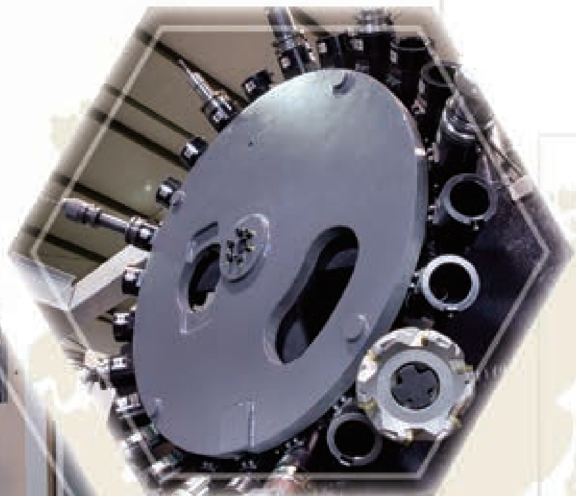
CW GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1322

2013
Interim Report



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong Koon Lup *(Chairman and Chief Executive Officer)*
Mr. Wong Mun Sum
Mr. Lee Tiang Soon

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kuan Cheng Tuck
Mr. Ong Su Aun, Jeffrey (Wang Ci'An, Jeffrey)
Mr. Chan Hon Chung, Johnny

COMPANY SECRETARY

Mr. Chan Kam Fuk

AUDIT COMMITTEE

Mr. Kuan Cheng Tuck *(Chairman)*
Mr. Ong Su Aun, Jeffrey (Wang Ci'An, Jeffrey)
Mr. Chan Hon Chung, Johnny

NOMINATION COMMITTEE

Mr. Ong Su Aun, Jeffrey (Wang Ci'An, Jeffrey) *(Chairman)*
Mr. Kuan Cheng Tuck
Mr. Wong Koon Lup

REMUNERATION COMMITTEE

Mr. Chan Hon Chung, Johnny *(Chairman)*
Mr. Ong Su Aun, Jeffrey (Wang Ci'An, Jeffrey)
Mr. Wong Koon Lup

AUTHORISED REPRESENTATIVES

Mr. Wong Koon Lup
Mr. Chan Kam Fuk

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

HONG KONG LEGAL ADVISERS

Li & Partners

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Certified Public Accountants
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IR AND PR CONSULTANT

PR Asia Consultants Limited

COMPANY WEBSITE

www.cwgroup-int.com

STOCK CODE

1322

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board and management of CW Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the Group's interim report for the six months ended 30 June 2013.

In the first half of 2013, the uncertain and generally volatile economic conditions continue to cast a shadow on the global economy. Despite the difficult environment, we were able to grow our revenue and profits as compared to the corresponding period.

Our overall revenue increased by 15.6% to approximately HK$434.1 million (1H2012: approximately HK$375.4 million). The increase was mainly attributed to the increase in the revenue from precision engineering solutions segment, as the Group secured additional projects in Southeast Asia, in particular, Singapore and Indonesia. In addition, the revenue from sales of CNC machining centres also increased by 33.4 per cent. as sales to customers in the precision engineering and automotive sectors in Indonesia, India and Thailand increased. With the increase in revenue from precision engineering projects, the revenue from after-sales technical support services also increased by 151.6 per cent.. The increases in revenue in these segments were offset by the decreases in revenue from cement production equipment and the sales of components and parts segments which declined by 12.8 per cent. and 81.9 per cent. respectively.

We remain cautiously optimistic of our target industries which include aviation manufacturing and oil and gas industries. We expect that there will be a continued demand for precision engineering solutions projects in these sectors. The Singapore's government continued initiative to develop the aviation manufacturing industry and the increase in oil and gas activities in the region will continue to drive our business. Also, the development of Iskandar Malaysia, a special economic zone in Johor, Malaysia will also drive the demand for industrial solutions.

We will continue to focus on our key business fundamentals and markets and seek improvements in various aspects including broadening our customer base, supply channels and capacity expansion. We will also continue to explore opportunities to sustain our growth, create greater value and maximize returns to shareholders of the Company.

I would like to take this opportunity to express our sincere appreciation to our shareholders, customers, principals and bankers for their continued trust and support. In addition, I would like to express my heartfelt appreciation to our team for their hard work and dedication.

Yours sincerely,
Wong Koon Lup
Chairman and Chief Executive Officer

18 September 2013

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	Increase/
	(Unaudited)	(Restated)	(Decrease)
	HK$'000	*HK$'000*	
Revenue	**434,078**	375	15.6%
Cost of sales	**(343,765)**	(277,366)	23.9%
Gross profit	**90,313**	98,037	(7.9%)
Gross profit margin	**20.8%**	26.1%	(5.3%)
Net profit for the period			
– before deduction of Listing expenses and fair value adjustments	**55,829**	49,611	12.5%
– after deduction of Listing expenses and fair value adjustments	**55,829**	211	26,359.2%

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2013, revenue of the Group reached approximately HK$434.1 million, representing an increase of approximately HK$58.7 million or 15.6% from approximately HK$375.4 million for the corresponding period last year. Set out below is a breakdown of our revenue by our five business segments:

