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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 2016**

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 2016. The interim results of the Group are unaudited but have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2016

(Express in Renminbi)

		Six months ended 31 December	
		2016	2015
	Notes	(Unaudited) RMB'000	(Unaudited) RMB'000
REVENUE	4	39,956	8,392
Cost of sales		<u>(40,659)</u>	<u>(4,669)</u>
Gross (loss)/profit		(703)	3,723
Other income and gains	4	3,239	151
Selling and distribution expenses		(157)	(102)
Administrative expenses		(5,930)	(30,150)
Other expenses		(1,645)	(4,452)
Finance costs	5	(33)	(3,466)
Share of loss of an associate		<u>(4,613)</u>	<u>(2,287)</u>
LOSS BEFORE TAX	6	(9,842)	(36,583)
Income tax credit	7	<u>1,956</u>	<u>–</u>
LOSS FOR THE PERIOD		<u>(7,886)</u>	<u>(36,583)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>7,628</u>	<u>(4,858)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>7,628</u>	<u>(4,858)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(258)</u>	<u>(41,441)</u>
Loss for the period attributable to:			
Owners of the Company		(7,979)	(33,842)
Non-controlling interests		<u>93</u>	<u>(2,741)</u>
		<u>(7,886)</u>	<u>(36,583)</u>

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

For the six months ended 31 December 2016

(Express in Renminbi)

		Six months ended	
		31 December	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		(3,900)	(37,086)
Non-controlling interests		3,642	(4,355)
		<u>(258)</u>	<u>(41,441)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– For loss for the period		<u>RMB(0.3) cent</u>	<u>RMB(1.3) cents</u>
Diluted			
– For loss for the period		<u>RMB(0.3) cent</u>	<u>RMB(1.3) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Express in Renminbi)

		As at 31 December 2016 (Unaudited) RMB'000	As at 30 June 2016 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		1,720	1,778
Investment properties		3,950	3,950
Intangible assets		76,821	69,478
Investment in an associate		127,174	132,139
Deferred tax assets		4,187	4,187
		<u>213,852</u>	<u>211,532</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		77,992	79,650
Trade receivables	10	170	234
Prepayments, deposits and other receivables		253	4,006
Pledged deposits		230	735
Cash and cash equivalents		43,037	38,779
		<u>121,682</u>	<u>123,404</u>
Non-current assets classified as held for sale		270	39,270
		<u>121,952</u>	<u>162,674</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	11	2,350	2,599
Other payables and accruals		13,592	48,740
Tax payable		6,058	6,906
		<u>22,000</u>	<u>58,245</u>
Total current liabilities			
NET CURRENT ASSETS		<u>99,952</u>	<u>104,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>313,804</u>	<u>315,961</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2016**(Express in Renminbi)*

	As at 31 December 2016 (Unaudited) RMB'000	As at 30 June 2016 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>313,804</u>	<u>315,961</u>
NON-CURRENT LIABILITIES		
Non-redeemable convertible preferred shares	556	499
Deferred tax liabilities	<u>10,205</u>	<u>12,161</u>
Total non-current liabilities	<u>10,761</u>	<u>12,660</u>
Net assets	<u>303,043</u>	<u>303,301</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	252,856	252,856
Non-redeemable convertible preferred shares	2,252	2,252
Other reserves	<u>1,393</u>	<u>5,293</u>
	<u>256,501</u>	<u>260,401</u>
Non-controlling interests	<u>46,542</u>	<u>42,900</u>
Total equity	<u>303,043</u>	<u>303,301</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2016

(Express in Renminbi)

	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	<u>3,598</u>	<u>19,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	6	1
Purchases of items of property, plant and equipment	<u>(7)</u>	<u>(6)</u>
Net cash flows used in investing activities	<u>(1)</u>	<u>(5)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	38,660
Repayment of other borrowings	–	(15,600)
Interest paid	–	(3,466)
Repayment of the promissory note	<u>–</u>	<u>(22,621)</u>
Net cash flows used in financing activities	<u>–</u>	<u>(3,027)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,597	16,923
Cash and cash equivalents at 1 July	38,779	37,063
Effect of foreign exchange rate changes, net	<u>661</u>	<u>5,037</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>43,037</u>	<u>59,023</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>43,037</u>	<u>59,023</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 December 2016

(Express in Renminbi)

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 December 2016 (“Financial Statements”) 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 Financial Statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The 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 2016.

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2016.

