CW GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1322)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2012	2011	Increase/
	HK$'000	*HK$'000*	(Decrease)
Revenue	**818,535**	753,566	8.6%
Cost of sales	**(595,453)**	(574,097)	3.7%
Gross profit	**223,082**	179,469	24.3%
Gross profit margin	**27.3%**	23.8%	3.5%
Net profit for the year			
– before deduction of Listing expenses	**80,736**	72,205	11.8%
– after deduction of Listing expenses	**55,115**	68,015	(19.0%)

- Revenue for the financial year ended 31 December 2012 reached approximately HK$818.5 million, representing an increase of 8.6% over the preceding financial year.
- Gross profit increased 24.3% to approximately HK$223.1 million for the year ended 31 December 2012 as compared with approximately HK$179.5 million for the year ended 31 December 2011.
- Gross profit margin increased 3.5% to 27.3% for the year ended 31 December 2012 from the corresponding period in 2011.
- Net profit (before deduction of Listing expenses) at approximately HK$80.7 million for the year ended 31 December 2012 represented an increase of 11.8% over the corresponding period in 2011.
- Net profit for the year ended 31 December 2012, after deduction of Listing expenses of approximately HK$25.6 million, became approximately HK$55.1 million as compared to approximately HK$68.0 million for the corresponding period in 2011.
- Earnings per share for the year ended 31 December 2012 was approximately HK9.57 cents.

The board of directors (the "**Board**") of CW Group Holdings Limited (the "**Company**") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 December 2012, together with comparative figures for the preceding financial year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	*4*	**818,535**	753,566
Cost of sales		**(595,453)**	(574,097)
Gross profit		**223,082**	179,469
Other income and gains	*4*	**3,498**	1,369
Selling and distribution expenses		**(31,138)**	(27,995)
Administrative expenses		**(68,137)**	(34,105)
Finance costs	*5*	**(30,830)**	(25,466)
Other operating expenses		**(15,720)**	(745)
Profit before tax	*6*	**80,755**	92,527
Income tax expense	*7*	**(25,640)**	(24,512)
Profit for the year		**55,115**	68,015
Other comprehensive income			
Exchange difference on translation of foreign operations		**14,476**	6,739
Other comprehensive income for the year, net of tax		**14,476**	6,739
Total comprehensive income for the year		**69,951**	74,754
Profit for the year attributable to:			
Owners of the Company		**55,115**	68,015
Total comprehensive income for the year attributable to:			
Owners of the Company		**69,591**	74,754
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted *(HK cents)*			
– For profit for the year	*8*	**9.57**	14.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	31 December 2012 HK$'000	31 December 2011 HK$'000
Non-current assets			
Property, plant and equipment		**44,465**	33,356
Prepaid land lease payments		**816**	823
Deferred tax assets		**75**	96
Goodwill		**34,667**	34,396
Investment in jointly controlled entities		**–**	–
		80,023	68,671
Current assets			
Inventories		**23,289**	21,685
Trade receivables	*9*	**630,168**	566,578
Other receivables		**299,872**	147,741
Cash and bank balances	*10*	**133,587**	38,800
		1,086,916	774,804
Current liabilities			
Bank loans and overdrafts		**1,705**	6,499
Trade payables	*11*	**432,409**	378,216
Other payables and accruals		**123,877**	103,742
Redeemable convertible loan	*12*	**–**	54,479
Derivative liabilities	*12*	**–**	43,434
Finance lease payable		**550**	561
Tax payable		**25,259**	16,443
		583,800	603,374
Net current assets		**503,116**	171,430
Total assets less current liabilities		**583,139**	240,101

	Note	31 December 2012 HK$'000	31 December 2011 HK$'000
Non-current liabilities			
Bank loans		**–**	1,614
Finance lease payable		**80**	621
Deferred tax liabilities		**12,571**	20,584
		12,651	22,819
Net assets		**570,488**	217,282
Capital and reserves			
Issued capital	*13*	**6,164**	125,472
Retained earnings		**199,018**	160,555
Share premium reserve		**421,925**	–
Other reserves		**(56,619)**	(68,745)
Total equity attributable to owners of the Company		**570,488**	217,282

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

CW Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. On 13 April 2012, the Company was admitted to the official list of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clifton Houses, 75 Fort Street, PO box 1350, Grand Cayman, Ky1-1108, Cayman Islands. The Company's principal place of business in Hong Kong is located at 22nd floor, World-Wide House, Central, Hong Kong. The principal business activities of the Company and its subsidiaries (the "Group") are described in Note 3.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

Basis of preparation

The annual consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the International Financial Reporting Standard issued by the International Accounting Standards Board ("IASB").

The IASB issued a number of new or revised IFRSs which are generally effective for annual periods beginning on 1 January 2011 and 1 January 2012.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters IFRS 7 Financial Instruments: Disclosures (Amendments)*
- IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

The adoption of the standards or interpretations is described below:

IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Group.