	For the six months ended 30 June			
	2013		2012	
	HK$'000	**%**	*HK$'000*	%
Precision engineering solutions projects	**284,268**	**65.5**	213,117	56.8
Sales of cement production equipment	**44,642**	**10.3**	51,171	13.6
Sales of CNC machining centres	**32,071**	**7.4**	601	0.2
Sales of components and parts	**15,926**	**3.6**	87,794	23.4
After-sales technical support services	**57,171**	**13.2**	22,720	6.0
Total	**434,078**	**100.0**	375,403	100.0

Revenue from precision engineering solutions 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 six months ended 30 June 2013 and 2012, approximately 65.5% and 56.8% 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 six months ended 30 June 2013 and 2012, approximately 10.3% and 13.6% 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 six months ended 30 June 2013 and 2012, approximately 7.4% and 0.2% of our total revenue was derived from sales of CNC machining centres respectively. The increase was largely attributable to increases in sales to customers in the precision engineering and automotive sectors to countries such as Indonesia, India, and Thailand.

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 3.6% and 23.4% for the six months ended 30 June 2013 and 2012 respectively. The decrease was mainly attributable to a one-off order to source and trade photovoltaic components and parts in January 2012.

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 in conjunction with the continued growth in the precision engineering solutions projects business segment, contributing approximately 13.2% and 6.0% to our total revenue for the 6 months ended 30 June 2013 and 2012 respectively.

Cost of Sales

The costs of sales of our Group accounted for approximately 79.2% and 73.9% of our revenue during the six months ended 30 June 2013 and 2012 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 six months ended 30 June			
	2013		2012	
	HK$'000	**%**	*HK$'000*	%
Cost of goods sold	**340,005**	**98.9**	274,348	98.9
Direct labour costs	**3,011**	**0.9**	2,379	0.9
Direct depreciation expenses	**749**	**0.2**	639	0.2
Total	**343,765**	**100.0**	277,366	100.0

For both the six months ended 30 June 2013 and 2012, cost of goods sold as a percentage of our Group's total cost of sales was comparable at approximately 98.9%. Our Group's cost of goods sold comprise primarily material costs, sub-contractor costs, inbound freight and handling costs. 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 absolute amount, is mainly in line with the increase in revenue from the precision engineering solutions projects and the sales of CNC machining centres segments.

Direct labour costs comprise salaries and related costs for engineers as well as production and assembly staff. For the six months ended 30 June 2013 and 2012, direct labour costs was comparable and accounted for approximately 0.9% of our Group's total cost of sales for both periods. 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 six months ended 30 June 2013 and 2012 accounted for approximately 0.2% of our Group's total cost of sales. Direct depreciation expenses comprise depreciation charges on production related equipment. The slight increase in absolute amount was primarily attributable to acquisition of plant and equipment.

Gross Profit and Gross Profit Margin

Our gross profit for the six months ended 30 June 2013 was approximately HK$90.3 million, representing a decrease of 7.9% from the six months ended 30 June 2012. This was primarily contributed by the decreases in revenue and corresponding gross profit from sales of cement production equipment and sales of components and parts. In addition, despite the increase in revenue of the precision engineering solutions projects, sales of CNC machining centres and after-sales technical support services, their gross profit margin are lower compared against the prior period.

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

As a combined result of the factors described above, our gross profit margin for the six months ended 30 June 2013 decreased from approximately 26.1% for the six months ended 30 June 2012 to approximately 20.8%.

Other Income and Gains

The other income and gains of our Group amounted to approximately HK$9.9 million and HK$2.1 million for the six months ended 30 June 2013 and 2012 respectively. The increase was largely due to compensation fees received from suppliers for non-delivery of 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$10.5 million and HK$11.6 million or approximately 2.4% and 3.1% of revenue for the six months ended 30 June 2013 and 2012 respectively.

The slight decrease in our selling and distribution expenses was primarily due to the reduction in freight and transport expenses. This was mainly because of the increase in precision engineering solutions projects and sales of CNC machining centres where shipments are direct from suppliers to customers.

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 decreased from approximately HK$42.4 million for the six months ended 30 June 2012 to approximately HK$20.7 million for the six months ended 30 June 2013. This was primarily due to approximately HK$25.6 million of expenses incurred in connection with the listing ("Listing") of the Company's shares (the "Shares") on the Stock Exchange which was included in administrative expenses in the six months ended 30 June 2012.

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 decreased by approximately HK$21.9 million from about HK$26.3 million for the six months ended 30 June 2012 to about HK$4.4 million for the six months ended 30 June 2013. The decrease was largely attributable to the amortised interest and fair value loss on redeemable convertible loan recorded in the six months ended 30 June 2012 when this was fully converted into Shares of the Company in March 2012 prior to the Listing.

Income Tax Expense

Our income tax expense amounted to approximately HK$9.5 million and HK$15.2 million for the six months ended 30 June 2013 and 2012 respectively. The significant decrease was attributable primarily 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 in the six months ended 30 June 2012.

