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KINGWELL GROUP LIMITED
京維集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

RESULTS

The Board (the "Board") of directors (the "Directors") of Kingwell Group Limited (the "Company" or "Kingwell") herein announces the preliminary consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2015 (the "Year") together with the comparative figures for the corresponding year ended 30 June 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**9,412**	27,086
Cost of sales		**(6,866)**	(20,550)
Gross profit		**2,546**	6,536
Other income and gains	5	**14,134**	1,625
Selling and distribution expenses		**(220)**	(510)
Administrative expenses		**(53,900)**	(51,725)
Other expenses		**(6,891)**	(611)
Finance costs	7	**(8,451)**	(4,188)
Share of loss of an associate	12	**(2,391)**	—
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(55,173)**	(48,873)
Income tax expense	8	**(2,906)**	(1,392)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(58,079)**	(50,265)
DISCONTINUED OPERATION	9		
Profit/(loss) for the year from a discontinued operation		**73,842**	(51,999)
PROFIT/(LOSS) FOR THE YEAR		**15,763**	(102,264)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(43,370)**	(973)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries		**(20,487)**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(63,857)**	(973)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(48,094)**	(103,237)
Profit/(loss) attributable to:			
Owners of the Company		**20,922**	(101,101)
Non-controlling interests		**(5,159)**	(1,163)
		15,763	(102,264)
Total comprehensive loss attributable to:			
Owners of the Company		**(21,805)**	(100,872)
Non-controlling interests		**(26,289)**	(2,365)
		(48,094)	(103,237)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 30 June 2015

	Note	2015 RMB	2014 RMB (Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*11*		
Basic			
— For profit/(loss) for the year		**0.94 cent**	(4.91) cents
— For loss from continuing operations		**(2.37) cents**	(2.39) cents
Diluted			
— For profit/(loss) for the year		**0.89 cent**	(4.91) cents
— For loss from continuing operations		**(2.37) cents**	(2.39) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,384**	39,792
Investment properties		**45,817**	14,890
Prepaid land lease payments		**—**	1,676
Intangible assets		**75,052**	121,904
Investment in an associate	*12*	**137,789**	—
Prepayments		**—**	6,527
Deferred tax assets		**2,191**	1,608
Total non-current assets		**263,233**	186,397
CURRENT ASSETS			
Inventories		**95,643**	133,700
Trade and bills receivables	*13*	**—**	21,738
Prepayments, deposits and other receivables		**2,968**	6,773
Equity investments at fair value through profit or loss		**—**	141
Pledged deposits		**1,262**	2,058
Cash and cash equivalents		**37,063**	184,579
Total current assets		**136,936**	348,989
CURRENT LIABILITIES			
Trade payables	*14*	**6,404**	26,664
Other payables and accruals		**32,147**	112,511
Due to a director		**—**	1,441
Interest-bearing bank and other borrowings	*15*	**17,600**	134,530
Tax payable		**6,909**	6,909
Total current liabilities		**63,060**	282,055
NET CURRENT ASSETS		**73,876**	66,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**337,109**	253,331

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**337,109**	253,331
NON-CURRENT LIABILITIES			
Non-redeemable convertible preferred shares	*16*	**408**	967
Interest-bearing other borrowings	*15*	**—**	22,100
Deferred tax liabilities		**13,442**	11,467
Promissory note	*17*	**22,621**	—
Total non-current liabilities		**36,471**	34,534
Net assets		**300,638**	218,797
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**229,285**	204,451
Non-redeemable convertible preferred shares		**2,252**	6,004
Reserves		**23,451**	(63,597)
		254,988	146,858
Non-controlling interests		**45,650**	71,939
Total equity		**300,638**	218,797

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 30 June 2015 but are extracted from those financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Group has not early adopted the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap.32). They have been prepared under the historical cost convention, except for investment properties and equity investments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group proposed an open offer to raise fund of approximately RMB35,719,000 (after deducting estimated expenses) subsequent to the end of the reporting period. After taking into account the proposed open offer, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Further details of the proposed open offer are given in note 19 to this announcement.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs

Except for the amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle* which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) HKAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

(c) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payments, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is a accrued progressively only if the activity that triggers payment occurs over a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(f) The HKFRS 2 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(g) The HKFRS 3 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

(i) The *Annual Improvements* to *HKFRSs 2010–2012 Cycle* and *Annual Improvements to 2011–2013 Cycle* set out amendments to a number of HKFRSs. None of the amendments are expected to have a significant financial impact on the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) the gold mining segment engages in the production and sale of sand gold; and

(b) the property development segment engages in the development of villas, houses, apartments, residential buildings and commercial buildings.