IFRS 7 ***Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements***

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- **IAS 1** ***Presentation of Items of Other Comprehensive Income – Amendments to IAS 1***
- **IAS 19** ***Employee Benefits (Revised)***
- **IAS 28** ***Investments in Associates and Joint Ventures (as revised in 2011)***
- **IAS 32** ***Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32***
- **IFRS 1** ***Government Loans – Amendments to IFRS 1***
- **IFRS 7** ***Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7***
- **IFRS 9** ***Financial Instruments: Classification and Measurement***
- **IFRS 10** ***Consolidated Financial Statements, IAS 27 Separate Financial Statements***
- **IFRS 12** ***Disclosure of Interests in Other Entities***
- **IFRS 13** ***Fair Value Measurement***
- **IFRIC 20** ***Stripping Costs in the Production Phase of a Surface Mine***

Annual Improvements May 2012 which include the following:

- **IFRS 1** ***First-time Adoption of International Financial Reporting Standards***
- **IAS 1** ***Presentation of Financial Statements***
- **IAS 16** ***Property Plant and Equipment***
- **IAS 32** ***Financial Instruments, Presentation***
- **IAS 34** ***Interim Financial Reporting***

These improvements are effective for annual periods beginning on or after 1 January 2013 and will not have any significant impact to the Group.

The adoption of the above standards which are issued but not yet effective will not have any significant impact to the Group other than IFRS 11 Joint Arrangements as described below:

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will impact the consolidated statement of comprehensive income, consolidated statement of financial position and various related disclosure notes of the Group by eliminating proportionate consolidation of the joint venture in KIWA-CW Machine Manufacturing Pte. Ltd. and KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd. With the application of the new standard, the investment in KIWA-CW Machine Manufacturing Pte.Ltd. and KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd. will be accounted for using the equity method of accounting. This standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application.

3. OPERATING SEGMENT INFORMATION

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

(a) Precision engineering solution projects – relates to provision of industrial solutions specific to machine tools and industrial machinery and equipment encompassing conceptualization and design to production set-up, commissioning and maintenance of production lines.

(b) Sales of Computer Numeric Control ("CNC") machining centres – relates to sales of precision engineering manufacturing equipment operable under CNC automation.

(c) Sales of cement production equipment – relates to sales of equipment (rotor weighfeeders and clinker coolers) primarily for the construction materials industry.

(d) Sales of components and parts – relates to sales of self-manufactured and trading of components and parts.

(e) After-sales technical support services – relates to provision of repairs and maintenance services for the above segments.

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

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, the amount due to related company, redeemable convertible loan, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2012

	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of cement production equipment *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	399,210	124,168	101,796	106,448	86,913	818,535
Intersegment sales	2,070	402	–	1,742	–	4,214
	401,280	124,570	101,796	108,190	86,913	822,749
Reconciliation						
Elimination of intersegment sales						(4,214)
Revenue						818,535
Segment results	96,449	23,052	41,409	11,251	50,921	223,082
Reconciliation						
Interest income						498
Unallocated other income and gains						3,000
Corporate and other unallocated expenses						(114,995)
Finance costs						(30,830)
Profit before tax						80,755

Year ended 31 December 2012

	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of cement production equipment *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Total *HK$'000*
Segment assets	476,429	54,446	45,886	31,216	63,831	671,808
Reconciliation						
Corporate and other unallocated assets						495,131
Total assets						1,166,939
Segment liabilities	242,783	73,162	19,527	42,768	53,939	432,179
Reconciliation						
Corporate and other unallocated liabilities						164,272
Total liabilities						596,451
Other segment information:						
Other non-cash expenses*	–	(79)	(134)	–	–	(213)
Depreciation	–	(558)	(295)	(1,002)	(46)	(1,901)
Capital expenditure**	–	(3,233)	(1,292)	(7,601)	–	(12,126)

Year ended 31 December 2011

	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of cement production equipment *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	351,836	71,467	158,969	150,781	20,513	753,566
Intersegment sales	478	796	–	1,381	–	2,655
	352,314	72,263	158,969	152,162	20,513	756,221
Reconciliation						
Elimination of intersegment sales						(2,655)
Revenue						753,566
Segment results	58,684	14,643	75,705	14,983	15,535	179,550
Reconciliation						
Interest income						557
Unallocated other income and gains						812
Corporate and other unallocated expenses						(62,926)
Finance costs						(25,466)
Profit before tax						92,527

Year ended 31 December 2011

	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of cement production equipment *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Total *HK$'000*
Segment assets	378,414	29,857	57,997	128,899	6,473	601,640
Reconciliation						
Corporate and other unallocated assets						241,835
Total assets						843,475
Segment liabilities	246,346	11,277	25,388	86,927	4,419	374,357
Reconciliation						
Corporate and other unallocated liabilities						251,836
Total liabilities						626,193
Other segment information:						
Other non-cash expenses*	(61)	22	120	–	–	81
Depreciation	–	(431)	(574)	(991)	(32)	(2,028)
Capital expenditure	–	(155)	(877)	(7,837)	–	(8,869)

* Other non-cash expenses constitute allowance for doubtful debts that are directly attributable to the respective business segments.