Profit for the Reporting Period and Net Profit Margin

The Group recorded a profit of approximately HK$55.8 million for the six months ended 30 June 2013 which is an increase of approximately HK$6.2 million or 12.5% from the profit of approximately HK$49.6 million of the corresponding period in 2012, before the deduction of expenses and fair value adjustments. After deduction of Listing expenses and fair value adjustments which amounted to approximately HK$25.6 million and HK$23.8 million respectively, the net profit attributable to the owners of the Company became approximately HK$0.2 million for the six months ended 30 June 2012.

Correspondingly, net profit margin for the six months ended 30 June 2013 increased to 12.9% from approximately 0.1% for the six months ended 30 June 2012.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

Our cash and bank balances amounted to approximately HK$108.5 million and HK$131.3 million as at 30 June 2013 and 31 December 2012 respectively. The functional currencies of the Group include Renminbi, US dollar and Singapore dollar. As at 30 June 2013, 57.2% of the Group's cash, bank deposits and non-pledged fixed deposits were denominated in the respective functional currencies and the remaining 42.8% in other currencies (mainly Hong Kong dollar, Japanese yen and United States dollar).

The decrease of approximately HK$22.8 million in cash and bank balances was mainly attributable to the net cash flows used in operating activities amounted to approximately HK$21.6 million during the six months ended 30 June 2013.

Due to the seasonal nature of our business, cash balances are typically lower for the first half of the year as most collections will occur in the next half of the year. 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 P.R.C. 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.

As at 30 June 2013, 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. In addition, our bank loans decreased from approximately HK$1.7 million as at 31 December 2012 to approximately HK$0.8 million as at 30 June 2013.

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 six months ended 30 June 2013, the Group acquired property, plant and equipment at a cost of approximately HK$3.3 million or decreased 79.8% as compared with approximately HK$16.3 million for the year ended 31 December 2012.

Disposal of property, plant and equipment, at net book value, amounted to approximately HK$2.4 million for the six months ended 30 June 2013 as compared with approximately HK$3.5 million for the year ended 31 December 2012. The total consideration received by the Group was approximately HK$3.0 million which resulted in a net gain on disposal of approximately HK$0.6 million, which represents a 50.0% decrease when compared to approximately HK$1.2 million for the previous period.

CHARGE ON ASSETS

As at 30 June 2013, the Group had pledged certain assets with a net book value of approximately HK$2.6 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.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2013, there was no significant investment in, and no acquisition or disposal of subsidiaries and associated companies of the Group.

CAPITAL COMMITMENTS

The Group does not have any material capital commitments as at 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2012.

GEARING RATIO

Gearing ratio is measured by the total bank loans and overdraft divided by total assets of the Group. As at 30 June 2013, the gearing ratio was 0.1% whereas the gearing ratio as at 31 December 2012 was 0.2%.

BUSINESS REVIEW

Following the Company's successful listing on the Main Board of the Stock Exchange on 13 April 2012, it has helped enhanced our corporate image, financial standing and also provided us access to the capital markets to fund our future growth and business development.

During the six months ended 30 June 2013, the Group continued to focus on its key business fundamentals. With increased banking support, we managed to increase our revenue from our precision engineering solutions projects by 33.4%, and revenue from the sales of CNC machining centres by 5,236.3%. These increases were primarily due to the increases in precision engineering solutions projects and sales of CNC machines to customers in the oil and gas, precision engineering and automotive sectors. Correspondingly, revenue from our after-sales technical support services increased by 151.6%, due primarily to the increase in demand for our support services. Revenue from our sales of cement production equipment dropped by approximately 12.8% 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 81.9% due to the general slowdown in sales of components and parts as well as a one-off order to source and trade photovoltaic components and parts in January 2012.

During the six months ended 30 June 2013, we continued to maintain our key markets including, Singapore, India, Indonesia, Malaysia 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.

STRATEGY AND OUTLOOK

In the first half of 2013, the uncertain and generally volatile economic conditions in the aftermath of the sovereign debt crisis in the Eurozone continued to cast a shadow on the global economy. The European Union also imposed punitive tariffs on Chinese export of items such as solar panels and telecommunication devices. Despite these developments, we continue to remain cautiously optimistic on the performance of the Group as these events represent potential business opportunities in other markets that are experiencing growth.

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 the aviation manufacturing industry and the oil and gas industries. The Singapore government's continued initiative to develop the aviation manufacturing industry and increase in oil and gas activities in the region will continue to be our primary growth driver. And with the gradual development of Iskandar Malaysia, a special economic zone in Johor, Malaysia, we foresee a continued 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. In addition, with the tariffs imposed by the European Union on China, we foresee a possible shift of demand to the South East Asian region.

We will continue to focus on growing our key markets whilst pursuing potential business opportunities in new markets. 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total number of 152 full-time employees (162 as at 31 December 2012*). 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.

* The amount shown here do not correspond to the Annual Announcement of Result for year ended 31 December 2012 due to adjustment on Joint venture company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2013, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which have been 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 they are deemed or taken 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 pursuant to the Model Code as set out in Appendix 10 to the Listing Rules are as follows:

Name of Director	Nature of interest	Number of ordinary shares	Percentage of the total issued share capital of the Company
Mr. Wong Koon Lup	Interest in controlled corporation	161,300,000	26.17%
	Beneficial owner	23,100,000	3.74%
Mr. Wong Mun Sum	Beneficial owner	22,500,000	3.65%

Note: Mr. Wong Koon Lup and Mr. Wong Mun Sum, both Executive Directors of the Company, owned 80% and 20% of the shares in WMS Holding Pte. Ltd., respectively. Mr. Wong Koon Lup is deemed to be interested in the shares held by WMS Holding Pte. Ltd. under Part XV of the SFO.

