture and sales of rigid printed circuit boards (“PCBs”) and flexible printed circuit boards (“FPCBs”).

During the Period, the continued uncertainties in the global economy as well as the harsh operating environment in China continued to pose various challenges to the electronics industry. Both the Group’s orders and average selling prices were under pressure amid intense market competition.

Manufacturing of PCBs and FPCBs continued to remain as the Group’s core business. By leveraging on its broad client base, the Group continued to receive orders from existing clients and maintained its market share in the region. However, due to the uncertain market conditions, average selling prices and sales orders have yet to rebound to previous levels.

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. The project comprises three phases, with a total gross floor area of approximately 272,568 square meters. The construction of the project has been fully completed. The property of the project has been on sale and contributed to the Group’s revenue during the Period. The project marks the successful entry by the

Group into the property development business and provides support in achieving the strategy of business diversification and generating new sources of income in order to improve the Group's results during the Period.

BUSINESS PROSPECTS

In 2012, it is anticipated that the global economy will become more uncertain and volatile, leading to unfavourable market conditions and continues to pose challenges to the electronics industry as well as the Group. Domestic demand growth for electronic products in China has slowed down, while exports to overseas regions are also weakened, which brings more difficulties in obtaining orders and triggers more intense competition within the industry. The unfavorable operating environment will continue as growing inflation in China causes a rapid rise in labour and raw material costs, leading to surging manufacture costs. Also, the appreciation of the Renminbi will constantly add pressure to the recovery of sales orders and selling prices of products of the Group. In view of the above, acquisition of new sales orders is expected to be limited as clients continue to be cautious and the electronic product demand is relatively unstable. The Group will continue to strictly implement various cost control measures to further enhance the Group's overall business competitiveness.

The Group has successfully entered into the property development business and possesses a high quality residential development project in Hubei province, PRC. The construction of the project with three phases has been fully completed and the property is currently on sale. The project will continue to contribute to the Group's income.

In order to promote long-term business development and enhance its earning base, the Group has determined to adopt a diversification strategy, including allocation of resources to investigate and identify investment opportunities in natural resources and mining projects. The Group is studying high quality potential projects in the field that will serve as the momentum to increase profitability of the Group and help to propel the Group's strategy of business diversification.

Looking ahead, leverage on its solid client foundation, high quality products and cutting-edge technology, the Group will endeavour to maintain business stability and be fully prepared to meet the challenges and capture potential business opportunities in the market. The Group will also be devoted to realising its strategy of business diversification in order to broaden its income sources and enhance future development prospects, striving to maximise returns for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2011, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB226,103,000 (30 June 2011: approximately RMB400,298,000), RMB126,939,000 (30 June 2011: approximately RMB204,546,000) and RMB365,220,000 (30 June 2011: approximately RMB413,219,000) respectively.

At 31 December 2011, the Group had total interest-bearing bank and other borrowings of RMB216,635,000 (30 June 2011: approximately RMB323,000,000), included in these borrowings, RMB191,635,000 were short-term and RMB25,000,000 were long-term. All of the interest-bearing bank borrowings were either unsecured or secured by interest in leasehold land given by subsidiary companies.

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 attributable to equity holders of the Company as at 31 December 2011 decreased by RMB39,999,000 to RMB317,042,000 (30 June 2011: RMB357,041,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 31 December 2011 was 35% (30 June 2011: 31%).

SIGNIFICANT INVESTMENTS

The Group had no other significant investment held during the six months ended 31 December 2011.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 28 December 2011, the Company disposed of its equity interest in Winrise International Limited and its subsidiaries (collectively the “Winrise Group”) to an independent third party. The Winrise Group is engaged in the provision of surface mounting technology processing services. The disposal of the Winrise Group was completed on 31 December 2011. The above transaction was less than 5% size tests according to the Listing rules in Hong Kong.

Save as disclosed above, The Group had no other material acquisition and disposals of subsidiaries and affiliated companies, during the six months ended 31 December 2011.

EMPLOYMENT INFORMATION

At 31 December 2011, the Group employed a total of 1,209 (2010: 1,422) 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 six months ended 31 December 2011, the employment cost (including directors’ emoluments) amounted to approximately RMB10,618,000. 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”). As at December 2011, there were 150,516,000 share options outstanding under the 2010 Scheme.

CHARGES ON GROUP ASSETS

As at 31 December 2011, certain interests in leasehold land held for own use under operating leases and buildings held for own use of RMB126,794,810 (30 June 2011: RMB134,604,000) were pledged to banks for bank loans totalling RMB158,357,681 (30 June 2011: RMB257,000,000) granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The Group had no future plans for material investments as at 31 December 2011.