The electronic products business is no longer included in the note for operating segment information for being disposed of and classified as a discontinued operation on 31 October 2014. Further details are set out in note 9 to this announcement.

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 from continuing operations. 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 an amount due to a director, tax payable, non-redeemable convertible preferred shares, deferred tax liabilities, promissory note and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

3. **OPERATING SEGMENT INFORMATION (continued)**

Year ended 30 June 2015

	Gold mining *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	—	9,412	9,412
Other revenue	—	13,437	13,437
Revenue from continuing operations	—	22,849	22,849
Segment results	(9,567)	14,933	5,366
Reconciliation:			
Interest income			697
Corporate and other unallocated expenses			(52,785)
Finance costs			(8,451)
Loss before tax from continuing operations			(55,173)
Segment assets	231,145	158,861	390,006
Reconciliation:			
Corporate and other unallocated assets			10,163
			400,169
Segment liabilities	101	49,717	49,818
Reconciliation:			
Corporate and other unallocated liabilities			49,713
			99,531
Other segment information:			
Share of loss of an associate	(2,391)	—	(2,391)
Depreciation	—	464	464
Investment in an associate	137,789	—	137,789
Capital expenditure	2,149	212	2,361

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 30 June 2014

	Gold mining	Property development	Total
	RMB'000	*RMB'000*	*RMB'000*
			(Restated)
Segment revenue:			
Sales to external customers	—	27,086	27,086
Other revenue	—	1,027	1,027
Revenue from continuing operations	—	28,113	28,113
Segment results	(1,721)	617	(1,104)
Reconciliation:			
Interest income			127
Corporate and other unallocated expenses			(43,708)
Finance costs			(4,188)
Loss before tax from continuing operations			(48,873)
Segment assets	147,048	147,398	294,446
Reconciliation:			
Corporate and other unallocated assets			55,813
Assets from a discontinued operation			185,127
			535,386
Segment liabilities	182	49,667	49,849
Reconciliation:			
Corporate and other unallocated liabilities			26,273
Liabilities from a discontinued operation			240,467
			316,589
Other segment information:			
Depreciation	—	415	415
Capital expenditure	1,985	—	1,985

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from continuing operations of RMB9,412,000 (2014: RMB27,086,000) was derived from sales to external customers located in Mainland China.

(b) Non-current assets

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Mainland China	**185,538**	18,024
Hong Kong	**179**	210
Russia	**75,325**	121,750
	261,042	139,984

The non-current assets information from continuing operations above is based on the locations of the assets, which excludes deferred tax assets.

Information about major customers

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue generated from continuing operations (2014: Nil).

4. REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents revenue from sales of properties, net of business tax and other sales related taxes.

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

	Note	**2015** ***RMB'000***	2014 *RMB'000* (Restated)
Revenue			
Sales of properties		**9,412**	27,086
Other income			
Bank interest income		**697**	127
Rental income		**1,666**	565
Gain on disposal of items of property, plant and equipment		**—**	231
Others		**—**	472
		2,363	1,395
Gains			
Fair value gains on investment properties		**7,141**	230
Gain on disposal of a subsidiary	*18*	**4,630**	—
		11,771	230
		14,134	1,625

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Cost of properties sold	**6,866**	20,550
Depreciation	**464**	415
Minimum lease payments under operating leases:		
Land and buildings	**2,700**	1,704
Auditors' remuneration	**1,814**	3,328
Staff costs (excluding directors' remuneration):		
Salaries and wages	**7,190**	8,763
Pension scheme contributions	**314**	317
Equity-settled share option expense	**17,529**	22,353
	25,033	31,433
Foreign exchange differences, net*	**6,738**	522
Changes in fair value of investment properties	**(7,141)**	(230)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**52**	12

* *This amount was included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.*

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Interest on:		
Bank and other borrowings	**1,759**	3,880
Non-redeemable convertible preferred shares	**78**	209
Promissory note	**6,614**	—
Convertible note	**—**	99
	8,451	4,188

8. INCOME TAX

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its business through its subsidiaries established in Mainland China (the "PRC Subsidiaries") and Russia.

No provision for Hong Kong profits tax has been made (2014: Nil) as the Group did not generate any assessable profits in Hong Kong during the year. 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.