Save as disclosed above, as at 30 June 2013, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the persons or entities who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held (a)	Percentage of the Company's issued share capital
Mr. Wong Koon Lup	*(b)*	Interest in controlled corporation	161,300,000	26.17%
		Beneficial owner	23,100,000	3.74%
Ms. Lou Swee Lan	*(c)*	Family interest	184,400,000	29.91%
WMS Holding Pte. Ltd.	*(b)*	Beneficial owner	161,300,000	26.17%
Mr. Hui Yan Sui, William		Beneficial owner	166,001,000	26.93%
Ms. Hue Poh Leng	*(d)*	Family interest	166,001,000	26.93%
Mr. Tsang Kwong Chiu Kevin	*(e)*	Interest in controlled corporation	33,345,500	5.41%
		Beneficial owner	6,500,000	1.05%
Oxley Investment Co. Ltd.	*(e)*	Beneficial owner	33,345,500	5.41%

Notes:

(a) The letter "L" denotes the long position in such shares and the letter "S" denotes the short position in such shares.

(b) Mr. Wong Koon Lup and Mr. Wong Mun Sum, both Executive Directors of the Company, owned 80% and 20% of the shares in WMS Holding Pte. Ltd., respectively. Mr. Wong Koon Lup is deemed to be interested in the shares held by WMS Holding Pte. Ltd. under Part XV of the SFO.

(c) Ms. Lou Swee Lan is the spouse of Mr. Wong Koon Lup. Ms. Lou Swee Lan is deemed to be interested in the shares held by Mr. Wong Koon Lup under the SFO.

(d) Ms Hue Poh Leng is the spouse of Mr. Hui Yan Sui, William. Ms Hue Poh Leng is deemed to be interested in the shares held by Mr. Hui Yan Sui, William under the SFO.

(e) Mr. Tsang Kwong Chiu Kevin owned 100% of the shares in Oxley Investment Co. Ltd. Mr. Tsang Kwong Chiu Kevin is deemed to be interested in the shares held by Oxley Investment Co. Ltd. under Part XV of the SFO.

Save as disclosed above, as at 30 June 2013, the Directors are not aware of any other persons (who is not a Director or the Chief Executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

OTHER INFORMATION

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 for the six months ended 30 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has fully complied with the code provisions set out in the Corporate Governance Code during the six months ended 30 June 2013 contained in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the following:

> *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 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 30 June 2013.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the interim report, including the Group's unaudited interim results for the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities by the Company for the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board of Directors does not recommend any interim dividend for the six months ended 30 June 2013.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited) Restated*
Revenue	4	**434,078**	375,403
Cost of sales		**(343,765)**	(277,366)
Gross profit		**90,313**	98,037
Other income and gains	4	**9,881**	2,113
Selling and distribution expenses		**(10,494)**	(11,631)
Administrative expenses	5	**(20,666)**	(42,413)
Finance costs	6	**(4,409)**	(26,289)
Other operating expenses		**–**	(6,117)
Share of profit of jointly-controlled entities	7	**752**	1,745
Profit before tax	8	**65,377**	15,445
Income tax expense	9	**(9,548)**	(15,234)
Profit for the period		**55,829**	211
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(12,972)**	622
Other comprehensive income for the period, net of tax		**(12,972)**	622
Total comprehensive income for the period		**42,857**	833
Profit for the period attributable to:			
Owners of the Company		**55,829**	211
		55,829	211
Total comprehensive income for the period attributable to:			
Owners of the Company		**42,857**	833
		42,857	833
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted *(HK cents)*			
– Profit for the period	11	**9.06**	0.04

* Certain amounts shown here do not correspond to the interim condensed financial statements as at 30 June 2012 and reflect adjustments made as detailed in Note 2 and Note 7.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited) Restated*
Non-current assets			
Property, plant and equipment	*12*	**37,342**	38,085
Prepaid land lease payments		**824**	816
Goodwill		**33,415**	34,667
Share of investment in jointly-controlled entities	*7*	**10,816**	9,787
		82,397	83,355
Current assets			
Inventories		**20,816**	11,589
Trade receivables	*13*	**675,424**	625,823
Other receivables		**246,717**	311,011
Prepayments		**2,530**	–
Cash and bank balances	*14*	**108,451**	131,323
		1,053,938	1,079,746
Current liabilities			
Bank loans		**831**	1,705
Trade payables	*15*	**364,391**	436,099
Other payables and accruals		**116,698**	117,069
Finance lease payable		**96**	104
Tax payables		**26,612**	25,159
		508,628	580,136
Net current assets		**545,310**	499,610
Total assets less current liabilities		**627,707**	582,965
Non-current liabilities			
Finance lease payable		**1,755**	80
Deferred tax liabilities		**12,607**	12,397
		14,362	12,477
Net assets		**613,345**	570,488
Capital and reserves			
Issued capital	*16*	**6,164**	6,164
Retained earnings		**254,847**	199,018
Share premium reserve		**421,925**	421,925
Other reserves		**(69,591)**	(56,619)
Total equity attributable to owners of the Company		**613,345**	570,488

