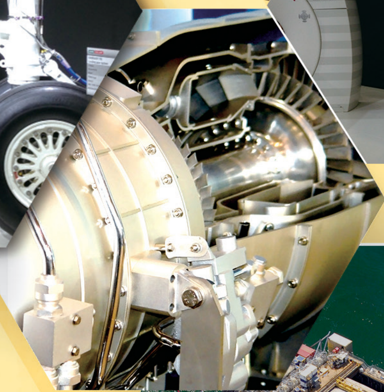
CW GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1322



ENGINEERING
SOLUTIONS

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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

HONG KONG LEGAL ADVISERS

Li & Partners

REGISTERED OFFICE

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Cayman Islands

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KY1-1108
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22nd Floor CITIC TOWER
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Hong Kong

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 2014.

Riding on the coat tail of our strong showing of 2013, the Group has recorded an unprecedented growth in sales. Revenue for the six months ended 30 June 2014 increased by 86.8% from the same period in 2013 to reach HK$733.8 million. Correspondingly, profits from continuing operations for the six months ended 30 June 2014 increased to HK$80.1 million, representing a 57.9% increase from the prior corresponding period.

During the six months ended 30 June 2014, the Group continued to focus on its key business fundamentals. With the benefit of increased banking support, we were able to intensify our sales efforts. This can be seen from the period-to-period growth in revenue from our precision engineering solutions projects and revenue from the sales of CNC machining centres which rose by 104.4% and 236.9% respectively. These increases were primarily due to the increases in revenue from customers in the oil and gas, precision engineering and automotive sectors. The focus on the abovementioned two business segments required us to channel most of our engineering and technical resources on these, which resulted in a 75.0% decrease in revenue from our after-sales technical support services during the same period. However, we remain relatively confident that with the increase in revenue from the precision engineering solutions projects, it will eventually have a supplementary effect on our after-sales technical support services.

During the six months ended 30 June 2014, 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 and anticipates continued demand from the aviation, oil and gas and automotive industries. With the continued expansion of the Group's business, we aim to continue to focus on our key business fundamentals and markets to enable us to be the priority choice for our customers by providing premier solutions and service offerings.

Looking forward, we anticipate continuous rising demand for our precision engineering solutions projects, higher-end CNC machining centres as well as machine tools for the aviation manufacturing, the oil and gas, and the automotive industries, especially in the Asia Pacific region. We also anticipate a potential growth in the region for the renewable energy industry, and as such, we have now set up a manufacturing base in Iskandar Malaysia, a special economic zone in Johor, Malaysia. Despite the economic uncertainty in Europe, there are still business opportunities, and in view of that, we have set up an operational presence in Switzerland. These new set-ups have put us in good stead and will allow us to capture any potential business opportunities that may arise.

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.

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 2014

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2014	2013	Increase/
	(Unaudited)	(Restated)	(Decrease)
	HK$'000	*HK$'000*	
Continuing operations			
Revenue	**733,778**	392,880	86.8%
Cost of sales	**(606,322)**	(311,356)	94.7%
Gross profit	**127,456**	81,524	56.3%
Gross profit margin	**17.4%**	20.8%	(3.4%)
Profit for the period from continuing operations	**80,099**	50,722	57.9%
Discontinued operations			
Profit after tax for the period from discontinued operations	**660**	5,107	(87.1%)
Profit for the period	**80,759**	55,829	44.7%
Earnings per share (HK cents)			
– from continuing operations only	**12.99**	8.23	57.9%
– inclusive of discontinued operations	**13.10**	9.06	44.7%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2014, revenue of the Group reached approximately HK$733.8 million, representing an increase of approximately HK$340.9 million or 86.8% from approximately HK$392.9 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				
	2014	**% of total revenue**	2013	% of total revenue	Increase/ (Decrease)
	HK$'000		*HK$'000*		
Precision engineering solutions projects	**580,996**	**79.2**	284,268	72.4	104.4%
Sales of CNC machining centres	**108,046**	**14.7**	32,071	8.2	236.9%
Sales of components and parts	**22,309**	**3.0**	15,926	4.0	40.1%
After-sales technical support services	**15,178**	**2.1**	60,615	15.4	(75.0%)
Renewable energy solutions	**7,249**	**1.0**	–	–	–
Total	**733,778**	**100.0**	392,880	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 2014 and 2013, approximately 79.2% and 72.4% of our total revenue was derived from precision engineering solutions projects respectively. Revenue from this business segment grew by 104.4% from approximately HK$284.3 million for the six months ended 30 June 2013, to approximately HK$581.0 million for the six months ended 30 June 2014. This is in line with the Group's strategy to focus more on precision engineering solutions projects as well as sustained by the increased banking supports received.

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 2014 and 2013, approximately 14.7% and 8.2% of our total revenue was derived from sales of CNC machining centres respectively. Revenue from the sales of CNC machining centres increased by 236.9% from approximately HK$32.1 million for the six months ended 30 June 2013, to approximately HK$108.0 million for the six months ended 30 June 2014. 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 3.0% and 4.0% for the six months ended 30 June 2014 and 2013 respectively. Despite the decrease in contribution, revenue from the sales of components and parts increased 40.1% from approximately HK$15.9 million for the six months ended 30 June 2013, to approximately HK$22.3 million for the current corresponding period. This increase was mainly attributable to organic business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

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 contribution from this business segment decreased to 2.1% for the six months ended 30 June 2014 from 15.4% in the preceding period. Revenue from after-sales technical support services dropped by 75.0% from HK$60.6 million in the previous corresponding period, to HK$15.2 million for the six months ended 30 June 2014. This was a result of focusing more attention and manpower onto the precision engineering solutions project segment.