	2015	2014
	RMB'000	*RMB'000*
Group:		
Current — Mainland China		
Provision for corporate income tax	**—**	520
Provision for land appreciation taxes ("LAT")	**1,514**	4,142
Deferred	**1,392**	(3,270)
Total tax charge for the year	**2,906**	1,392

A reconciliation of the tax expense applicable to loss before tax from continuing operations at the statutory tax rate for the country in which a major subsidiary of the Company is domiciled to the tax expense at the effective tax rate is as follows:

Group

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Loss before tax from continuing operations	**(55,173)**	(48,873)
Tax at the statutory tax rate of 25%	**(13,793)**	(12,218)
Lower tax rates for specific provinces or enacted by local authorities	**5,290**	4,533
Expenses not deductible for tax	**213**	142
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiary	**41**	—
Effect on opening withholding tax due to decrease in tax rate	**—**	(2,015)
Loss attributable to an associate	**395**	—
Tax losses not recognised	**9,625**	7,844
Provision for LAT	**1,514**	4,142
Tax effect of LAT	**(379)**	(1,036)
Tax charge at the Group's effective rate	**2,906**	1,392
The Group's effective income tax rate	**(5.3%)**	(2.8%)

9. DISCONTINUED OPERATION

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 and its subsidiary (collectively the "Superford Group") to Splendid Vantage Limited at a cash consideration of HK$700,000 (equivalent to RMB557,000). Superford Holding Limited holds a 100% equity interest in Fujian Fuqiang Delicate Circuit Plate Co., Ltd. which is engaged in the manufacture and trading of rigid printed circuit boards (the "RPCBs"). The shareholders 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. With the Superford Group being disposed of and classified as a discontinued operation, the electronic products business is no longer included in the note for operating segment information. Further details are set out in note 18 to this announcement.

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

	2015	2014
	RMB'000	*RMB'000*
Revenue	**20,561**	72,187
Other income	**73**	1,852
Expenses	**(32,633)**	(114,883)
Finance costs	**(3,321)**	(11,155)
Loss before tax from the discontinued operation	**(15,320)**	(51,999)
Gain on disposal	**89,162**	—
Profit/(loss) for the year from the discontinued operation	**73,842**	(51,999)

The net cash flows incurred by the Superford Group are as follows:

	2015	2014
	RMB'000	*RMB'000*
Operating activities	**1,171**	(14,064)
Investment activities	**(81)**	(186)
Financing activities	**(3,321)**	(41,486)
Net cash outflow	**(2,231)**	(55,736)
Earnings/(loss) per share:		
Basic, from the discontinued operation	**RMB3.31 cents**	RMB(2.53) cents
Diluted, from the discontinued operation	**RMB3.15 cents**	RMB(2.53) cents

9. DISCONTINUED OPERATION (continued)

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

	2015	2014
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operation	**RMB73,842,000**	RMB(51,999,000)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 11)*	**2,228,905,000**	2,058,061,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation *(note 11)*	**2,345,858,000**	2,058,061,000*

* *The warrants, share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented for the year ended 30 June 2014.*

10. DIVIDENDS

No final dividends were proposed for the years ended 30 June 2015 and 2014.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of RMB20,922,000 (2014: a loss of RMB101,101,000), and the weighted average number of ordinary shares of 2,228,905,000 (2014: 2,058,061,000) in issue during the year.

The calculation of the loss per share amounts for the loss from continuing operations is based on the loss for the year from continuing operations attributable to ordinary equity holders of the Company of RMB52,920,000 (2014: RMB49,102,000), and the weighted average number of ordinary shares of 2,228,905,000 (2014: 2,058,061,000) in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 30 June 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of RMB20,922,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic 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 amount presented for the year ended 30 June 2014 and the basic loss per share amount for loss from continuing operations presented for the years ended 30 June 2015 and 2014 in respect of a dilution as the impact of the warrants, share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

The calculations of basic and diluted earnings per share for the year ended 30 June 2015 are based on:

	RMB'000
Earnings	
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:	
From continuing operations	**(52,920)**
From a discontinued operation	**73,842**
	20,922

	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,228,905,000**
Effective of dilution — weighted average number of ordinary shares:	
Warrants	**3,077,000**
Share options	**103,876,000**
Non-redeemable convertible preferred shares	**10,000,000**
	2,345,858,000

12. INVESTMENT IN AN ASSOCIATE

	Group	
	2015	2014
	RMB'000	*RMB'000*
Share of net assets	**91,143**	—
Goodwill on acquisition	**46,646**	—
	137,789	—