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012 and reflect adjustments made as detailed in Note 2 and Note 7.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company				
	Issued capital *HK$'000* *(Note 16)*	Retained earnings *HK$'000*	Share premium reserve *HK$'000*	Other reserves *HK$'000*	Total *HK$'000*
Balance at 1 January 2013	**6,164**	**199,018**	**421,925**	**(56,619)**	**570,488**
Profit for the period	**–**	**55,829**	**–**	**–**	**55,829**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(12,972)**	**(12,972)**
Total comprehensive income for the period	**–**	**55,829**	**–**	**(12,972)**	**42,857**
Balance at 30 June 2013 (Unaudited)	**6,164**	**254,847**	**421,925**	**(69,591)**	**613,345**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company				
	Issued capital *HK$'000* *(Note 16)*	Retained earnings *HK$'000*	Share premium reserve *HK$'000*	Other reserves *HK$'000*	Total *HK$'000*
Balance at 1 January 2012 (restated*)	125,472	160,555	–	(68,745)	217,282
Profit for the period	–	211	–	–	211
Exchange differences on translation of foreign operations	–	–	–	622	622
Total comprehensive income for the period	–	211	–	622	833
Contributions by and distributions to owners					
Issuance of new shares	1,500	–	198,000	–	199,500
Adjustment arising from Reorganisation Exercise	(120,808)	–	248,291	(3,009)	124,474
Share issuance expenses	–	–	(24,366)	–	(24,366)
Total contributions by and distribution to owners, representing total transactions with owners in their capacity as owners	(119,308)	–	421,925	(3,009)	299,608
Balance at 30 June 2012 (Unaudited)	6,164	160,766	421,925	(71,132)	517,723

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012 and reflect adjustments made as detailed in Note 2 and Note 7.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited) Restated*
Net cash flows used in operating activities		**(21,554)**	(137,539)
Net cash flows used in investing activities		**(211)**	(5,982)
Net cash flows (used in)/generated from financing activities		**(3,616)**	199,285
Net (decrease)/increase in cash and cash equivalents		**(25,381)**	55,764
Cash and cash equivalents at the beginning of the period		**131,323**	37,402
Effect of exchange rate changes, net		**2,509**	1,450
Cash and cash equivalents at the end of the period	*14*	**108,451**	94,616

* Certain amounts shown here do not correspond to the interim condensed financial statements as at 30 June 2012 and reflect adjustments made as detailed in Note 2 and Note 7.

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 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 unaudited interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") and Appendix 16 of the Listing Rules.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include International Financial Reporting Standards ("IFRS") 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (cont'd)

New standards, interpretations and amendments thereof, adopted by the Group (cont'd)

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)

The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (cont'd)

New standards, interpretations and amendments thereof, adopted by the Group (cont'd)

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker ("CODM"). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM. See Note 3.

IAS 19 Employee Benefits (Revised 2011)

IAS 19 (Revised) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income ("OCI") and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (or asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The amendment has no impact on the Group.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (cont'd)

New standards, interpretations and amendments thereof, adopted by the Group (cont'd)

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

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 under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint venture in KIWA-CW Machine Manufacturing Pte. Ltd. and KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd. with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in Note 7, which includes quantification of the effect on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 17.

In addition to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative 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.

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2013 (Unaudited)	**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	**284,268**	**32,071**	**44,642**	**15,926**	**57,171**	**434,078**
Intersegment sales	**–**	**–**	**–**	**284**	**–**	**284**
	284,268	**32,071**	**44,642**	**16,210**	**57,171**	**434,362**
Reconciliation						
Elimination of intersegment sales						**(284)**
Revenue						**434,078**
Segment results	**59,808**	**8,143**	**12,233**	**(2,503)**	**12,632**	**90,313**
Reconciliation						
Bank interest income						**50**
Unallocated other income and gains						**9,831**
Corporate and other unallocated expenses						**(31,160)**
Finance costs						**(4,409)**
Share of profit of jointly-controlled entities						**752**
Profit before tax						**65,377**

As at 30 June 2013 (Unaudited)	**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	**503,245**	**33,007**	**61,095**	**16,340**	**73,973**	**687,660**
Reconciliation						
Corporate and other unallocated assets						**448,675**
Total assets						**1,136,335**
Segment liabilities	**251,826**	**29,619**	**30,863**	**1,100**	**48,482**	**361,890**
Reconciliation						
Corporate and other unallocated liabilities						**161,100**
Total liabilities						**522,990**

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2012 (Unaudited)	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	213,117	601	51,171	87,794	22,720	375,403
Intersegment sales	2,051	–	–	343	–	2,394
	215,168	601	51,171	88,137	22,720	377,797
Reconciliation						
Elimination of intersegment sales						(2,394)
Revenue						375,403
Segment results	55,987	179	19,866	7,245	14,760	98,037
Reconciliation						
Bank interest income						90
Unallocated other income and gains						2,023
Corporate and other unallocated expenses						(60,161)
Finance costs						(26,289)
Share of profit of jointly-controlled entities						1,745
Profit before tax						15,445