** Capital expenditure relates to additions of property, plant and equipment.

Geographical information

The Group's revenues from external customers by geographical locations are as follows:

	2012		2011	
	HK$'000	***%***	*HK$'000*	*%*
Asia Pacific region:				
The PRC	**208,037**	**25.4**	246,583	32.7
Singapore	**97,104**	**11.9**	111,672	14.8
Indonesia	**232,576**	**28.4**	107,479	14.3
Malaysia	**42,417**	**5.2**	51,275	6.8
Thailand	**55,625**	**6.8**	29,241	3.9
India	**82,788**	**10.1**	94,238	12.5
Hong Kong	**22,787**	**2.8**	4,088	0.5
Others	**4,869**	**0.6**	3,650	0.5
Europe	**72,332**	**8.8**	105,222	14.0
Others	**–**	**–**	118	0.0
Total	**818,535**	**100.0**	753,566	100.0

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the year:

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

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**731,622**	733,054
Rendering of services	**86,913**	20,512
	818,535	753,566
Other income		
Bank interest income	**498**	557
Rental income	**407**	114
Government subsidy	**651**	523
Gain on disposal of property, plant and equipment (net)	**1,165**	–
Management fee	**264**	–
Sponsorship	**282**	–
Others	**231**	175
	3,498	1,369

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on finance leases	**77**	156
Bank overdraft interest and charges	**344**	714
Bank and other finance charges	**6,275**	4,035
Interest on bank loans wholly repayable within five years	**136**	425
Amortised interest on redeemable convertible loan	**–**	19,824
Fair value change of embedded derivatives	**23,998**	312
	30,830	25,466

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**585,261**	565,368
Net foreign exchange loss*	**15,351**	459
Listing expenses	**25,621**	4,190
Depreciation	**4,319**	4,195
Employee benefits expenses (including directors' remuneration)**	**33,507**	27,455
Allowance for/(write-back of) impairment on doubtful debts	**210**	(81)
Loss on disposal of property, plant and equipment (net)	**–**	2
Loss on disposal of subsidiary	**368**	–

* These amounts are included in "Other operating expenses" in the consolidated statement of comprehensive income.

** This amount includes contribution to retirement benefits schemes of HK$4,837,000 (2011: HK$3,522,000).

7. INCOME TAX EXPENSE

The major components of income tax expense in the consolidated statement of comprehensive income are:

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
– Current year	**23,712**	19,859
– Over provision in prior year	**–**	24
Deferred tax		
– Current year	**1,928**	4,629
Total income tax recognised in profit or loss	**25,640**	24,512

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$55,115,000 (2011: HK$68,015,000) and the weighted average number of 575,777,047 ordinary shares in issue during the period, comprising the pre-offering capital of 466,417,000 ordinary shares and the newly-issued 150,000,000 ordinary shares pursuant to the offering (2011: the pre-offering capital of 466,417,000).

No diluted earnings per share amounts have been presented for the years ended 31 December 2012 and 2011 as there are no dilutive potential ordinary shares as at 31 December 2012 and 2011. The calculation of earnings per share for the year ended 31 December 2011 is based on the profit for the year attributable to the owners of the Company and the pre-offering capital of 466,417,000.

	2012	2011
Earnings per share (HK cents)	**9.57**	14.58

9. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**534,828**	462,246
Less: Impairment	**(347)**	(334)
	534,481	461,912
Accrued revenue	**95,687**	104,666
	630,168	566,578

The Group's trading terms with its customers are mainly on credit except for certain new customers where payment in advance is required. The average trade credit period ranged from 30 days to 360 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Accrued revenue represents amounts due from customers with respect to machinery and equipment delivered to customers or where customers have taken over the ownership of the equipment for which billings have yet to be rendered.

Included in trade receivables are retention sums as follows:

	2012	2011
	HK$'000	*HK$'000*
Retention sums	**4,894**	2,481

The following is an aged analysis of the Group's trade receivables (net of allowance for doubtful debts and excluding accrued revenue) as at 31 December 2012 and 2011, presented based on invoice date:

	2012	2011
	HK$'000	*HK$'000*
0 to 90 days	**267,638**	181,359
91 to 180 days	**203,968**	121,024
181 to 360 days	**51,068**	122,314
Over 360 days	**11,807**	37,215
	534,481	461,912

10. CASH AND BANK BALANCES

	2012	2011
	HK$'000	*HK$'000*
Cash on hand	**54**	126
Bank balances	**130,226**	32,349
Fixed deposits	**3,307**	6,325
Cash and bank balances	**133,587**	38,800

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest at the respective short-term time deposit rates. The bank balances and fixed deposits are deposited with creditworthy banks with no recent history of default.