Revenue from the new energy solutions relates primarily to the manufacture and trade of solar photovoltaic panels and modules. This is a new business segment which our Group has embarked on, which contributed to approximately 1.0% of our total revenue for the six months ended 30 June 2014.

Cost of Sales

The cost of sales of our Group accounted for approximately 82.6% and 79.2% of our revenue during the six months ended 30 June 2014 and 2013 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				
	2014	**% of total cost of sales**	2013	% of total cost of sales	Increase/ (Decrease)
	HK$'000		*HK$'000*		
Cost of goods sold	**604,008**	**99.6**	309,251	99.3	95.3%
Direct labour costs	**1,758**	**0.3**	1,526	0.5	15.2%
Direct depreciation expenses	**556**	**0.1**	579	0.2	(4.0%)
Total	**606,322**	**100.0**	311,356	100.0	

For both the six months ended 30 June 2014 and 2013, cost of goods sold as a percentage of our Group's total cost of sales was 99.6% and 99.3% respectively. Cost of goods sold increased by 95.3% from approximately HK$309.3 million for the six months ended 30 June 2013, to approximately HK$604.0 million for the six months ended 30 June 2014. 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 in both the percentage of total cost of sales and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Direct labour costs comprise salaries and related costs for engineers as well as production and assembly staff. For the six months ended 30 June 2014 and 2013, direct labour costs were approximately 0.3% and 0.5% respectively. Direct labour costs increased by 15.2% from approximately HK$1.5 million for the six months ended 30 June 2013 to approximately HK$1.8 million for the six months ended 30 June 2014. The slight increase in absolute amount is 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 2014 and 2013 accounted for approximately 0.1% and 0.2% respectively, of our Group's total cost of sales. Direct depreciation expenses decreased marginally by 4.0% from approximately HK$579,000 in the previous corresponding period, to approximately HK$556,000 for the six months ended 30 June 2014. Direct depreciation expenses comprise depreciation charges on production related equipment. The slight decrease in absolute amount is primarily due to the disposal of plant and equipment in June 2013, and hence lower depreciation expenses for the six months ended 30 June 2014.

Gross Profit and Gross Profit Margin

Our gross profit for the six months ended 30 June 2014 was approximately HK$127.5 million, representing an increase of 56.3% from the six months ended 30 June 2013. This was primarily contributed by the increase in revenue from the precision engineering solutions projects and the revenue from the sales of CNC machining centres. In addition, despite the increase in revenue of the precision engineering solutions projects and the sales of CNC machining centres, their gross profit margin are lower compared against the prior period, due mainly to the higher costs of goods sold.

The business of the Group comprises five segments, out of which the precision engineering solutions projects segment and the after-sales technical support services have a much higher gross profits margins.

As a combined result of the factors described above, our gross profit margin for the six months ended 30 June 2014 decreased from approximately 20.8% for the six months ended 30 June 2013 to approximately 17.4%.

Other Income and Gains

The other income and gains of our Group amounted to approximately HK$280,000 and HK$5.2 million for the six months ended 30 June 2014 and 2013 respectively. The decrease of approximately 94.6% was largely due to a one-off compensation received from suppliers for non-delivery of equipment during the six months ended 30 June 2013.

Selling and Distribution Expenses

Selling and distribution expenses refer to the expenses incurred from 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, in absolute amount were relatively comparable at approximately HK$5.0 million and HK$5.1 million or approximately 0.7% and 1.3% of revenue for the six months ended 30 June 2014 and 2013 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses comprise primarily of salaries and related costs for key management, finance and administration staff, rental expenses, depreciation, and audit fees.

The administrative expenses of the Group increased from approximately HK$15.4 million for the six months ended 30 June 2013 to approximately HK$17.6 million for the six months ended 30 June 2014. This increase of 14.6% is primarily attributable to the increase in rental expenses as a result of setting up an office in Hong Kong.

Finance Costs

Our Group's finance costs comprise interest on bank loans, bank and other finance charges, and interest on finance leases. Our finance costs increased by approximately HK$4.2 million from about HK$4.4 million for the six months ended 30 June 2013 to about HK$8.6 million for the six months ended 30 June 2014. The increase in absolute amount, was largely attributable to the additional trade facilities obtained which was required to help facilitate the increase in revenue, particularly from the precision engineering solutions projects.

Income Tax Expense

Our income tax expense amounted to approximately HK$17.5 million and HK$10.9 million for the six months ended 30 June 2014 and 2013 respectively. The increase is in line with the corresponding increase in revenue.

Profit from Continuing Operations, Profit for the Period and Net Profit Margin

The Group recorded a profit from continuing operations of approximately HK$80.1 million for the six months ended 30 June 2014 which is an increase of approximately HK$29.4 million or 57.9% from approximately HK$50.7 million in the corresponding period in 2013. As previously mentioned, the increase in profits from continuing operations is in line with the increase in overall revenue. After including profits from discontinued operations, which amounted to approximately HK$660,000 and HK$5.1 million for the six months ended 30 June 2014 and 2013, the profit for the period attributable to the owners of the Company became approximately HK$80.8 million and HK$55.8 million respectively.