However, the management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests. The management, if considered beneficial to the future of the Group, may invest in new business projects. In view of the current difficult market situation, the management may consider raising capital for funding new projects while reserving internal financial resources to support its core business.

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 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 2011, in respect of capital expenditures, the Group had contracted for but not provided in the financial statements amounted to approximately RMB29,847,000.

CONTINGENT LIABILITIES

At 31 December 2011, the Group did not have any material contingent liabilities.

DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 31 December 2011 (2010: Nil).

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

As at 31 December 2011, 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 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 corporations	347,778,539	345,778,539 (Note)	2,000,000	22.99
Hui Lung Hing	Beneficial owner	263,000,000	250,000,000	13,000,000	17.39
Yang Xue Jun	Beneficial owner	10,500,000	—	10,500,000	0.69
Xu Yue Yue	Beneficial owner	10,000,000	—	10,000,000	0.66

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 2011, 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 2011	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2011	Exercisable Period	Exercise price HK\$	Market value per share at date of grant of options HK\$
<i>(a) Directors</i>									
Yang Xue Jun	26 May 2010	10,500,000	—	—	—	10,500,000	26 May 2010 to 25 May 2015	0.287	0.285
Xu Yue Yue	26 May 2010	10,000,000	—	—	—	10,000,000	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	11 May 2011	13,000,000	—	—	—	13,000,000	11 May 2011 to 10 May 2016	0.306	0.305
<i>(b) Eligible employees</i>									
	26 May 2010	11,000,000	—	—	—	11,000,000	26 May 2010 to 25 May 2015	0.287	0.285
	8 November 2010	21,200,000	—	—	—	21,200,000	8 November 2010 to 7 November 2015	0.449	0.435
	11 May 2011	18,000,000	—	—	—	18,000,000	11 May 2011 to 10 May 2016	0.306	0.305
<i>(c) Eligible consultants</i>									
	26 May 2010	40,816,000	—	—	—	40,816,000	26 May 2010 to 25 May 2015	0.287	0.285
	8 November 2010	10,000,000	—	—	—	10,000,000	8 November 2010 to 7 November 2015	0.449	0.435
	11 May 2011	14,000,000	—	—	—	14,000,000	11 May 2011 to 10 May 2016	0.306	0.305
		<u>150,516,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>150,516,000</u>			

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on Directors are as follows:

Mr. Hui Lung Hing, Ms. Xu Yue Yue, Mr. Sze Ming Yee and Mr. Yang Xue Jun, are executive Directors, all of them have re-entered into service agreements with the Company for a term of one year commencing from 1 January 2012 and their remuneration had been adjusted to HK\$100,000, HK\$20,000, HK\$20,000, HK\$20,000 per month respectively.

Mr. Huang Jian Zi, Mr. Cheung Chuen and Ms. Wong Lai Wing, are independent non-executive Directors, have re-entered into appointment letters with the Company for a term of one year commencing from 1 December 2011, 1 January 2012 and 1 January 2012 respectively and their remuneration had been adjusted to HK\$5,000, HK\$10,000 and HK\$20,000 per month.

Mr. Hui Lung Hing, an Executive Director, has been appointed as the Chairman of the Company following Ms. Xu Yue Yue's resignation as the Chairman on 1 January 2012. Mr. Huang Jian Zi, an independent non-executive Director, has been appointed as the Chairman of Remuneration Committee of the Company following Ms. Xu Yue Yue's resignation as the Chairman of Remuneration Committee of the Company on 1 January 2012.

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

As at 31 December 2011, 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)	—	22.86
Yin Jia Tang	Beneficial Owner	276,666,667	—	83,000,000 (Note 2)	18.29
Du Hua Wei	Beneficial Owner	82,142,857	82,142,857	—	5.43
Zhang Jian	Beneficial Owner	82,142,857	82,142,857	—	5.43

Notes:

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.
2. 83,000,000 non-redeemable convertible preferred shares are held by Mr. Yin Jia Tang which is convertible into 276,666,667 conversion shares at HK\$0.30 per conversion share.

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 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the section headed “Share Options” and “Directors’ Interests in Securities” 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 six months ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2011.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the “Model Code”). 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 Ms. Wong Lai Wing, 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 2011 have not audited, but have 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 website in due course.

On behalf of the Board
Hui Lung Hing
Chairman

Hong Kong, 24 February 2012

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.