11. TRADE PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**202,877**	144,679
Accrued payables	**79,739**	176,797
Bills payables	**149,793**	56,740
	432,409	378,216

The following is an aged analysis of the Group's trade payables (excluding bills payable and accrued payables) as at 31 December 2012 and 2011, presented based on invoice date:

	2012	2011
	HK$'000	*HK$'000*
0 to 90 days	**108,301**	60,020
91 to 180 days	**22,879**	58,156
181 to 360 days	**52,878**	16,031
Over 360 days	**18,819**	10,472
	202,877	144,679

Bills payables are payable to the bank within 180 days.

12. REDEEMABLE CONVERTIBLE LOAN AND DERIVATIVE LIABILITIES

Redeemable convertible loan and derivative liabilities comprise:

	Note	2012 HK$'000	2011 HK$'000
Redeemable convertible loan	*(ii)*	–	54,479
Derivative liabilities			
– Pre-IPO investment	*(i)*	–	9,400
– Redeemable convertible loan	*(ii)*	–	34,034
		–	43,434

(i) Pre-IPO investment

The derivative relates to an anti-dilution clause stipulated in the sale and purchase agreement entered into between SG Tech Holdings Limited and SeptWolves Group (Asia) Investments Limited ("SeptWolves") dated 9 April 2010 and supplemented by a supplemental agreement on 31 May 2010. On 13 April 2012, 27,985,000 ordinary shares of the Company were issued to SeptWolves pursuant to the Reorganisation Exercise undertaken by the Group.

(ii) Redeemable convertible loan

Pursuant to a redeemable convertible loan agreement entered into, amongst others, the Group and a number of investors (the "Investors") dated 21 April 2010 (as supplemented by a supplemental and novation agreement dated 31 May 2010), the Group was granted by the Investors a redeemable convertible loan of S$9,000,000 (equivalent to HK$50,027,000).

On 13 April 2012, 92,379,600 ordinary shares of the Company were issued to the respective investors for share swap exercise pursuant to the Reorganisation Exercise undertaken by the Group and the derivative liabilities were derecognised accordingly.

13. ISSUED CAPITAL

For the purpose of the preparation of the combined financial statements for the financial year ended 31 December 2011, the balance of the issued capital as at 31 December 2011 represented the issued share capital of its subsidiary, SG Tech Holdings Limited.

Reorganisation of the Company ("Reorganisation Exercise")

Pursuant to a sale and purchase agreement dated 9 March 2012, the Company allotted and issued, on 13 March 2012, shares credited as fully paid to the shareholders of SG Tech Holdings Limited in the same proportion as their respective shareholdings in SG Tech Holdings Limited, in consideration of the shareholders of SG Tech Holdings Limited transferring all the issued shares of SG Tech Holdings Limited to SG (BVI) Limited. Accordingly, the Company allotted and issued 1,070,524 shares, 225,000 shares, 278,000 shares, 231,000 shares, 72,000 shares, 279,850 shares, 1,493,999 shares, 90,000 shares, 513,220 shares, 153,966 shares, 102,644 shares, 35,925 shares, 25,661 shares, 25,661 shares, and 66,719 shares to Mr. Fu Junwu, Mr. Wong Mun Sum, Mr. Tay Choon Siong, Mr. Wong Koon Lup, Charter Field Enterprises Limited, Septwolves Group (Asia) Investments Limited, WMS Holding Pte. Ltd., World Leap Corporation, Phillip Ventures Enterprise Fund 2 Ltd., 3VS1 Asia Growth Fund Ltd., Skylight Enterprises Group Ltd., Mr. Julian Lionel Sandt, Mr. Daniel Long Chee Tim, Mr. Terrance Tan Kong Hwa and Polygon Capital Limited, respectively.

On 14 March 2012, the shareholders of the Company resolved to increase the authorized share capital of the Company from HK$390,000 to HK$100,000,000 by the creation of additional 9,961,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

In addition, the shareholders also passed a resolution to capitalise an amount of HK$4,617,528.30 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 461,752,830 shares for allotment and to issue to the person(s) whose name(s) will appear on the register of members of the Company at 8:00 am (Hong Kong time) on 29 March 2012 in proportion to its/their then existing shareholding(s) in the Company, each ranking pari passu in all respects with the then existing issued shares.

Upon completion of the Reorganisation Exercise, the Company became the holding company of the Group.

The Company issued the prospectus and the supplemental prospectus on 20 March 2012 and 5 April 2012, respectively, pursuant to which the Company and certain shareholders offered 150,000,000 shares and 12,500,000 shares, respectively to the public for subscription by way of initial public offering. Consequently, the subscription price was determined at HK$1.33 per share and the Company received net proceeds of approximately HK$163.8 million prior to charging of listing expenses which were deferred as at 31 December 2011. The Company's shares were subsequently listed for trading on the Main Board of The Stock Exchange of Hong Kong Limited on 13 April 2012.