Corresponding to the decrease in gross profit margin as mentioned above, net profit margin for the six months ended 30 June 2014 also decreased to 11.0% from approximately 14.2% for the six months ended 30 June 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

Our cash and bank balances, excluding cash balances from discontinued operations, amounted to approximately HK$84.8 million and HK$12.9 million as at 30 June 2014 and 31 December 2013 respectively. The functional currencies of the Group include Malaysia ringgit, Renminbi, US dollar, Swiss francs and Singapore dollar. As at 30 June 2014, 97.3% of the Group's cash, bank deposits and non-pledged fixed deposits were denominated in the respective functional currencies and the remaining 2.7% in other currencies (mainly Hong Kong dollar, Japanese yen and United States dollar).

The increase of approximately HK$71.9 million in cash and bank balances was mainly attributable to the net cash flows generated from operating activities amounted to approximately HK$43.3 million during the six months ended 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2014, 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 1.83% to 8.50% per annum. In addition, our bank loans increased from approximately HK$0.3 million as at 31 December 2013 to approximately HK$1.8 million as at 30 June 2014.

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 2014, the Group acquired property, plant and equipment at a cost of approximately HK$4.6 million or decreased 13.9% as compared with approximately HK$5.3 million for the year ended 31 December 2013.

There was no property, plant and equipment disposal during the six months ended 30 June 2014, whereas in the corresponding period in 2013, there was a disposal of net book value of HK$2.4 million at a consideration of HK$3.0 million, representing a gain on disposal of HK$0.6 million for the six months ended 30 June 2013.

CAPITAL COMMITMENTS

The Group does not have any material capital commitments as at 30 June 2014.

CHARGE ON ASSETS

As at 30 June 2014, the Group had pledged certain assets with a net book value of approximately HK$2.3 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.

MATERIAL ACQUISITIONS OR DISPOSALS

There was no material acquisition and disposal of subsidiaries by the Group during the Period. Subsequent to the Period, on 28 August 2014, CW Group Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a conditional agreement to dispose of its entire equity interest and sale loan in FNW International Limited, at a cash consideration of HK$260 million.

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 2013.

GEARING RATIO

Gearing ratio is measured by the total bank loans, overdraft and redeemable preference shares divided by total assets of the Group. As at 30 June 2014, the gearing ratio was 2.11% whereas the gearing ratio as at 31 December 2013 was 0.03%.

BUSINESS REVIEW

Following up on the strong showing of 2013, the Group has seen continued strong growth in sales volume. Revenue for the six months ended 30 June 2014 has increased by 86.8% from the same period in 2013, to reach HK$733.8 million. At the same time, profits from continuing operations for the six months ended 30 June 2014 has correspondingly increased to HK$80.1 million, representing a 57.9% increase from the prior corresponding period.

During the six months ended 30 June 2014, the Group continued to focus on its key business fundamentals. With the benefit of increased banking support, we were able to intensify our sales efforts. This can be seen from the period-to-period growth in revenue from our precision engineering solutions projects and revenue from the sales of CNC machining centres which rose by 104.4% and 236.9% respectively. These increases were primarily due to the increases in revenue from customers in the oil and gas, precision engineering and automotive sectors. The focus on the abovementioned two business segments required us to channel most of our engineering and technical resources on these, which resulted in a 75.0% decrease in revenue from our after-sales technical support services during the same period. But we remain relatively confident that with the increase in revenue from the precision engineering solutions projects, it will eventually have a supplementary effect on our after-sales technical support services in the long run.

During the six months ended 30 June 2014, 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 and anticipates continued demand from the aviation, oil and gas and automotive industries. With the continued expansion of the Group's business, we aim to continue to focus on our key business fundamentals and markets to enable us to be the priority choice for our customers by providing premier solutions and service offerings.

STRATEGY AND OUTLOOK

Despite optimism of global recovery in 2014, the general economic conditions in the first six months of 2014 were not as robust as expected. While market sentiment is confident of an upturn in the second half of 2014, growth is expected to be steady rather than of a rapid acceleration. The expected growth will hinge on concerted actions by governments of the world's leading economies, which is needed to rebuild the growth momentum. The slowdown in recovery has mostly been attributed to the poor performance of the European Union, where discouraging reports that the Eurozone may slide back to recession on the back of zero or negative growth in its economy in the second quarter. The catalyst for this was largely down to the political tension between Russia and Ukraine, which translated into concerns about potential economic warfare of escalating sanctions being imposed by western nations on Russia, and retaliatory sanctions by Russia, all of which was not positive for the economies. In view of this, much of the mooted global recovery in 2014 came down to the performance of the economies of the Asian markets. Against a backdrop of such volatile macro-economic circumstances, we are encouraged but remain cautiously optimistic on the performance of the Group as these events may represent potential business opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, we anticipate continuous rising demand for our precision engineering solutions projects, higher-end CNC machining centres as well as machine tools for the aviation manufacturing, the oil and gas, and the automotive industries, especially in the Asia Pacific region. We also anticipate a potential growth in the region with regards to the new energy industry, and as such, we have now set up a manufacturing base in Iskandar Malaysia, a special economic zone in Johor, Malaysia. Despite the economic uncertainty in Europe, there are still business opportunities, and in view of that, we have set up a operational presence in Switzerland. These new set-ups have put us in good stead and will allow us to capture any potential business opportunities that may arise.

