

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KINGWELL GROUP LIMITED

京維集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

CLARIFICATION ANNOUNCEMENT

Reference is made to the annual report for the year ended 30 June 2014 (the “Annual Report”) issued by Kingwell Group Limited, in relation to the issue of shares and the issue of warrants (the “Fund Raising”) under general mandate. Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as defined in the Annual Report.

The Board would like to clarify the specific disclosure requirements under paragraph 11 of Appendix 16 to the Listing Rules relating to the Fund Raising as below:

Issue of shares by placing of new shares with not less than six placees under general mandate on 11 November 2013:

1. Reasons for the placing are that the Directors have considered various methods of raising funds such as right issue and open offer and considered that the placing is the most efficient way in terms of cost and time involved for the Company. The placing also provides an opportunity for the Company to broaden its shareholder base and capital case. Also, the Directors considered the entering into of the placing agreements is in the interest of the Company and the Shareholders as a whole.
2. The net price per placing share is approximately HK\$0.478 per new share.
3. To the best knowledge, information and belief of the Directors after having made reasonable enquiries, each placee is an individual investor in Hong Kong or in the PRC and none of them is a connected person of the Company and/or any of their associates.
4. According to the placing agreements on 11 November 2013, the Company agreed to place and the placees agreed to subscribe of 302,746,064 placing shares at the placing price of HK\$0.48 per placing share on 11 November 2013. The placing price of HK\$0.48 per placing share represents:
(i) a discount of approximately 17.24% to the closing price of the Shares of HK\$0.58 per share as

quoted on the Stock Exchange on 11 November 2013; (ii) a discount of approximately 18.64% to the average closing price of the Shares of approximately HK\$0.59 per share as quoted on the Stock Exchange for the five consecutive trading days ending on 11 November 2013; (iii) a discount of approximately 14.29% to the average closing price of the Shares of approximately HK\$0.56 per share as quoted on the Stock Exchange for the ten consecutive trading days ending on 11 November 2013; and (iv) a premium of approximately 433.33% over the audited consolidated net asset value per Share of approximately HK\$0.09 calculated based on the audited consolidated net asset value of the Group of approximately RMB137,738,000 (approximately HK\$174,032,000) as at 30 June 2013 and 1,851,301,833 Shares in issue on 11 November 2013.

The placing price was arrived at and fixed on 11 November 2013 after arm's length negotiations among the Company and the Placees with reference to the prevailing market price of the Shares and the audited consolidated net asset value per share as at 30 June 2013.

The Directors considered that the placing price and terms of the placing agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

5. The proceeds of the placing were applied as below: (i) reduction of interest-bearing borrowings for the amount of approximately HK\$53,271,000 and (ii) general working capital of the Group for the amount of approximately HK\$57,969,000. The remaining balance for the amount of approximately HK\$33,380,000 was kept in bank as working capital as at 30 June 2014.

Issue of warrants with six subscribers under general mandate on 9 May 2014:

1. Reasons for issuing of warrants are that the Directors considered that, in the event the subscription rights attaching to the warrants are exercised, the subscription represents a good opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The Directors considered the terms of the warrant subscription agreements are fair and reasonable and the subscription is in the interest of the Company and the Shareholders as a whole.
2. The net issue price per warrant is HK\$0.01 and the net subscription price is HK\$0.75 per new share.
3. To the best knowledge, information and belief of the Directors after having made reasonable enquiries, the subscribers are third parties independent of the Company and not connected with the Company and its connected person.
4. According to the subscription agreement on 9 May 2014, the Company agreed to issue and the subscribers agreed to subscribe up to 430,000,000 Warrants. On 12 May 2014, the Company and the subscribers agreed to reduce the number of subscription to 370,000,000 Warrants. The subscription price per new share and the issue price per warrant (being HK\$) represent: (a) a premium of approximately 5.56% over closing price of HK\$0.72 per share as quoted on the Stock Exchange on 9 May 2014; (b) a premium of approximately 7.65% over the average of the closing prices of approximately HK\$0.71 per share for the five trading days of the shares up to and including 9 May 2014; (c) a premium of approximately 11.76% over the average of the closing

prices of approximately HK\$0.68 per share for the ten trading days of the Shares up to and including 9 May 2014; and (d) a premium of approximately 850% over the audited consolidated net asset value per share of approximately HK\$0.08 calculated based on the audited consolidated net asset value of the Group of approximately RMB137,738,000 (approximately HK\$173,385,000) as at 30 June 2013 and 2,223,047,897 shares in issue as at 9 May 2014.

The subscription price and issue price were determined and fixed after arm's length negotiation between the Company and the subscribers, after considering the Group's existing financial position, liquidity of the shares in the market and the number of new shares.

The Directors considered that the terms of the warrant subscription agreements (including the issue price and the subscription price) are fair and reasonable and the subscription is in the interest of the Company and the Shareholders as a whole.

5. The proceeds for the amount of approximately HK\$3,700,000 was kept in bank for working capital as at 30 June 2014.

All other information on the Annual Report for the year ended 30 June 2014 remains true and accurate.

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

Hong Kong, 19 January 2015

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