Upon initial public offering, the share capital of the Company is as follows:

	HK$'000
Authorised share capital:	
10,000,000,000 shares of HK$0.01 per share	100,000
Issued and fully paid share capital:	
616,417,000 shares of HK$0.01 per share	6,164

14. FINANCIAL INSTRUMENTS

Fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Cash and bank balances, trade receivables, trade payables, financial assets included in other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties and jointly-controlled entities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of bank loans and finance lease payables are reasonable approximation of fair values either due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

	31 December 2012 *HK$'000*	31 December 2011 *HK$'000*
Level 3		
Derivative liabilities	**–**	43,434

Reconciliation of Level 3 fair value measurements of financial liabilities

	Unlisted options ***HK$'000***
Pre-IPO investment and redeemable convertible loan at 1 January 2011	43,014
Total gains or losses in profit or loss	312
Foreign currency translation recognised in other comprehensive income	108
At 31 December 2011 (Audited)	43,434
At 1 January 2012	**43,434**
Derecognition of redeemable convertible loan	**(67,213)**
Total losses in profit or loss	**23,779**
At 31 December 2012 (Unaudited)	**–**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

For the year ended 31 December 2012, revenue of the Group reached approximately HK$818.5 million, representing an increase of approximately HK$64.9 million or 8.6% from approximately HK$753.6 million for the corresponding period last year. Set out below is a breakdown of our revenue by our five business segments:

	For the year ended 31 December			
	2012		2011	
	HK$'000	*%*	*HK$'000*	*%*
Precision engineering solutions projects	**399,210**	**48.8**	351,836	46.7
Sales of cement production equipment	**101,796**	**12.4**	158,969	21.1
Sales of CNC machining centres	**124,168**	**15.2**	71,467	9.5
Sales of components and parts	**106,448**	**13.0**	150,781	20.0
After-sales technical support services	**86,913**	**10.6**	20,513	2.7
Total	**818,535**	**100.0**	753,566	100.0

Revenue from precision engineering projects relates primarily to the provision of precision engineering solutions specific to machine tools and machinery and equipment encompassing their conceptualisation and design to production line set-up, commissioning and maintenance of production lines. For the years ended 31 December 2012 and 2011, approximately 48.8% and 46.7% of our total revenue was derived from precision engineering solutions projects respectively. This is in line with the Group's strategy to focus more on precision engineering solutions projects.

Revenue from sales of cement production equipment relates primarily to the sale of equipment (rotor weighfeeders and clinker coolers) for the construction materials industry. For the years ended 31 December 2012 and 2011, approximately 12.4% and 21.1% of our total revenue was derived from sales of cement production equipment respectively. This decrease in contribution was due primarily to the slowdown in the construction sector brought about by the continued cooling measures by the Chinese government on the property sector.

Revenue from sales of CNC machining centres primarily relates to sales of precision engineering manufacturing equipment operable under CNC automation. For the years ended 31 December 2012 and 2011, approximately 15.2% and 9.5% of our total revenue was derived from sales of CNC machining centres respectively. The increase was attributable mainly to increases in sales to customers in the precision engineering and automotive sectors to countries such as Indonesia, India and Malaysia.

Revenue from sales of components and parts relates primarily to sales of self-manufactured and trading of components and parts. Revenue from this business segment decreased with contributions to our total revenue of approximately 13.0% and 20.0% for the years ended 31 December 2012 and 2011 respectively. The decrease was mainly attributable to orders to source and trade photovoltaic components and parts in 2011 which are non-recurring.

Revenue from after-sales technical support services consists primarily of the provision of technical repairs and maintenance services in relation to our Group's other business segments. Revenue from this business segment increased with contributions to our total revenue of approximately 10.6% and 2.7% for the years ended 31 December 2012 and 2011 respectively.

Cost of Sales

The costs of sales of our Group accounted for approximately 72.7% and 76.2% of our revenue during the years ended 31 December 2012 and 2011 respectively. Our cost of sales comprise primarily (i) cost of goods sold, (ii) direct labour costs, and (iii) direct depreciation expenses, which are costs incurred directly in relation to our revenue. Factors affecting our cost of sales include: (a) prices and availability of raw materials such as cast iron; and (b) salaries and related expenses of our engineers and skilled labour.

The following table sets forth the major components of our cost of sales:

	For the year ended 31 December			
	2012		2011	
	HK$'000	*%*	*HK$'000*	*%*
Cost of goods sold	**585,261**	**98.3**	565,368	98.5
Direct labour costs	**8,291**	**1.4**	6,702	1.2
Direct depreciation expenses	**1,901**	**0.3**	2,027	0.3
Total	**595,453**	**100.0**	574,097	100.0

For the years ended 31 December 2012 and 2011, cost of goods sold accounted for approximately 98.3% and 98.5% of our Group's total cost of sales respectively. Our Group's cost of goods sold comprise primarily material costs, sub-contractor costs, inbound freight and handling costs, of which material costs accounted for approximately 94.8% and 98.3% of our cost of goods sold for the years ended 31 December 2012 and 2011 respectively. Material costs comprise primarily CNC machining centres, industrial equipment, components and parts, cast iron, casting, sheet metals, electric box, ball screw, spindle, controller and tool changers from suppliers located worldwide including Europe, Japan, PRC, Singapore, Taiwan and United States of America. The increase in cost of goods sold was in line with the increase in revenue.