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 2014, the Group had a total number of 248 full-time employees, including 82 full-time employees in our joint ventures and 90 full-time employees in our discontinued business operations (31 December 2013 was 239 full-time employees, 82 and 94 respectively). 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.

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 2014, 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 2014, 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.

OTHER INFORMATION

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

As at 30 June 2014, 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%

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.

Save as disclosed above, as at 30 June 2014, 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 2014.

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 2014 contained in Appendix 14 to the 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 Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct of the Group regarding Directors' securities transactions for the period ended 30 June 2014. Specific written acknowledgements have been obtained from each Director to confirm compliance with the Model code. There were no incidents of non-compliance and the Board confirmed that having made specific enquiries with the Directors, all the Directors confirmed that they have complied with the required standard of dealings for the period ended 30 June 2014.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2014.

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 2014.

INTERIM DIVIDEND

The Board of Directors does not recommend any interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited) Restated*
Continuing operations			
Revenue	6	**733,778**	392,880
Cost of sales		**(606,322)**	(311,356)
Gross profit		**127,456**	81,524
Other income and gains	6	**280**	5,171
Selling and distribution expenses		**(4,957)**	(5,136)
Administrative expenses	7	**(17,632)**	(15,391)
Finance costs	8	**(8,628)**	(4,399)
Other operating income/(expenses)		**554**	(898)
Share of profit of joint ventures		**493**	752
Profit before tax from continuing operations	9	**97,566**	61,623
Income tax expense	10	**(17,467)**	(10,901)
Profit for the period from continuing operations		**80,099**	50,722
Discontinued operation			
Profit after tax for the period from discontinued operation	5	**660**	5,107
Profit for the period		**80,759**	55,829
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
– Continue operations		**3,199**	(11,539)
– Discontinued operations		**(808)**	(1,433)
Other comprehensive income for the period, net of tax		**2,391**	(12,972)
Total comprehensive income for the period		**83,150**	42,857
Profit for the period attributable to:			
Owners of the Company		**80,759**	55,829
Total comprehensive income for the period attributable to:			
Owners of the Company		**83,150**	42,857
Earnings per share attributable to ordinary equity holders of the Company	12		
Basic and diluted *(HK cents)*			
– Profit for the period		**13.10**	9.06

* Certain amounts shown here do not correspond to the interim condensed financial statements as at 30 June 2013 and reflect adjustments made as detailed in Note 5.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited) Restated*
Non-current assets			
Property, plant and equipment	13	**30,707**	27,423
Goodwill		**6,208**	162
Investment in joint ventures		**10,712**	10,219
		47,627	37,804
Current assets			
Inventories		**5,161**	1,189
Trade receivables	14	**966,618**	921,793
Other receivables		**194,837**	139,130
Cash and bank balances	15	**84,838**	12,917
		1,251,454	1,075,029
Assets classified as held for sales	5	**254,269**	273,481
		1,505,723	1,348,510
Current liabilities			
Bank loans		**1,759**	322
Trade payables	16	**541,238**	480,913
Other payables and accruals		**68,964**	56,836
Finance lease payable		**1,070**	590
Tax payables		**38,647**	32,361
		651,678	571,022
Liabilities directly associated with the assets classified as held for sales	5	**101,879**	122,642
		753,557	693,664
Net current assets		**752,166**	654,846
Total assets less current liabilities		**799,793**	692,650
Non-current liabilities			
Finance lease payable		**4,494**	1,076
Redeemable preference shares	17	**31,075**	–
Deferred tax liabilities		**826**	847
		36,395	1,923
Net assets		**763,398**	690,727
Capital and reserves			
Issued capital	18	**6,164**	6,164
Retained earnings		**399,243**	328,963
Share premium reserve		**421,925**	421,925
Other reserves		**(65,365)**	(68,564)
Reserves of a disposal group classified as held for sales	5	**1,431**	2,239
Total equity attributable to owners of the Company		**763,398**	690,727

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2013 and reflect adjustments made as detailed in Note 5.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company					
	Issued capital *HK$'000* *(Note 17)*	**Retained earnings** *HK$'000*	**Share premium reserve** *HK$'000*	**Other reserves** *HK$'000*	**Discontinued operations** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2014	**6,164**	**328,963**	**421,925**	**(68,564)**	**2,239**	**690,727**
Profit for the period	**–**	**80,759**	**–**	**–**	**–**	**80,759**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**3,199**	**(808)**	**2,391**
Total comprehensive income for the period	**–**	**80,759**	**–**	**3,199**	**(808)**	**83,150**
Dividend *(Note 11)*	**–**	**(10,479)**	**–**	**–**	**–**	**(10,479)**
Balance at 30 June 2014 (Unaudited)	**6,164**	**399,243**	**421,925**	**(65,365)**	**1,431**	**763,398**