As at 31 December 2012 (Audited)	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	31,936	45,886	31,216	63,831	649,298
Reconciliation						
Corporate and other unallocated assets						513,803
Total assets						1,163,101
Segment liabilities	247,015	67,405	19,527	42,768	56,026	432,741
Reconciliation						
Corporate and other unallocated liabilities						159,872
Total liabilities						592,613

3. OPERATING SEGMENT INFORMATION (cont'd)

Geographical information

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

	Six months ended 30 June			
	2013		2012	
	HK$'000 **(Unaudited)**	**%**	*HK$'000* (Unaudited)	%
Asia Pacific region:				
The PRC	**55,893**	**12.9**	152,861	40.7
Singapore	**115,044**	**26.5**	61,515	16.4
Indonesia	**135,922**	**31.3**	76,967	20.5
Malaysia	**7,733**	**1.8**	27,970	7.5
Hong Kong	**–**	**–**	22,605	6.0
India	**50,386**	**11.6**	16,391	4.4
Thailand	**68,114**	**15.7**	8,958	2.4
Others	**154**	**0.0**	42	0.0
Europe	**832**	**0.2**	7,982	2.1
Others	**–**	**–**	112	0.0
Total	**434,078**	**100.0**	375,403	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 period:

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

	Six months ended 30 June	
	2013	2012
	HK$'000 **(Unaudited)**	*HK$'000* (Unaudited)
Revenue		
Sale of goods	**376,907**	352,683
Rendering of services	**57,171**	22,720
	434,078	375,403
Other income		
Bank interest income	**50**	90
Rental income	**–**	49
Government subsidy	**675**	226
Gain on disposal of property, plant and equipment (net)	**565**	1,168
Management fees	**–**	262
Sponsorship	**–**	281
Compensation from equipment supplier	**4,321**	–
Foreign exchange gain (net)	**4,029**	–
Others	**241**	37
	9,881	2,113

5. ADMINISTRATIVE EXPENSES

The Group's administrative expenses includes the following:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Listing expenses	**–**	25,621
Audit fees	**1,787**	2,921
Amortisation of prepaid land lease payments	**6**	6
Legal and professional fees	**3,538**	1,070
Rental	**1,602**	1,246
Research and development consultation fees	**2,505**	–

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on finance leases	**596**	10
Bank overdraft interest and charges	**76**	229
Bank and other finance charges	**3,676**	2,199
Interest on bank loans wholly repayable within five years	**61**	72
Fair value change of embedded derivatives	**–**	23,779
	4,409	26,289

7. SHARE OF INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Interest in jointly-controlled entities (transition to IFRS 11)

	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Shares, at cost	**8,182**	8,182
Share of post-acquisition reserves	**2,634**	1,605
	10,816	9,787

7. SHARE OF INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (cont'd)

Interest in jointly-controlled entities (transition to IFRS 11) (cont'd)

The summarised financial information of the jointly-controlled entities, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	30 June 2013 *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Assets and liabilities:		
Total assets	**50,700**	66,882
Total liabilities	**25,932**	44,172

	Six months ended 30 June 2013 *HK$'000* **(Unaudited)**	Year ended 31 December 2012 *HK$'000* (Audited)
Results:		
Revenue	**38,058**	84,604
Profit for the period/year	**1,504**	4,185

Particulars of the jointly-controlled entities are as follows:

Name of entity	Legal form and place of incorporation/ establishment/ operations	Percentage of ownership interest and voting power held % 2012	% 2011	Principal activities
KIWA-CW Machine Manufacturing Pte. Ltd.	Limited private company Singapore	**50**	50	Investment holding
紀和機械製造（上海）有限公司 KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd. [1]	Wholly owned foreign enterprise PRC	**50**	50	Manufacturing and trading of CNC machining centres

[1] The English translation of the company name is for reference only. The official name of the company is in Chinese.

7. SHARE OF INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (cont'd)

Interest in jointly-controlled entities (transition to IFRS 11) (cont'd)

Under IAS 31 *Investment in Joint Ventures* (prior to the transition to IFRS 11), the Group's interest in KIWA-CW Machine Manufacturing Pte. Ltd. and KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd. were classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Impact on the income statement	**Six months ended 30 June 2012** *HK$'000* (Unaudited)
Decrease in the reported revenue (sale of goods)	(23,833)
Decrease in cost of sales	18,544
Decrease in gross profit	(5,289)
Decrease in other income and gains	(275)
Decrease in selling and distribution expenses	1,606
Decrease in administration expenses	1,599
Decrease in finance cost	78
Decrease in other operating expenses	161
Increase in share of profits on jointly-controlled entities	1,745
Decrease in profit before tax	(375)
Decrease in income tax	375
Net impact on profit for the period	–

7. SHARE OF INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (cont'd)

Interest in jointly-controlled entities (transition to IFRS 11) (cont'd)