Direct labour costs comprise salaries and related costs for engineers as well as production and assembly staff. For the years ended 31 December 2012 and 2011, direct labour costs accounted for approximately 1.4% and 1.2% of our Group's total cost of sales respectively. The slight increase in absolute amount was due primarily to wage increments and increased work hours to meet the higher business activities.

Direct depreciation expenses for both the years ended 31 December 2012 and 2011 accounted for approximately 0.3% of our Group's total cost of sales. Direct depreciation expenses comprise depreciation charges on production related equipment. The slight decrease in absolute amount was primarily attributable to disposal of plant and equipment.

Gross Profit and Gross Profit Margin

Our gross profit was approximately HK$223.1 million representing an increase of 24.3%. This was primarily contributed by the increase in revenue brought by our precision engineering solutions projects and after-sales technical support services which recorded corresponding increases in gross profit. The increase was partly offset by decreases in gross profit from our sales of cement production equipment and sales of components and parts.

The business of the Group comprises five segments and the higher overall gross profit margin was attributable primarily to the precision engineering solutions segment and the after-sales technical support services.

As a combined result of the factors described above, our gross profit margin for the year ended 31 December 2012 increased from approximately 23.8% for the year ended 31 December 2011 to approximately 27.3%.

Other Income and Gains

The other income of our Group amounted to approximately HK$3.5 million and HK$1.4 million for the years ended 31 December 2012 and 2011 respectively. The increase was due primarily to the gain from disposal of plant and equipment.

Selling and Distribution Expenses

Selling and distribution expenses refer to the expenses incurred for the promotion and sale of products. This comprises primarily salaries and related costs for sales and marketing staff, travelling and transportation costs, outbound freight and handling costs, commissions and marketing expenses and maintenance costs of equipment. Selling and distribution expenses was approximately HK$31.1 million and HK$28.0 million or approximately 3.8% and 3.7% of revenue for the years ended 31 December 2012 and 2011 respectively.

The increase in our selling and distribution expenses was generally in line with the increase in our revenue.

Administrative Expenses

Administrative expenses comprise primarily of salaries and related costs for key management, finance and administration staff, rental expenses, depreciation, audit fees and expenses in relation to the professional and related costs incurred in the listing application to the Stock Exchange.

The administrative expenses of the Group increased from approximately HK$34.1 million for the year ended 31 December 2011 to approximately HK$68.1 million for the year ended 31 December 2012. This was primarily due to the expenses of approximately HK$25.6 million in connection with the listing ("Listing") of the Company's shares (the "Shares") on the Stock Exchange which was included in administrative expenses in accordance with accounting standards.

Finance Costs

Our Group's finance costs comprise interest on bank loans, bank and other finance charges, interest on finance leases and amortised interest and fair value change of redeemable convertible loan. Our finance costs increased by approximately HK$5.3 million from about HK$25.5 million for the year ended 31 December 2011 to about HK$30.8 million for the year ended 31 December 2012. The increase was largely attributable to a fair value loss on redeemable convertible loan recorded when this was fully converted into Shares of the Company in March 2012 prior to the Listing in accordance with accounting standards.

Income Tax Expense

Our income tax expense amounted to approximately HK$25.6 million and HK$24.5 million for the years ended 31 December 2012 and 2011 respectively. The increase was attributable primarily to higher taxable profit before tax recorded for year ended 31 December 2012. Our effective tax rate was 31.7% and 26.5% for the years ended 31 December 2012 and 2011 respectively. The significant increase is largely due to the Listing expenses in connection with the global offering ("Global Offering") of the Company's Shares and fair value loss on redeemable convertible loan recorded when this was fully converted into Shares of the Company in March 2012 which are non-deductible for tax purposes.

Profit for the Reporting Period and Net Profit Margin

Before the deduction of expenses relating to the Listing on the Stock Exchange, the Group recorded a profit of approximately HK$80.7 million for the year ended 31 December 2012 which is an increase of approximately HK$8.5 million or 11.8% from the profit of approximately HK$72.2 million of the corresponding period in 2011. After deduction of non-recurring Listing expenses which amounted to approximately HK$25.6 million for the year ended 31 December 2012 (year ended 31 December 2011: HK$4.2 million), the net profit attributable to the owners of the Company became approximately HK$55.1 million for the year ended 31 December 2012.

Correspondingly, net profit margin for the year ended 31 December 2012 decreased from approximately 9.0% for the year ended 31 December 2011 to 6.7%.