On 30 January 2015, the Company acquired a 35% equity interest in Port First Limited ("Port First") at a consideration of HK$187,500,000, of which (i) HK$100,000,000 (equivalent to RMB79,191,000) was paid in cash and (ii) the remaining HK$87,500,000 (equivalent to RMB69,250,000) was settled by the Company by the issue of a promissory note (note 17), which was three-year note with an interest rate of 6% per annum from the acquisition date. Port First is an investment holding company and its subsidiaries, Longkou Jinxin Gold Co., Ltd. ("Jinxin Company") and Longkou Jinhui Gold Co., Ltd. ("Jinhui Company"), are engaged in mining, processing, refining and sales of gold bars in Mainland China.

Particulars of the associate are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Port First	Ordinary shares of US$1.00 each	British Virgin Islands	35%	Investment holding

Port First which is considered a material associate of the Group, is a strategic partner of the Group engaged in the gold mining business and is accounted for using the equity method.

12. INVESTMENT IN AN ASSOCIATE (continued)

The following table illustrates the summarised financial information of Port First and its subsidiaries adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2015
	RMB'000
Current assets	**11,885**
Non-current assets	**536,505**
Current liabilities	**(64,514)**
Non-current liabilities	**(112,405)**
Net assets	**371,471**
Non-controlling interests	**(111,062)**
	260,409
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	**35%**
Group's share of net assets of the associate, excluding goodwill	**91,143**
Goodwill on acquisition	**46,646**
Carrying amount of the investment	**137,789**

	The period from the acquisition date to 30 June 2015
	RMB'000
Revenue	**29,840**
Loss for the year	**(9,062)**
Owners of Port First	**(6,830)**
Non-controlling interests of Port First	**(2,232)**
Other comprehensive income	**321**
Owners of Port First	**321**
Non-controlling interests of Port First	**—**

13. TRADE AND BILLS RECEIVABLES

	Group	
	2015	2014
	RMB'000	*RMB'000*
Trade and bills receivables	**—**	78,147
Impairment	**—**	(56,409)
	—	21,738

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:

	Group	
	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**—**	7,097
1 to 3 months	**—**	13,233
3 months to 1 year	**—**	1,408
	—	21,738

The movements in provision for impairment of trade and bills receivables are as follows:

	Group	
	2015	2014
	RMB'000	*RMB'000*
At beginning of the year	**56,409**	60,569
Amount written off as uncollectible	**—**	(3,921)
Impairment losses reversed	**(20)**	(239)
Disposal of a subsidiary	**(56,389)**	—
At end of the year	**—**	56,409

13. TRADE AND BILLS RECEIVABLES (continued)

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**—**	19,711
Within 1 month past due	**—**	1,233
1 to 3 months past due	**—**	220
3 months to 1 year past due	**—**	574
	—	21,738

14. TRADE PAYABLES

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

	Group	
	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**3,398**	7,531
1 to 3 months	**—**	8,772
3 months to 1 year	**—**	5,919
Over 1 year	**3,006**	4,442
	6,404	26,664

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2015			2014		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans — secured	**—**	**—**	**—**	6.9–7.8	2014.12	134,530
Other loans — unsecured	**8.65-9.22**	**2016.2**	**17,600**	—	—	—
			17,600			134,530
Non-current						
Other loans — unsecured	**—**	**—**	**—**	8.65–9.22	2016.02	22,100
			17,600			156,630

Group

Analysed into:

	2015	2014
	RMB'000	*RMB'000*
Bank loans repayable:		
Within one year or on demand	**—**	134,530
Other borrowings repayable:		
Within one year or on demand	**17,600**	—
In the second year	**—**	22,100
	17,600	22,100
	17,600	156,630

Notes:

As at 30 June 2014, certain of the Group's bank loans were secured by:

(i) the pledge of certain of the Group's buildings situated in Mainland China, which had an aggregate carrying value as at 30 June 2014 of approximately RMB30,053,000; and

(ii) the pledge of the Group's leasehold land which had an aggregate carrying value as at 30 June 2014 of approximately RMB1,723,000.

As at 30 June 2014, bank loans of RMB134,530,000 were supported by guarantees provided by third parties.

16. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES

The Company allotted and issued 93,000,000 non-redeemable convertible preferred shares ("CPS") at HK$1.00 per CPS on 3 May 2011. The holder of the CPS has the right to convert the CPS into a total of 310,000,000 ordinary shares at a price of HK$0.30 per share on any business day after the issue date. A non-cumulative dividend of 2% per annum on the face value is payable by the Company annually in arrears on each anniversary date of the issue date, subject to sufficient reserves permissible by laws from time to time.

Initial recognition of the CPS recognised at the issuance date was calculated as follows:

	RMB'000
Fair value of the CPS	77,820
Equity component of the CPS	(69,801)
Liability component of the CPS	8,019

The Black-Scholes model is used to value the fair value of the CPS. The inputs to the model were as follows:

Valuation date	3 May 2011
Share price	HK$0.32
Exercise price	HK$0.30
Risk-free rate	0.169%
Expected volatility	35.577%
Expected dividend yield	—

The liability component represents the Company's contractual obligation of interest payment to the holders of the CPS. For the fair value of the liability component of the CPS at initial recognition, the effective interest rate method is adopted in the valuation. The effective interest rate used in the valuation is 12.867%.

The carrying amounts of the liability component of the CPS during the year were calculated as follows:

	Group	
	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**967**	2,462
Interest expense	**78**	209
Conversion	**(636)**	(1,685)
Exchange realignment	**(1)**	(19)
End of the year	**408**	967

On 7 November 2014 and 6 December 2014, 3,000,000 and 2,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 16,666,667 shares of HK$0.10 each. Upon the conversion of the CPS, the related portion of the equity component of HK$4,486,000 (equivalent to RMB3,752,000) recognised upon initial recognition and the carrying amount of the liability component of HK$799,000 (equivalent to RMB636,000) were transferred to share capital of HK$1,667,000 (equivalent to RMB1,395,000) and share premium of HK$3,618,000 (equivalent to RMB2,993,000), respectively.

16. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES (continued)

On 7 November 2013 and 7 January 2014, 6,000,000 and 9,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 50,000,000 shares of HK$0.10 each. Upon the conversion of the CPS, the related portion of the equity component of HK$13,454,000 (equivalent to RMB11,259,000) recognised upon initial recognition and the carrying amount of the liability component of HK$2,135,000 (equivalent to RMB1,685,000) were transferred to share capital of HK$5,000,000 (equivalent to RMB4,184,000) and share premium of HK$10,589,000 (equivalent to RMB8,760,000), respectively.

17. PROMISSORY NOTE

As part of the consideration for the acquisition of a 35% equity interest in Port First, the Company issued a promissory note with a principal amount of HK$87,500,000 (equivalent to RMB69,250,000) and a maturity date of 30 January 2018. The promissory note carried interest at a rate of 6% per annum. The fair value of the promissory note at initial recognition was HK$76,920,000 (equivalent to RMB60,877,000) which was determined by independent professionally qualified valuers. The effective interest rate of the promissory note was 10.3% per annum.

The Company is allowed to redeem the outstanding promissory note in any amount so long as giving written notice at least 7 days in advance. The Company has early redeemed the promissory note with a principal amount of HK$55,000,000 (equivalent to RMB44,400,000) as at 30 June 2015.

The movements of the promissory note during the year were as follows:

	Group
	2015
	RMB'000
At beginning of the year	**—**
At the issuance date, at fair value	**60,877**
Interest expense	**6,614**
Interest payable	**(1,261)**
Early redemption	**(43,528)**
Exchange realignment	**(81)**
At end of the year	**22,621**

18. DISPOSAL OF SUBSIDIARIES

As detailed in note 9 to this announcement, the Company disposed of its 100% equity interest in the Superford Group to an independent third party at a cash consideration of HK$700,000 (equivalent to RMB557,000) on 31 October 2014. In addition, on 12 June 2015, the Company disposed of its 100% equity interest in Artic Hong Kong Limited ("Artic") to an independent third party at a cash consideration of HK$2. Artic is an investment holding company and dormant during the year.