Impact on the statement of financial position	**As at 31 December 2012** *HK$'000* (Audited)
Decrease in property, plant and equipment (non-current)	(6,380)
Decrease in deferred tax assets (non-current)	(75)
Increase in share of investment in jointly-controlled entities (non-current)	9,787
Decrease in inventories (current)	(11,700)
Decrease in trade receivables and other receivables (current)	(3,662)
Decrease in cash and bank balances (current)	(2,264)
Decrease in trade payable and other payables and accruals (current)	13,574
Decrease in finance lease payable (current)	446
Decrease in tax payables (current)	100
Decrease in deferred tax liabilities (non-current)	174
Net impact on equity	–

Impact on the statement of cash flow	**Six months ended 30 June 2012** *HK$'000* (Unaudited)
Increase in net cash flows used in operating activities	(8,185)
Decrease in net cash flows used in investing activities	6,560
Decrease in net cash flows generated from financing activities	219
Decrease in cash and cash equivalents at the beginning of the period	(1,397)
Increase in effect of exchange rate changes, net	50
Decrease in cash and cash equivalents at the end of the period	(2,753)

8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**340,005**	274,348
Depreciation*	**1,662**	1,760
Employee benefits expenses (including directors' remuneration)**	**14,442**	12,034
Foreign exchange loss (net)***	**–**	6,116

* These amounts are included in "Cost of sales" of HK$749,000 (six months ended 30 June 2012: HK$640,000) and "Administrative expenses" of HK$913,000 (six months ended 30 June 2012: HK$1,120,000) in the interim condensed consolidated statements of comprehensive income.

** This amount includes contribution to retirement benefits schemes of HK$1,615,000 (six months ended 30 June 2012: HK$1,493,000).

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

9. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**9,548**	14,205
Deferred tax:		
– Current period	**–**	1,029
Total income tax recognised in profit or loss	**9,548**	15,234

10. DIVIDENDS

No dividend is to be paid or proposed by the Directors of the Company for the six months ended 30 June 2013 (2012: Nil).

11. 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$55,829,000 (six months ended 30 June 2012: HK$211,000) and the weighted average number of 616,417,000 (six months ended 30 June 2012: 530,703,000 ordinary shares) ordinary shares in issue during the period.

No diluted earnings per share amounts have been presented for the six months ended 30 June 2013 and 2012 as there are no dilutive potential ordinary shares as at 30 June 2013 and 2012.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Earnings per share (HK cents)	**9.06**	0.04

12. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2013, the Group acquired property, plant and equipment with a cost of HK$3,270,000 (31 December 2012: HK$16,258,000). Property, plant and equipment with a net book value of HK$2,444,000 (31 December 2012: HK$3,537,000) were disposed by the Group during the six months ended 30 June 2013 at a consideration of HK$3,009,000 (31 December 2012: HK$4,705,000), resulting in a net gain on disposal of HK$565,000 (31 December 2012: HK$1,168,000).

13. TRADE RECEIVABLES

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**675,442**	532,456
Less: Impairment	**(348)**	(348)
	675,094	532,108
Accrued revenue	**330**	93,715
	675,424	625,823

13. TRADE RECEIVABLES (cont'd)

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 not been performed.

Included in trade receivables are retention sums as follows:

	30 June 2013 **HK$'000** **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Retention sums	**9,133**	4,894

The following is an aged analysis of the Group's trade receivables (net of allowance for doubtful debts and excluding accrued revenue) as at 30 June 2013 and 31 December 2012, presented based on invoice date:

	30 June 2013 **HK$'000** **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
0 to 90 days	**212,065**	266,465
91 to 180 days	**263,619**	202,990
181 to 360 days	**187,000**	50,659
Over 360 days	**12,410**	11,994
	675,094	532,108

14. CASH AND BANK BALANCES

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Cash on hand	**234**	51
Bank balances	**105,269**	127,965
Fixed deposits	**2,948**	3,307
Cash and bank balances	**108,451**	131,323

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.

15. TRADE PAYABLES

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Trade payables	**180,090**	197,556
Accrued payables	**666**	78,293
Bills payables	**183,635**	160,250
	364,391	436,099

The following is an aged analysis of the Group's trade payables (excluding bills payable and accrued payables) as at 30 June 2013 and 31 December 2012, presented based on invoice date:

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
0 to 90 days	**111,839**	99,996
91 to 180 days	**48,528**	23,233
181 to 360 days	**10,868**	53,193
Over 360 days	**8,855**	21,134
	180,090	197,556

Bills payables were payable to the bank within 180 days.

16. ISSUED CAPITAL

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised share capital:		
10,000,000,000 shares of HK$0.01 per share	**100,000**	100,000
Issued and fully paid share capital:		
616,417,000 shares of HK$0.01 per share	**6,164**	6,164

17. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group as at 30 June 2013:

	Loan and receivables
	HK$'000
Financial assets:	
Trade receivables	675,424
Other receivables	242,420
Cash and bank balances	108,451
Total	1,026,295
Financial liabilities:	
Finance lease payable	1,755
Total non-current	1,755
Bank loans	831
Trade payables	364,391
Other payables and accruals	115,957
Finance lease payable	96
Total current	481,275
Total	483,030

17. FINANCIAL INSTRUMENTS (cont'd)

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)

	30 June 2013 ***HK$'000*** **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Level 3		
Derivative liabilities	–	–

17. FINANCIAL INSTRUMENTS (cont'd)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Unlisted options *HK$'000*
Pre-IPO investment and redeemable convertible loan 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 (Audited)	–

18. COMMITMENT AND CONTINGENCIES

(a) 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 2012.