3. OPERATING SEGMENT INFORMATION

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

- (a) the gold mining segment engages in the production and sale of gold; and
- (b) the property development and property leasing segment engages in the development of villas, apartments and commercial buildings and property leasing of self-owned properties.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s loss before tax 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 tax payable, non-redeemable convertible preferred shares, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (Continued)

Period ended 31 December 2016

	Gold mining (Unaudited) RMB'000	Property development and property leasing (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue:			
Sales to external customers	–	39,956	39,956
Other revenue	–	138	138
	<u>–</u>	<u>138</u>	<u>138</u>
	<u>–</u>	<u>40,094</u>	<u>40,094</u>
Segment results:	(4,423)	(3,529)	(7,952)
<u>Reconciliation:</u>			
Interest income and other income			3,101
Corporate and other unallocated expenses			(4,958)
Finance costs			<u>(33)</u>
Loss before tax			<u>(9,842)</u>

3. OPERATING SEGMENT INFORMATION (Continued)

Period ended 31 December 2015

	Gold mining (Unaudited) RMB '000	Property development and property leasing (Unaudited) RMB '000	Total (Unaudited) RMB '000
Segment revenue:			
Sales to external customers	–	8,392	8,392
Other revenue	–	150	150
	<u>–</u>	<u>8,542</u>	<u>8,542</u>
Segment results:	(3,443)	1,893	(1,550)
<u>Reconciliation:</u>			
Interest income and other income			1
Corporate and other unallocated expenses			(31,568)
Finance costs			<u>(3,466)</u>
Loss before tax			<u>(36,583)</u>

	Gold mining RMB '000	Property development and property leasing RMB '000	Total RMB '000
Segment Assets			
31 December 2016 (Unaudited)	<u>222,186</u>	<u>99,234</u>	<u>321,420</u>
30 June 2016 (Audited)	<u>219,776</u>	<u>146,703</u>	<u>366,479</u>
Segment Liabilities			
31 December 2016 (Unaudited)	<u>59</u>	<u>6,715</u>	<u>6,774</u>
30 June 2016 (Audited)	<u>88</u>	<u>46,133</u>	<u>46,221</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six Months ended	
	31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sales of properties	<u>39,956</u>	<u>8,392</u>
Other income and gains		
Bank interest income	6	1
Exchange gain	817	–
Other	<u>2,416</u>	<u>150</u>
	<u>3,239</u>	<u>151</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six Months ended	
	31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on:		
Other borrowings	33	461
Promissory note	<u>–</u>	<u>3,005</u>
	<u>33</u>	<u>3,466</u>

No interest was capitalised by the Group in both periods.

6. LOSS BEFORE TAX

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

	Six Months ended 31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	40,659	4,669
Depreciation	65	164
Amortisation of intangible assets	–	1
Minimum lease payments under operating leases:		
Land and buildings	214	305
Staff costs (including directors' remuneration)		
Salaries and wages	3,105	3,232
Equity-settled share option expense	–	14,915
Exchange (gain)/loss	(817)	4,452

7. INCOME TAX CREDIT

	Six Months ended 31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China		
Provision for corporate income tax	–	–
Deferred	1,956	–

No provision for Hong Kong profits tax has been made (2015: 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. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of RMB7,979,000 (2015: RMB33,842,000), and the weighted average number of ordinary shares of 2,884,091,737 (2015: 2,685,026,710) in issue during the period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of RMB7,979,000 (2015: RMB33,842,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 December 2016 and 2015, in respect of a dilution as the impact of the share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. DIVIDENDS

No interim dividends were declared for the six months ended 31 December 2016 and 2015.

10. TRADE RECEIVABLES

	31 December 2016 (Unaudited) RMB'000	30 June 2016 (Audited) RMB'000
Trade receivables	170	234
Impairment	<u>—</u>	<u>—</u>
	<u>170</u>	<u>234</u>

The Group's trade receivables arise from the sale of properties. Considerations in respect of the properties sold are payable by the buyers in accordance with the terms of the related sale and purchase agreements. Trade receivables are non-interest-bearing.

The balances of the trade receivables as at 31 December 2016 aged within 1 year based on the invoice date, which were neither past due nor impaired. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as they are still considered fully recoverable.

11. 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:

	31 December 2016 (Unaudited) RMB'000	30 June 2016 (Audited) RMB'000
Within 1 month	–	–
1 to 3 months	–	–
3 months to 1 year	653	1
Over 1 year	<u>1,697</u>	<u>2,598</u>
	<u>2,350</u>	<u>2,599</u>

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

12. OPERATING LEASE ARRANGEMENTS AS LESSEE

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

	31 December 2016 (Unaudited) RMB'000	30 June 2016 (Audited) RMB'000
Within one year	<u>573</u>	<u>673</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 31 December 2016 (the “Period”), revenue of the Group amounted to approximately RMB39,956,000 (2015: RMB8,392,000), representing an increase of approximately 376.1% as compared to the corresponding period in last year. The increase in revenue was mainly due to the increase in sales in property development and property leasing business.