	Superford Group	**Artic**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Net liabilities disposed of:			
Property, plant and equipment	35,918	26	35,944
Prepaid land lease payments	1,711	—	1,711
Intangible assets	159	—	159
Prepayments and other receivables	7,587	303	7,890
Inventory	7,739	—	7,739
Trade receivables	18,359	—	18,359
Equity investment at fair value through profit or loss	151	—	151
Cash and cash equivalents	104,301	275	104,576
Trade payables	(20,893)	—	(20,893)
Other payables and accruals	(91,176)	(2,681)	(93,857)
Interest-bearing bank and other borrowings	(134,530)	—	(134,530)
	(70,674)	(2,077)	(72,751)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries	(17,934)	(2,553)	(20,487)
Gain on disposal	89,162	4,630	93,792
	554	—	554
Satisfied by:			
Cash	554	—	554

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Superford Group	**Artic**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cash consideration	554	—	554
Cash and cash equivalents disposed of	(104,301)	(275)	(104,576)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(103,747)	(275)	(104,022)

19. EVENTS AFTER THE REPORTING PERIOD

On 29 July, 4 August and 6 August 2015, the Company early redeemed the promissory note with a principal amount of HK$5,000,000 (equivalent to RMB3,943,000), HK$10,000,000 (equivalent to RMB7,886,000) and HK$17,500,000 (equivalent to RMB13,800,000), respectively. Up to 6 August 2015, the Company has fully redeemed the promissory note.

On 7 August and 28 August 2015, the Group entered into letters of intent to dispose of certain investment properties, to an independent thirty party (the "Buyer") for a consideration of RMB28,276,000 and RMB13,583,000, respectively. The proposed disposal of investment properties of the Group are not yet finalised and are subject to further negotiations between the Group and the Buyer to finalise the terms and conditions of the formal legal blinding agreements. Once the Group and the Buyer enter into the formal legal blinding agreements, the Group will issue the necessary announcements and obtain appropriate approval according to relevant requirements of the Listing Rules.

On 8 September 2015, the Company proposed to issue 288,409,173 new ordinary shares (the "Offer Shares") at the subscription price of HK$0.16 per Offer Share on the basis of one Offer Share for every nine existing ordinary shares.

20. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 9).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the Year, revenue of the Group from continuing operations amounted to approximately RMB9,412,000 (2014: RMB27,086,000), representing a decrease of approximately 65.3% as comparing with last year. The decrease in revenue was mainly due to the decrease in sales in property development business.

During the Year, the Group recorded a gross profit from continuing operations of approximately RMB2,546,000 (2014: gross profit of RMB6,536,000) and loss before tax from continuing operations of approximately RMB55,173,000 (2014: loss before tax of RMB48,873,000) respectively. The decrease in gross profit and increase in loss before tax were mainly due to the smaller revenue contribution from the property development business, and the increase in administrative expenses, other expenses and finance costs during the Year.

The profit attributable to owners of the Company for the Year was approximately RMB20,922,000 (2014: loss of approximately RMB101,101,000). The profit attributable to owners of the Company for the Year was mainly contributed from a discontinued operation. Basic earnings per share during the Year was RMB0.94 cent (2014: basic loss per share was RMB4.91 cents).

Business Review

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 still in the process of devising its production and exploitation plan.

On 30 January 2015, the Company acquired a 35% equity interest of Port First. Major assets of Port First are its 70% equity interest in each of Jinxin Company and Jinhui Company. Jinxin Company (i) holds the mine exploitation license and mine exploration license of the Shanchakou Mine; (ii) holds the mine exploitation license of Jinjiling Area; and (iii) owns a gold processing plant and a gold refinery plant. Jinhui Company holds the mine exploitation license and mine exploration license of the Yaojia Mine. During the Year, the average selling price of gold was under great downward pressure which undermined the profitability of the gold mining business.

During the Year, the gold mining segment recorded a loss of RMB9,567,000 as compared to a loss of RMB1,721,000 in last year.

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 Year, the PRC property market condition had made challenges to the property development business. The property sales situations and average selling prices were still under great pressure and undermined the profitability of the property development business.

During the Year, the property development segment recorded a profit of RMB14,933,000 as compared to a profit of approximately RMB617,000 in last year.

Electronic Business

During the Year, unfavorable market condition in the global economy continued to pose various challenges to the electronics 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.

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.

During the Year, the discontinued operation of the electronic business contributed a profit for the Year of approximately RMB73,842,000 (2014: loss for the year RMB51,999,000).

Geographic Information

Revenue from continuing operations of RMB9,412,000 (2014: RMB27,086,000) was derived from sales to external customers located in Mainland China.

Business Prospects

In order to sustain the continuous growth of the Group and meet the coming challenges, the Group successfully developed 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 in the past. We expect that the property development business will provide positive contribution in the coming year.