	Attributable to owners of the Company					
	Issued capital *HK$'000* *(Note 17)*	Retained earnings *HK$'000*	Share premium reserve *HK$'000*	Other reserves *HK$'000*	Discontinued operations *HK$'000*	Total *HK$'000*
Balance at 1 January 2013	6,164	199,018	421,925	(58,331)	1,712	570,488
Profit for the period	–	55,829	–	–	–	55,829
Exchange differences on translation of foreign operations	–	–	–	(11,539)	(1,433)	(12,972)
Total comprehensive income for the period	–	55,829	–	(11,539)	(1,433)	42,857
Balance at 30 June 2013 (Unaudited)	6,164	254,847	421,925	(69,870)	279	613,345

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Notes	2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited) Restated*
Cash flows from operating activities			
Profit before tax from continuing operations		**97,566**	61,623
Profit before tax from discontinued operations	5	**3,585**	3,754
Adjustments for:			
Amortisation of prepaid land lease payment		**6**	6
Depreciation		**1,880**	1,662
Foreign currency realignment		**2,099**	(16,715)
Loss/(gain) on disposal of property, plant and equipment		**121**	(565)
Loss on disposal of prepaid land lease payment		**119**	–
Loss on disposal of discontinued operation		**5,374**	–
Interest income		**(25)**	(50)
Finance costs		**8,638**	4,409
Allowance/(reversal) for unutilised leave provision		**113**	(133)
Share of profit of joint ventures		**(493)**	(752)
		17,832	(12,138)
Cash flows from operating activities before movements in working capital		**118,983**	53,239
Movements in working capital:			
Trade receivables		**(34,561)**	(49,601)
Other receivables		**(65,424)**	61,764
Inventories		**(2,210)**	(9,227)
Trade payables		**47,628**	(69,396)
Other payables and accruals		**(21,094)**	(238)
Cash generated from/(used in) operations		**43,322**	(13,459)
Income taxes paid		**(13,744)**	(8,095)
Net cash flows generated from/(used in) operating activities		**29,578**	(21,554)
Cash flows from investing activities			
Interest received		**25**	50
Net cashflow from acquisition of subsidiary of subsidiary	4	**634**	–
Purchase of property, plant and equipment		**(211)**	(3,270)
Proceeds from disposal of property, plant and equipment		**698**	3,009
Proceeds from disposal of prepaid land lease payment		**687**	–
Net cash flows generated from/(used in) investing activities		**1,833**	(211)

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2013 and reflect adjustments made as detailed in Note 5.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Notes	**2014** ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited) Restated*
Cash flows from financing activities			
Interest and finance charges paid		**(8,638)**	(4,409)
Proceeds from redeemable preference shares	*17*	**31,075**	–
Proceeds from obligations under finance leases		**4,178**	1,667
Repayment of obligations under finance leases		**(280)**	–
Proceeds from bank loans		**1,759**	–
Repayment of bank loans		**(322)**	(874)
Net cash flows generated from/(used in) financing activities		**27,772**	(3,616)
Net increase/(decrease) in cash and cash equivalents		**59,183**	(25,381)
Cash and cash equivalents at the beginning of the year		**31,330**	131,323
Effect of exchange rate changes, net		**393**	2,509
Cash and cash equivalents at the end of the year	*15*	**90,906**	108,451

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2013 and reflect adjustments made as detailed in Note 5.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. CORPORATION INFORMATION

CW Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. On 13 April 2013, 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 interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The 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 2013.

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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

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

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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)

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

These amendments have no impact on the Group.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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 components and parts – relates to sales of self-manufactured and trading of components and parts.

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

(e) Renewable energy solutions – relates to sales of self-manufactured and trading of solar photovoltaic modules and panels.

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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2014 (Unaudited)	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Renewable energy solutions *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	580,996	108,046	22,309	15,178	7,249	733,778
Segment results	104,508	15,057	2,373	4,770	748	127,456
Reconciliation						
Bank interest income						4
Unallocated other income and gains						276
Corporate and other unallocated expenses						(22,035)
Finance costs						(8,628)
Share of profit of joint ventures						493
Profit before tax from continuing operations						97,566

As at 30 June 2014 (Unaudited)	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Renewable energy solutions *HK$'000*	Total *HK$'000*
Segment assets	795,179	126,203	25,731	26,030	20,398	993,541
Reconciliation						
Corporate and other unallocated assets						305,540
Assets related to discontinued operation						254,269
Total assets						1,553,350
Segment liabilities	441,452	78,184	8,323	6,119	23,078	557,156
Reconciliation						
Corporate and other unallocated liabilities						130,917
Liabilities related to discontinued operation						101,879
Total liabilities						789,952

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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 components and parts *HK$'000*	After-sales technical support services *HK$'000*	Renewable energy solutions *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	284,268	32,071	15,926	60,615	–	392,880
Intersegment sales	–	–	284	–	–	284
	284,268	32,071	16,210	60,615	–	393,164
Reconciliation						
Elimination of intersegment sales						(284)
Revenue						392,880
Segment results	59,809	8,143	(2,504)	16,076	–	81,524
Reconciliation						
Bank interest income						3
Unallocated other income and gains						5,168
Corporate and other unallocated expenses						(21,425)
Finance costs						(4,399)
Share of profit of joint ventures						752
Profit before tax from continuing operations						61,623