(b) Operating leases – as lessee

At 30 June 2013 and 31 December 2012, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and office equipment which fall due as follows:

	30 June 2013 ***HK$'000*** **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Within one year	**4,210**	4,739
In the second to fifth years, inclusive	**5,656**	8,497
	9,866	13,236

19. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

The Group entered into the following significant transactions with related parties during the period:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Relationship/Name of related party/Nature of transaction	**(Unaudited)**	(Unaudited)
Company controlled by Mr. Fu Junwu		
天津市興彩科工貿有限公司		
Rental expenses	**70**	138
Transportation expenses	**99**	–
Jointly-controlled entities		
KIWA-CW (Shanghai) Manufacturing Co., Ltd.		
Purchases of goods	**30**	778
Sales of fixed assets	**761**	14,585
A shareholder of the jointly-controlled entities		
KIWA Machinery Co., Ltd.		
Sales of goods	**1,556**	2,697
Purchases of goods	**509**	1,160
Royalty expenses	**87**	117
Commission	**339**	553
Technical support, service fees	**–**	244
Travelling allowance	**60**	–

The directors considered that the above transactions were conducted on normal commercial terms and in the ordinary course of the Group's business.

19. RELATED PARTY DISCLOSURES (cont'd)

(b) Outstanding balances with related parties

An analysis of the balances with related parties is as follows:

Due from related parties (Trade receivables)

Name of related party	*Notes*	**30 June 2013 *HK$'000* (Unaudited)**	31 December 2012 *HK$'000* (Audited)
KIWA Machinery Co., Ltd.	*(i)*	**2,438**	1,119
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(ii)*	**1,188**	488
		3,626	1,607

Notes

(i) A shareholder of the jointly-controlled entities.

(ii) Jointly-controlled entity.

Due from related parties (Other receivables)

Name of related party	*Notes*	**30 June 2013 *HK$'000* (Unaudited)**	31 December 2012 *HK$'000* (Audited)
天津市興彩科工貿有限公司	*(i)*	**41**	41
KIWA-CW Machine Manufacturing Pte. Ltd.	*(ii)*	**3,885**	–
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(ii)*	**4,458**	4,776
Mr. Fu Junwu	*(iii)*	**22,103**	6,892
Fu Yang International Co., Ltd.	*(iv)*	**–**	37,346
		30,487	49,055

Notes

(i) A substantial shareholder of the Company, Mr. Fu Junwu, had beneficial interests in this company during the year ended 31 December 2012. Mr. Fu Junwu has disposed his shares in the Company during the six months ended 30 June 2013.

(ii) Jointly-controlled entity.

(iii) A substantial shareholder of the Company during the year ended 31 December 2012.

(iv) A substantial shareholder of the Company, Mr. Fu Junwu had beneficial interests in this company during the year ended 31 December 2012. Fu Yang International Co., Ltd. was previously a subsidiary of the Group, until it was disposed of to the substantial shareholder Mr. Fu during the year ended 31 December 2012. Mr. Fu Junwu has disposed his shares in the Company during the six months ended 30 June 2013.

The amounts due from related parties were unsecured, interest-free and repayable on demand.

19. RELATED PARTY DISCLOSURES (cont'd)

(b) Outstanding balances with related parties (cont'd)

Due to related parties (Trade payables)

Name of related party	*Notes*	**30 June 2013 *HK$'000* (Unaudited)**	31 December 2012 *HK$'000* (Audited)
KIWA Machinery Co. Ltd.	*(i)*	**785**	468
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(ii)*	**1,299**	1,564
		2,084	2,032

Notes

(i) A shareholder of the jointly-controlled entities.

(ii) Jointly-controlled entity.

Due to related parties (Other payables)

Name of related party	*Notes*	**30 June 2013 *HK$'000* (Unaudited)**	31 December 2012 *HK$'000* (Audited)
天津市興彩科工貿有限公司	*(i)*	**95**	43
Mr. Wong Koon Lup, a director of the Company		**–**	5,728
Mr. Wong Mun Sum, a director of the Company		**–**	183
Mr. Fu Junwu	*(ii)*	**–**	43,732
KIWA-CW Machine Manufacturing Pte. Ltd.	*(iii)*	**599**	–
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(iii)*	**917**	1,467
KIWA Machinery Co., Ltd.	*(iv)*	**1,570**	2,203
		3,181	53,356

Notes

(i) A substantial shareholder of the Company, Mr. Fu Junwu, had beneficial interests in this company during the year ended 31 December 2012. Mr. Fu Junwu has disposed his shares in the Company during the six months ended 30 June 2013.

(ii) A substantial shareholder of the Company during the year ended 31 December 2012.

(iii) Jointly-controlled entity.

(iv) A shareholder of the jointly-controlled entities.

The amounts due to related parties were unsecured, interest-free and repayable on demand.

19. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Directors' fees	**313**	246
Other remuneration:		
– Salaries and bonuses	**2,200**	1,891
– Retirement benefit scheme contributions	**82**	81
	2,595	2,218

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 August 2013.