During the Period, the Group recorded a gross loss of approximately RMB703,000 (2015: Gross profit of RMB3,723,000) and loss before tax of approximately RMB9,842,000 (2015: RMB36,583,000) respectively. The decrease in gross profit and the decrease in loss before tax were mainly due to the negative gross profit contribution from the property development and property leasing business, the decrease in administrative expenses and finance costs during the Period, respectively.

The loss attributable to ordinary equity holders of the Company for the Period was approximately RMB7,979,000 (2015: RMB33,842,000). The decrease in loss attributable to ordinary equity holders of the Company was due to the decrease in administrative expenses and finance costs during the Period. Basic loss per share during the Period was RMB0.3 cent (2015: RMB1.3 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 kilometres, the mine is operated by the gold mining company and located in Molchan river, Zeyskiy region, Amur area, the Russian Federation. The gold mining company is still in process of devising its production and exploitation plan.

On 30 January 2015, the Company acquired a 35% equity interest of Port First Limited (“Port First”). Major assets of Port First are its 70% equity interest in each of Longkou Jinxin Gold Co., Ltd. (“Jinxin Company”) and Longkou Jinhui Gold Co., Ltd. (“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 Period, the average selling price of gold was under great downward pressure which undermined the profitability of the gold mining business.

The gold mining business has valid licenses, environmental protection policies and permits for conducting its business operations and has complied with relevant local requirements and applicable laws and regulations for its business operations.

The principal risk and uncertainties of the gold mining business are (i) fluctuation of gold prices, which will directly affect the sale performance; and (ii) social and environmental issues, complaints or protests by the local community, and change of the environmental regulation or requirement will directly affect the efficiency and the cost of the operation.

During the Period, the gold mining segment recorded a loss of approximately RMB4,423,000 as compared to a loss of approximately RMB3,443,000 in the same period in 2015. As at 31 December 2016, the gold mining business had segment assets of approximately RMB222,186,000 (30 June 2016: RMB219,776,000) and segment liabilities of approximately RMB59,000 (30 June 2016: RMB88,000).

Property Development and Property Leasing Business

The property development project “Anlu Taihe Paradise” at Liang Ji Bei Road, Anlu Economic Development District in Anlu city, Hubei province in the PRC (Postal code 432600), is 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 and are approved for residential and commercial composite uses. The land use rights of the properties have been granted for a term expiring on 22 August 2065.

The property development and property leasing business has valid licenses and permits for conducting its business operation, and has complied with relevant local requirements and applicable laws and regulations for its business.

The principal risk and uncertainties of the property development and property leasing business are (i) economic conditions, both domestic and global issues will directly affect the sale performance; and (ii) government policy change, any change of the PRC government policies over the property industry in China will directly affect the sale performance and the cost of operation.

Some of properties are held by the Group as investment purpose (as shops and kindergarten) to generate the rental income, and one of the properties is held for sale. The property held for sale is a shop. During the Period, the PRC property market condition had made challenges to the property development and property leasing business. The property sales situations and average selling prices were still under great pressure and undermined the profitability of the property development and property leasing business.

On 26 September 2016, the property development and property leasing segment entered into a sale and purchase agreement with an independent third party to dispose of certain properties for a consideration of RMB39,394,000. Details of the transaction are set out in the announcement of the Company dated 26 September 2016.

During the Period, the property development and property leasing segment recorded a loss of approximately RMB3,529,000 as compared to a profit of approximately RMB1,893,000 in the same period in 2015. As at 31 December 2016, the property development and property leasing business had segment assets of approximately RMB99,234,000 (30 June 2016: RMB146,703,000) and segment liabilities of approximately RMB6,715,000 (30 June 2016: RMB46,133,000).

BUSINESS PROSPECTS

In order to sustain the continuous growth of the Group and meet the coming challenges, the Group developed its property development and property leasing business in Anlu city, Hubei province in the PRC. The real estate project, comprising various types of properties including villas, apartments and commercial buildings. Although the property market is still under great pressure, we expect that the property development and property leasing business will provide positive contribution in the future.

In August 2012, the Group acquired a gold mining company in the 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 turnaround the loss situations in the future.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB43,037,000 (30 June 2016: RMB38,779,000), RMB99,952,000 (30 June 2016: RMB104,429,000) and RMB313,804,000 (30 June 2016: RMB315,961,000) respectively.

Total equity attributable to owners of the Company as at 31 December 2016 decreased by RMB3,900,000 to RMB256,501,000 (30 June 2016: RMB260,401,000). The gearing ratio (calculated as the ratio of net debt: adjusted capital and net debt) of the Group as at 31 December 2016 was in net cash position (12%) (30 June 2016: 5%).

SIGNIFICANT INVESTMENTS

The Group had no significant investment held during the six months ended 31 December 2016.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group had no acquisition and disposals of subsidiaries and associated companies.