As at 31 December 2013 (Audited)	Precision engineering solution projects *HK$'000*	Sales of CNC machining centres *HK$'000*	Sales of components and parts *HK$'000*	After-sales technical support services *HK$'000*	Renewable energy solutions *HK$'000*	Total *HK$'000*
Segment assets	832,731	23,026	21,553	61,433	–	938,743
Reconciliation						
Corporate and other unallocated assets						174,090
Assets related to discontinued operation						273,481
Total assets						1,386,314
Segment liabilities	412,184	18,471	5,264	43,418	–	479,337
Reconciliation						
Corporate and other unallocated liabilities						93,608
Liabilities related to discontinued operation						122,642
Total liabilities						695,587

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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			
	2014		2013	
	HK$'000	**%**	*HK$'000*	%
	(Unaudited)		(Unaudited)	
Asia Pacific region:				
The PRC	**194,363**	**26.5**	14,695	3.7
Singapore	**82,819**	**11.3**	115,044	29.3
Indonesia	**102,042**	**13.9**	135,922	34.6
Malaysia	**87,952**	**12.0**	7,733	2.0
Hong Kong	**746**	**0.1**	–	–
India	**160,760**	**21.9**	50,386	12.8
Thailand	**83,554**	**11.4**	68,114	17.3
Others	**14,359**	**2.0**	154	0.1
Europe	**6,017**	**0.8**	832	0.2
Others	**1,166**	**0.1**	–	–
Total	**733,778**	**100.0**	392,880	100.0

4. BUSINESS COMBINATION

Acquisition of Sun M Energy Pte Ltd and its subsidiary

On 17 April 2014, the Group acquired 100% of the voting shares of Sun M Energy Pte Ltd and its subsidiary, Sun M Energy Sdn Bhd (collectively known as the "Sun M Group") which based in Singapore and Malaysia respectively. The Sun M Group specialises in the manufacture of solar components. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of the Sun M Group from the acquisition date. The fair values of the identifiable assets and liabilities of the Sun M Group as at the date of acquisition were:

	2014
	HK$'000
	(Unaudited)
Assets	
Property, plant and equipment	**4,368**
Cash	**634**
Trade receivables	**1,893**
Other receivables	**1,108**
	8,003

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

4. BUSINESS COMBINATION (cont'd)

Acquisition of Sun M Energy Pte Ltd and its subsidiary (cont'd)

	2014
	HK$'000
	(Unaudited)
Liabilities	
Trade payables	**41**
Other payables and accrued expenses	**13,991**
	14,032
Total identifiable net liabilities at fair value	**(6,029)**
Provisional goodwill	**6,029**
Purchase consideration transferred	**n.m.**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flow from investing activities)	**634**
Cash paid	**n.m.**
Net cash outflow	**634**

n.m. Not meaningful

At the date of the acquisition, the fair value of the trade receivables was HK$1,893,000. As at 30 June 2014, none of the trade receivables have been impaired.

From the date of acquisition, the Sun M Group has contributed HK$916,000 to the revenue and HK$564,000 to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been HK$2,790,000 and the loss from continuing operations for the period would have been HK$2,607,000.

The provisional goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Sun M Group with those of the Group. The goodwill is not deductible for income tax purposes.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

5. DISCONTINUED OPERATIONS

On 28 August 2014, the Group publicly announced the Group's intention to dispose its cement production equipment business segment (consist of FNW International Limited, Honor Well Group Holding Limited and Tianjin FeiSiTe Machinery Co., Ltd (collectively known as the "FNW Group")) and has executed a sale and purchase agreement. The board of directors have committed to proceed with the disposal of the FNW Group during the six months ended 30 June 2014. As at 30 June 2014, cement production equipment business segment was classified as a disposal group held for sale and as discontinued operations. The results of the period are presented below:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Revenue	**31,449**	41,198
Expenses	**(22,480)**	(37,434)
Finance costs	**(10)**	(10)
Impairment loss on discontinue operations	**(5,374)**	–
Profit before tax from discontinued operations	**3,585**	3,754
Taxation	**(2,925)**	1,353
Profit for the period from discontinued operations	**660**	5,107

The major classes of assets and liabilities of the FNW Group classified as held for sale as at 30 June 2014 and 31 December 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**8,281**	10,078
Prepaid land lease payment	**–**	828
Goodwill	**28,396**	33,335
Trade receivables	**42,119**	50,490
Other receivables	**167,152**	156,327
Cash and bank balances	**6,068**	18,413
Inventories	**2,253**	4,010
Assets classified as held for sale	**254,269**	273,481
Liabilities		
Trade payables	**19,467**	32,123
Other payables*	**196,982**	203,913
Tax payables	**4,326**	4,443
Deferred tax	**13,575**	12,927
Liabilities directly associated with assets classified as held for sale	**234,350**	253,406
Net assets directly associated with assets classified as held for sale	**19,919**	20,075

* Included in other payables is the outstanding loans due from FNW Group to the Group amounting to approximately HK$132.5 million and HK$130.8 million as at 30 June 2014 and 31 December 2013 respectively.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

5. DISCONTINUED OPERATIONS (cont'd)

Included in other comprehensive income:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Exchange differences on translation of foreign operations	**1,431**	2,239
Reserve of disposal group classified as held for distribution	**1,431**	2,239