Business Review

2012 was a milestone year for the Group as the Company successfully listed on the Main Board of the Stock Exchange on 13 April 2012. The listing not only enhanced our corporate image and financial standing but also provided us access to the capital markets to fund our future growth and business development.

During the year, the Group continued to focus on its key business fundamentals. In spite of the continued uncertainties and slowdown in the worldwide economy, we were able to grow our revenue by 8.6% as compared to 2011, primarily driven by the increase in revenue from our precision and engineering solutions projects of 13.5%, sales of CNC machining centres of 73.7% and after-sales technical support services of 323.7%. These increases were primarily due to the increases in precision and engineering solutions projects and sales of CNC machines to customers in the aviation manufacturing, oil and gas, precision engineering and automotive sectors. Revenue from our sales of cement production equipment dropped by approximately 36.0% primarily due to the slowdown in the construction sector brought about by the continued cooling measures by the Chinese government on the property sector. Revenue from sales of components and parts declined by approximately 29.4% due to the general slowdown in sales of components and parts during the year. However, revenue from our after-sales technical support services increased due to the increase in demand for our support services, in line with our increase in our sales in precision and engineering solutions and CNC machines.

During the year, we continued to maintain our key markets including, Singapore, India, Indonesia and Thailand as demand for our solutions and products continued to grow. Our management remains confident of the operating environment of our key markets. With the continued expansion of the Group's business, we will continue to focus on our key business fundamentals and markets and aim to be the priority choice for our customers by providing premier solutions and service offerings.

During the year, we also expanded our production manufacturing capability in the PRC. With the increase in production capacity, we are better positioned to meet the increase in demand for high-end CNC machines.

Strategy and Outlook

In 2013, the global economy will continue to be threatened by the soverign debt crisis in the Eurozone. Amid the uncertainty and generally more volatile macroeconomic conditions, we continue to remain cautiously optimistic on the performance of the Group.

Moving forward, we anticipate that there will be a greater demand for precision engineering solutions projects, higher end CNC machining centres as well as machine tools for both the aviation manufacturing industry and the oil and gas industries. The Singapore government's initiative to develop the aviation manufacturing industry and the increase in oil and gas activities in the region will continue to fuel the demand for our solutions. In addition, we anticipate to see an increase in demand for higher end CNC machining centres in China as the Chinese government increases its spending on infrastructural, aviation and new energy projects. Under the 12th Five-Year Plan (2011-2015) of the PRC, the Chinese government plans to focus on several key industries, including aviation, marine engineering and new energy (such as wind energy, solar energy) industries.

We will continue to focus on growing our key markets whilst pursuing potential business opportunities in new markets such as Europe. In addition, we will continue to seek improvements in various aspects including broadening our customer base and supply channels and capacity expansion. In line with our strategy to increase our market penetration, we are also cautiously seeking suitable investment opportunities in Asia and Europe.

In spite of the challenging global economy, we will continue to closely monitor macroeconomic trends and policy developments and seek to capture suitable market opportunities and in turn, maximise our shareholders' returns.

Liquidity, Financial and Capital Resources

Cash Position

Our cash and bank balances amounted to approximately HK$133.6 million and HK$38.8 million as at 31 December 2012 and 2011 respectively. The functional currencies of the Group include Renminbi and Singapore dollar. As at 31 December 2012, 49.5% of the Group's cash, bank deposits and non-pledged fixed deposits were denominated in the respective functional currencies and the remaining 50.5% in other currencies (mainly Hong Kong dollar, Japanese yen and United States dollars).

The Group's primary sources of funds include cash generated from operating activities and loans and trade facilities provided by the Group's banks in Singapore, Hong Kong and in the PRC. Our Group had cash inflow from operating activities of approximately HK$157.5 million which was (negated by working capital changes of approximately HK$143.9 million) largely due to the Group's continuous expansion in its business activities.

Our bank facilities as at 31 December 2012 increased to approximately HK$238.1 million compared to approximately HK$116.6 million as at 31 December 2011. As at 31 December 2012, all of the Group's bank loans were denominated in the functional currencies of the respective entities within the Group, with interest rates ranging from 5.74% to 13.47% per annum as at 31 December 2012. In addition there was a decrease in bank loans of approximately HK$6.4 million from 31 December 2011 to 31 December 2012.

Due to the seasonal nature of our business, cash balances are typically lower for the first half of the year as sales during the year end only fall due in June or later. In addition, we make advance payments for orders to be delivered in the second half of the year. Some of the proceeds from the Global Offering have been utilized for advance payment for plant and equipment acquisitions as part of the Group's expansion plans for our Shanghai operations as well as for working capital as disclosed in the prospectus (the "Prospectus") of the Company dated 20 March 2012 in relation to the Global offering – Use of Proceeds section.