In August 2012, the Company acquired a gold mining business in Russian Federation. On 30 January 2015, the Company acquired a 35% equity interest of Port First. Major assets of Port First are its 70% equity interest in each of Jinxin Company and Jinhui Company. Jinxin Company (i) holds the mine exploitation license and mine exploration license of the Shanchakou Mine; (ii) holds the mine exploitation license of Jinjiling Area; and (iii) owns a gold processing plant and a gold refinery plant. Jinhui Company holds the mine exploitation license and mine exploration license of the Yaojia Mine. Considering China's strong demand and sustainable growth in the gold market, the Directors expect the future business and prospect of Port First and its subsidiaries will contribute to generate profit stream to the Group. The Directors consider that the acquisition represents an opportunity for the Group to further develop its current gold mining business and increase the Group's gold resources.

Looking ahead, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

Liquidity and Financial Resources and Capital Structure

For the year ended 30 June 2015, the Group's working capital requirement was principally financed by its internal resources and the issue of new ordinary shares.

As at 30 June 2015, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB37,063,000 (2014: RMB184,579,000), RMB73,876,000 (2014: RMB66,934,000) and RMB337,109,000 (2014: RMB253,331,000), respectively.

As at 30 June 2015, the Group had other interest-bearing borrowings of approximately RMB17,600,000 (2014: RMB22,100,000), which were unsecured.

As at 30 June 2015, the Group had no bank borrowing (2014: RMB134,530,000).

The total 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 owners of the Company as at 30 June 2015 increased by RMB108,130,000 to RMB254,988,000 (2014: RMB146,858,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 30 June 2015 was approximately 14% (2014: 43%).

Significant Investments

Save as disclosed in the section "Acquisition and Disposal of Subsidiaries and Associated Companies", the Group held no significant investment during the Year.

Acquisition and Disposal of Subsidiaries and Associated Companies

On 30 January 2015, the Company acquired a 35% equity interest in Port First at a consideration of HK$187,500,000, of which (i) HK$100,000,000 (equivalent to RMB79,191,000) was paid in cash and (ii) the remaining HK$87,500,000 (equivalent to RMB69,250,000) was settled by the Company by the issue of a promissory note, which was a three-year note with an interest rate of 6% per annum from the acquisition date. Port First is an investment holding company and its subsidiaries are engaged in mining, processing, refining and sales of gold bars in Mainland China.

The Company disposed of its 100% equity interest in Superford Group to an independent third party at a cash consideration of HK$700,000 (equivalent to RMB557,000) on 31 October 2014. Superford Group was a loss-making subsidiary of the Company, which mainly engaged in the manufacture and sale of RPCBs. In addition, on 12 June 2015, the Company disposed of its 100% equity interest in Artic Hong Kong Limited ("Artic") to an independent third party at a cash consideration of HK$2. Artic is an investment holding company and was dormant during the Year.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies during the Year.

Employee Information

As at 30 June 2015, the Group employed a total of 36 (2014: 567) employees. It is a policy of the Group to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industry. During the Year, the employment cost (including Directors' emoluments) amounted to approximately RMB32,533,000. In order to align the interests of staff, Directors and consultants with the Group, share options may be granted to staff, Directors and consultants under the Company's 2010 share options scheme (the "2010 Scheme"). There were 152,096,000 share options outstanding under the 2010 Scheme as at 30 June 2015.

Charges on Group Assets

As at 30 June 2015, no Group's assets were pledged to secure general banking facilities to the Group (2014: an aggregate carrying value of buildings of approximately RMB30,053,000 and an aggregate carrying value of leasehold land of approximately RMB1,723,000 were pledged to the banks).

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.

On 8 September 2015, the Company proposed to issue 288,409,173 offer shares at the subscription price of HK$0.16 per offer share on the basis of one Offer Share for every nine existing ordinary shares. The net proceeds from the open offer after deducting estimated expenses are estimated to be approximately HK$43,400,000 (equivalent to RMB35,600,000) and the Company intends to use such net proceeds as to (i) approximately HK$20,000,000 (equivalent to RMB16,400,000) for settlement of outstanding debts and related interests; (ii) approximately HK$13,000,000 (equivalent to RMB10,700,000) reserved for acquisitions/investments as and when such opportunities arise; and (iii) approximately HK$10,400,000 (equivalent to RMB8,500,000) for general working capital, of which approximately HK$5,000,000 (equivalent to RMB4,100,000) will be used to settle Directors' fee and salaries, approximately HK$4,400,000 (equivalent to RMB3,600,000) will be used to settle professional fees and HK$1,000,000 (equivalent to RMB800,000) will be used for payment of rentals and utilities.