The net cash flows incurred by FNW Group are, as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Operating	**(13,741)**	(6,273)
Investing	**1,406**	(190)
Financing	**(10)**	(10)
Net cash outflow	**(12,345)**	(6,473)
Earnings per share:		
Basic and diluted, profit/(loss) for the period from discontinued operations (HK cents)	**0.11**	0.83

Property, plant and equipment and prepaid land lease payment with a net book value of HK$819,000 and HK$806,000 were disposed by the disposal group during the six months ended 30 June 2014 at a consideration of HK$698,000 and HK$687,000 respectively, resulting in a net loss on disposal of HK$121,000 and HK$119,000 respectively.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

6. 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	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**718,600**	332,265
Rendering of services	**15,178**	60,615
	733,778	392,880
Other income		
Bank interest income	**4**	3
Government subsidy	**283**	47
Gain on disposal of property, plant and equipment (net)	**–**	565
Compensation from equipment suppliers	**–**	4,321
Others	**(7)**	235
	280	5,171

7. ADMINISTRATIVE EXPENSES

The Group's administrative expenses includes the following:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Audit fees	**1,521**	1,775
Legal and professional fees	**2,148**	3,538
Rental	**3,986**	1,533

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

8. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on finance leases	**72**	596
Bank overdraft interest and charges	**19**	76
Letter of credit and trust receipt charges	**6,717**	2,761
Bank and other finance charges	**1,705**	905
Interest on bank loans wholly repayable within five years	**115**	61
	8,628	4,399

9. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**604,008**	309,251
Depreciation*	**1,143**	823
Employee benefits expenses (including directors' remuneration)**	**11,001**	10,317
Foreign exchange (gain)/loss (net)***	**(554)**	898
Minimum lease payments recognised as an operating lease#	**4,282**	1,410

* These amounts are included in "Cost of sales" of HK$556,000 (six months ended 30 June 2013: HK$579,000) and "Administrative expenses" of HK$587,000 (six months ended 30 June 2013: HK$244,000) in the interim condensed consolidated statements of comprehensive income.

** This amount includes contribution to retirement benefits schemes of HK$1,121,000 (six months ended 30 June 2013: HK$996,000).

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

These amount are included in "Cost of sales" of HK$567,000 (2013: HK$515,000) and "Administrative expenses" of HK$3,715,000 (2013: HK$895,000) in the consolidated statement of comprehensive income.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

10. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**17,467**	10,901

11. DIVIDENDS

The final dividend of HK$1.70 cents per share amounting to HK$10,479,000 for financial year ended 31 December 2013 was approved on 30 May 2014 and paid on 8 July 2014.

No dividend is proposed by the Directors of the Company for the six months ended 30 June 2014 (30 June 2013: Nil).

12. 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$80,759,000 (six months ended 30 June 2013: HK$55,829,000) and the weighted average number of 616,417,000 (six months ended 30 June 2013: 616,417,000 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 2014 and 2013 as there are no dilutive potential ordinary shares as at 30 June 2014 and 2013.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Earnings per share (HK cents)	**13.10**	9.06

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

13. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired property, plant and equipment with a cost of HK$4,579,000 (31 December 2013: HK$5,320,000), in which HK$4,368,000 (31 December 2013: Nil) was acquired through acquisition of subsidiaries (Note 4).

Property, plant and equipment with a net book value of HK$2,444,000 were disposed by the Group during the six months ended 30 June 2013 at a consideration of HK$3,009,000, resulting in a net gain on disposal of HK$565,000. There was no property, plant and equipment disposal from continuing operations during the six month ended 30 June 2014.

14. TRADE RECEIVABLES

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Trade receivables	**868,726**	805,218
Less: Impairment	**(220)**	(217)
	868,506	805,001
Accrued revenue	**98,112**	116,792
	966,618	921,793

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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

14. TRADE RECEIVABLES (cont'd)

The following is an aging analysis of the Group's trade receivables (net of allowance for doubtful debts and excluding accrued revenue) as at 30 June 2014 and 31 December 2013, presented based on invoice date:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
0 to 90 days	**368,935**	209,101
91 to 180 days	**291,684**	182,141
181 to 360 days	**168,380**	362,831
Over 360 days	**39,507**	50,928
	868,506	805,001

15. CASH AND BANK BALANCES

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Cash on hand	**93**	44
Bank balances	**84,223**	12,873
Fixed deposits	**522**	–
Cash and bank balances	**84,838**	12,917

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.

For the purpose of the statement of cash flows, cash and bank balances comprise the following:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Cash on hand	**93**	44
Bank balances	**84,223**	12,873
Fixed deposits	**522**	–
Cash and bank balances attributable to discontinued operation	**6,068**	18,413
Cash and bank balances	**90,906**	31,330

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

16. TRADE PAYABLES

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Trade payables	**109,515**	182,575
Accrued payables	**1,031**	1,797
Bills payables	**430,692**	296,541
	541,238	480,913

The following is an aging analysis of the Group's trade payables (excluding bills payable and accrued payables) as at 30 June 2014 and 31 December 2013, presented based on invoice date:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
0 to 90 days	**79,476**	94,441
91 to 180 days	**(148)**	35,474
181 to 360 days	**18,493**	48,883
Over 360 days	**11,694**	3,777
	109,515	182,575

Bills payables were payable to the bank within 180 days.