Capital Management

The capital structure of the Group consists of cash and cash equivalents, equity attributable to owners of the Company (comprising issued share capital and reserves), loans and other borrowings.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the optimal use of debt and equity so as to maximise the return to stakeholders. The Group seeks to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

Capital Expenditure

During the year ended 31 December 2012, the Group acquired property, plant and equipment at a cost of approximately HK$18.6 million or increased 45.3% as compared with approximately HK$12.8 million for the year ended 31 December 2011.

Disposal of property, plant and equipment, at net book value, amounted to approximately HK$3.5 million for the year ended 31 December 2012 as compared with approximately HK$2.1 million for the year ended 31 December 2011. The total consideration received by the Group was approximately HK$6.5 million which resulted in a net gain on disposal of approximately HK$1.2 million as compared to the net loss on disposal of approximately HK$0.002 million for the year ended 31 December 2011.

Employees and Remuneration Policy

As at 31 December 2012, the Group had a total number of 238 full-time employees (217 as at 31 December 2011). The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff.

The Group provides on-going training to our staff in order to enhance their technical skills and product knowledge and to provide them with updates with regards to industry quality standards and work safety standards. In addition, our engineers receive on-going technical training and exchanges with KIWA Machinery Co., Ltd. in both Japan and the PRC.

The Group maintains good relationships with our employees and has not experienced any significant problems with our employees nor have there been any disruptions to the Group's business operations as a result of strikes or other labour disputes.

As required by PRC regulations, the Group participates in the social insurance schemes operated by the relevant local government authorities.

Charge on Assets

As at 31 December 2012, the Group had pledged certain assets with a net book value of approximately HK$1.2 million under hire purchase financing.

Foreign Exchange Risk Management

The Group transacts business in various foreign currencies, including the United States dollar, Euro, Chinese renminbi, British pound and Japanese yen, and therefore is exposed to foreign exchange risks.

The Group manages its foreign exchange exposure as far as possible by matching the currency that it transacts with its customers to the currency that it purchased in to create a natural hedge.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risks. No hedge has been taken up to mitigate this exposure as it does not impact cash flows.

Capital Commitments

The Group does not have any material capital commitments as at 31 December 2012.

Contingent Liabilities

The contingent liabilities of the Group have not changed materially from the information disclosed in our annual report for the year ended 31 December 2011.

Gearing Ratio

Gearing ratio is measured by the total bank loans and overdraft divided by total assets of the Group. As at 31 December 2012, the gearing ratio was 0.2% whereas the gearing ratio as at 31 December 2011 was 1.0%

Share Option Scheme

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have made to the Group. The Directors were authorized to grant options to subscribe for Shares of the Company and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 61,641,700 Shares, excluding any options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Details of the Share Option Scheme are set forth in the Prospectus.

No share options were granted under the Share Option Scheme since the date of Listing up to 31 December 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has fully complied with the code provisions set out in the Corporate Governance Code during the period from the date of Listing on 13 April 2012 to 31 December 2012 contained in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the following:

1. *Code provision A.2.1 – This code provision stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.*

   The Company currently does not have a separate chairman and chief executive and Mr. Wong Koon Lup, a founder of the Group, currently holds both positions. The Board believes that vesting the roles of chairman and chief executive in the same individual provides the Group with strong and consistent leadership and allow for more effective and efficient planning of our long-term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct since the date of Listing to 31 December 2012.

REVIEW OF ANNUAL RESULTS

The audit committee ("Audit Committee") of the Company has reviewed the annual results for the year ended 31 December 2012.

The figures in respect of the Group's announcement of annual results have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save and except for the offering of 150,000,000 new Shares, in relation to the Listing, there were no purchase, sale or redemption of listed securities by the Company since the date of Listing to 31 December 2012.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

There were no significant investment, material acquisitions and disposal of subsidiaries, future plans for material investments or acquisition of capital assets for the year ended 31 December 2012.

SUBSEQUENT EVENT

There were no significant subsequent events which have occurred since 31 December 2012 up to the date of this Announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company had maintained sufficient public float throughout the year ended 31 December 2012.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This annual results announcement containing all the information required by paragraphs 45(1) to 46(8) of Appendix 16 to the Listing Rules has been published on the website of the Company at http://www.cwgroup-int.com and on the website of the Stock Exchange at http://www.hkexnews.hk.

The annual report of the Company for the year ended 31 December 2012 will be despatched to the shareholders of the Company and will be published on the aforesaid websites in due course.

By Order of the Board
CW Group Holdings Limited
Wong Koon Lup
Chairman and Chief Executive Officer

Hong Kong, 28 March 2013

As at the date of this announcement, the executive Directors of the Company are Mr. WONG Koon Lup, Mr. LIM Chwee Heng and Mr. WONG Mun Sum; and the independent non-executive Directors of the Company are Mr. KUAN Cheng Tuck, Mr. ONG Su Aun, Jeffrey (alias Mr. WANG Ci'An, Jeffrey) and Mr. CHAN Hon Chung, Johnny.