Save as disclosed above, the Group had no future plans for material investments and expected sources of funding as at 30 June 2015.

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency risk as certain financial assets and liabilities are denominated in foreign currencies, principally in Hong Kong dollars and Russian ruble. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currency which might materially affect the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

Capital Commitments

As at 30 June 2015, the Group had no capital commitments.

Contingent Liabilities

As at 30 June 2015, the banking facilities of RMB1,262,000 were granted to buyers of certain properties developed by the Group (2014: RMB2,058,000).

CORPORATE GOVERNANCE

The Group is committed to statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising accountability, transparency, independence, fairness and responsibility.

The Group has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Year, except for the code provision of E.1.2.

Under the code provision E.1.2 in respect of the communication with shareholders of the Company as absence of the chairman of the Board at the Company annual general meeting (the "AGM") on 12 December 2014 and extraordinary general meetings (the "EGMs") on 23 October 2014 because the respective chairman had commitments on other business occasions on the same day. An executive director had chaired the AGM and EGMs and answered questions from the shareholders.

Nomination Committee

According to code provision A.5.1 of the CG Code, the listed issuers should set up a nomination committee (the "Nomination Committee) with a majority of the members thereof being independent non-executive directors. The Company has established a Nomination Committee 26 March 2012 with the written terms of reference no less exacting terms than the CG Code. The Nomination Committee is responsible for electing and recommending candidates for directorship, based on assessment of their professional qualifications and experience and is also responsible for assessing the independence of the independent non-executive directors.

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") in November 2005 with written terms of reference no less exacting terms than the CG Code. The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the directors and senior management, as well as reviewing and having delegated responsibility to determine the remuneration package of individual directors and senior management, including benefits in kinds, pension rights and compensation payments, with reference to the Company's objectives from time to time.

Audit Committee

The Company established an audit committee (the "Audit Committee") in May 2001 with written terms of reference revised to be substantially the same as the provisions as set out in the CG Code. The Audit Committee acts as an important link between the Board and the Company's auditors in matters within the scope of the Group's audit. The duties of the Audit Committee are to review and discuss on the effectiveness of the external audit and risk evaluation of the Company, as well as the Company's annual report and interim report and to provide advice and comments to the Board. The Audit

Committee is also responsible for reviewing and supervising the Group's financial reporting and internal control. The Audit Committee has reviewed these annual results with management and agreed these annual results with external auditors of the Company.

Corporate Governance Committee

According to code provision D.3.2 of the CG Code, the Board should be responsible for performing the corporate governance duties or it may delegate the responsibility to a committee or committees. The Company has established a corporate governance committee (the "CG Committee") on 26 March 2012 with written terms of reference no less exacting terms than the CG Code. The CG Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance. The CG Committee had reviewed the corporate governance matters of the Company that the Company had complied with the principles and applicable code provisions of the CG Code and was not aware of any non-compliance to relevant applicable legal and regulatory requirements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 27 January 2015, 185,000,000 ordinary shares were placed to 11 placees, the independent third parties of the Group, at a placing price of HK$0.47 per share (the "2015 Placing"), resulting in the issue of 185,000,000 ordinary shares of HK$0.10 each. Gross proceeds from the 2015 Placing of HK$86,950,000 (equivalent to RMB68,619,000) were settled by cash.

During the Year, the subscription rights attaching to 28,000,000, 31,200,000, 5,384,000 and 29,060,000 share options were exercised at the subscription price of HK$0.287, HK$0.449, HK$0.306 and HK$0.610 per share, respectively, resulting in the issue of 93,644,000 ordinary shares of HK$0.10 each for a total cash consideration, before expenses, of HK$41,419,000 (equivalent to RMB32,800,000).

On 7 November 2014 and 5 December 2014, 3,000,000 and 2,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 16,666,667 ordinary shares of HK$0.10 each.

During the Year, 15,000,000 and 3,000,000 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.29 and HK$0.75 per share, respectively, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$6,600,000 (equivalent to RMB5,221,000).

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 year ended 30 June 2015.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

The results announcement of the Group for the year ended 30 June 2015 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk* and on the website of the Company at *http://kingwell.todayir.com*. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

On behalf of the Board
KINGWELL GROUP LIMITED
Yang Xue Jun
Executive Director

Hong Kong, 25 September 2015

As at the date of this announcement, the Board comprises Mr. Hui Lung Hing, Mr. Sze Ming Yee and Mr. Yang Xue Jun as executive Directors, and Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei as independent non-executive Directors.