EMPLOYMENT INFORMATION

As at 31 December 2016, the Group employed a total of 38 (2015: 38) employees. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the competitiveness of the Group's remuneration policy within the relevant industry. During the Period, the employment cost (including Directors' emoluments) amounted to approximately RMB3,105,000. 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 scheme (the "2010 Scheme"). There were 245,179,840 share options outstanding under the 2010 Scheme as at 31 December 2016.

CHARGES ON GROUP ASSETS

As at 31 December 2016 and 30 June 2016, no Group assets were pledged to secure general banking facilities to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

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

The Group had no future plans for material investments and expected sources of funding as at 31 December 2016.

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 Russia ruble. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currencies which might materially affect the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENT

As at 31 December 2016, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2016, the banking facilities of RMB230,000 were granted to the buyers of certain properties developed by the Group (30 June 2016: RMB735,000).

DIVIDENDS

The Board did not declare the payment of any interim dividend for the six months ended 31 December 2016 (2015: Nil).

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 2016	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2016	Exercisable period	Exercise price HK\$	Market value per share at date of grant of options HK\$
(a) <i>Director</i>									
Mr. Mu Dongsheng	14 October 2015	13,000,000	–	–	–	13,000,000	14 October 2015 to 13 October 2019	0.300	0.300
(b) <i>Eligible employees</i>									
	8 January 2014	12,891,840	–	–	–	12,891,840	8 January 2014 to 7 January 2019	0.587	0.600
	9 January 2015	17,576,000	–	–	–	17,576,000	9 January 2015 to 8 January 2020	0.560	0.550
	14 October 2015	61,000,000	–	–	–	61,000,000	14 October 2015 to 13 October 2019	0.300	0.300
(c) <i>Eligible consultants</i>									
	8 January 2014	38,896,000	–	–	–	38,896,000	08 January 2014 to 07 January 2019	0.587	0.600
	9 January 2015	88,816,000	–	–	–	88,816,000	9 January 2015 to 8 January 2020	0.560	0.550
	14 October 2015	13,000,000	–	–	–	13,000,000	14 October 2015 to 13 October 2019	0.300	0.300
		<u>245,179,840</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>245,179,840</u>			

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

As at 31 December 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares of the Company

Name	Capacity	Number of Shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Total approximate % of the issued share capital
Mr. Sze Ming Yee	Interest held as beneficial owner and through controlled corporation	384,198,376	384,198,376 (Note 1)	–	13.32%
Mr. Mu Dongsheng	Beneficial owner	13,000,000	–	13,000,000 (Note 2)	0.45%

Note 1: 384,198,376 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 Mr. Sze Ming Yee.

Note 2: 13,000,000 shares options are held by Mr. Mu Dongsheng.

Save as disclosed above, as at 31 December 2016, 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.

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

As at 31 December 2016, 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	Total Approximate % of the issued share capital
Union Day Group Limited	Beneficial Owner	384,198,376	384,198,376 (Note 1)	–	13.32%
Mr. Hui Lung Hing	Beneficial Owner	286,097,777	277,777,777	8,320,000 (Note 2)	9.92%
Mr. Yin Jia Tang	Beneficial Owner	166,162,963	160,962,963	5,200,000 (Note 3)	5.76%

Note 1: 384,198,376 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 Mr. Sze Ming Yee.

Note 2: 8,320,000 share options are held by Mr. Hui Lung Hing.

Note 3: 5,200,000 share options are held by Mr. Yin Jia Tang.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 31 December 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the sections headed “Share Options” and “Directors’ and Chief Executives’ Interests in Securities and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the Period was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective close associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

During the Period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules except the following deviation:

Code Provision A.6.7

Under the code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some non-executive Directors were not able to attend the annual general meeting held on 16 December 2016 due to their respective business engagements. Other Board members who attend the annual general meeting were already of sufficient calibre and number for answering questions raised by the shareholders at that annual general meeting.

MODEL CODE

The Company has adopted the Model Code of securities transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the Period.

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 close 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 Mr. Yang Xue Jun, and independent non-executive Directors, namely Mr. Ling Aiwen and Mr. Cheung Chuen, is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management of the Company, as well as reviewing and determining 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, risk management and internal control systems 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. Ling Aiwen, Mr. Han Hongwei and Mr. Cheung Chuen. The Company's interim results for the six months ended 31 December 2016 have not been audited, but have been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT

The result announcement is published on The Stock Exchange's website at <http://www.hkex.com.hk> and the Company's website at <http://www.kingwell.todayir.com>. The interim report will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
KINGWELL GROUP LIMITED
Mu Dongsheng
Chairman

Hong Kong, 24 February 2017

As at the date of this announcement, the Board comprises Mr. Mu Dongsheng, Mr. Yang Xue Jun and Mr. Sze Ming Yee as Executive Directors, and Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei as Independent Non-executive Directors.