17. REDEEMABLE PREFERENCE SHARES

On 27 June 2014, CW Group Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into an investment agreement to issue 5,000,000 unit of redeemable preference shares for a consideration of S$5,000,000 (approximately HK$31,075,000). CW Group Pte Ltd shall redeem all (and not part only) of the preference shares on or before the maturity date of 31 October 2015 at a price of S$1.20 per share. The effective interest rate of the redeemable preference shares is approximately 14.9% per annum. In the event CW Group Pte Ltd shall declare, pay or set aside any dividends on shares of any other classes of shares in accordance with the Memorandum and Article of Association, the preference shares holder shall simultaneously receive a dividend on each preference shares of an amount computed based on the formula stipulated in the investment agreement.

The Company has provided corporate guarantee to the preference shares holder in respect of all the obligations of CW Group Pte Ltd under the investment agreement.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

18. ISSUED CAPITAL

	30 June 2014 *HK$'000* (Unaudited)	31 December 2013 *HK$'000* (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

19. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group as at 30 June 2014 and 31 December 2013:

	30 June 2014 *HK$'000* (Unaudited)	31 December 2013 *HK$'000* (Audited)
Financial assets:		
Loan and receivables		
Trade receivables	**966,618**	921,793
Other receivables	**143,664**	146,210
Cash and bank balances	**84,838**	12,917
Total financial assets	**1,195,120**	1,080,920
Financial liabilities:		
Financial liabilities at amortised cost		
Finance lease payable	**4,494**	1,076
Redeemable preference shares	**31,075**	–
Total non-current	**35,569**	1,076
Financial liabilities at amortised cost		
Bank loans	**1,759**	322
Trade payables	**541,238**	480,913
Other payables and accruals	**47,637**	33,343
Finance lease payable	**1,070**	590
Total current	**591,704**	515,168
Total Financial liabilities	**627,273**	516,244

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

19. 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 and financial liabilities included in other payables and accruals approximate to their carrying amounts mainly 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 as they are floating rate instruments that are re-priced to market interest rates on or near balance sheet date. The fair value of the redeemable preference shares are also reasonable approximation of fair value and they bear an effective interest rate of 14.9% per annum.

20. 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 2013.

(b) Operating leases – as lessee

At 30 June 2014 and 31 December 2013, 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 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**10,453**	6,249
In the second to fifth years, inclusive	**9,606**	12,016
	20,059	18,265

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

21. 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	
	2014	2013
	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	**843**	70
Transportation expenses	**132**	99
Joint ventures		
KIWA-CW (Shanghai) Manufacturing Co., Ltd.		
Purchases of goods	**260**	30
Sales of fixed assets	**810**	761
Other	**20**	–
A shareholder of the joint ventures		
KIWA Machinery Co., Ltd.		
Sales of goods	**–**	1,556
Purchases of goods	**1,601**	509
Royalty expenses	**–**	87
Commission	**–**	339
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.

(b) Outstanding balances with related parties

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

Due from related parties (Trade receivables)

		30 June	31 December
		2014	2013
		HK$'000	*HK$'000*
Name of related party	*Notes*	**(Unaudited)**	(Audited)
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(i)*	**–**	1,201

Notes

(i) Jointly-controlled entity.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

21. RELATED PARTY DISCLOSURES (cont'd)

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

Due from related parties (Other receivables)

Name of related party	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
天津市興彩科工貿有限公司	(i)	**291**	42
LV技術工程（天津）有限公司	(i)	**15,363**	–
路易威天津國際貿易有限公司	(i)	**1,201**	449
KIWA-CW Machine Manufacturing Pte. Ltd.	(ii)	**2,886**	2,147
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	(ii)	**4,337**	4,508
Mr. Fu Junwu	(iii)	**33,506**	31,755
Mr. Wong Koon Lup, a director of the Company		**–**	114
Fu Yang International Co., Ltd.	(iv)	**28,732**	66,837
		86,316	105,852

Notes

(i) A substantial shareholder of the Company, Mr. Fu Junwu, had beneficial interests in this company during the year ended 31 December 2013. Mr. Fu Junwu has disposed his shares in the Company during the year ended 31 December 2013 but still remain as a director of a subsidiary.

(ii) Joint venture.

(iii) A substantial shareholder of the Company during the year ended 31 December 2013. Mr. Fu Junwu has disposed his shares in the Company during the year ended 31 December 2013 but still remain as a director of a subsidiary.

(iv) A substantial shareholder of the Company, Mr. Fu Junwu had beneficial interests in this company during the year ended 31 December 2013. 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 year ended 31 December 2013 but still remain as a director of a subsidiary.

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

21. 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 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
天津市興彩科工貿有限公司	*(i)*	**305**	15
LV技術工程（天津）有限公司	*(i)*	**128**	132
KIWA Machinery Co. Ltd.	*(ii)*	**14**	–
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(iii)*	**17**	1,387
		464	1,534

Notes

(i) A substantial shareholder of the Company, Mr. Fu Junwu, had beneficial interests in this company during the year ended 31 December 2013. Mr. Fu Junwu has disposed his shares in the Company during the year ended 31 December 2013 but still remain as a director of a subsidiary.

(ii) A shareholder of the joint ventures.

(iii) Joint venture.

Due to related parties (Other payables)

Name of related party	*Notes*	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
天津市興彩科工貿有限公司	*(i)*	**135**	96
LV技術工程（天津）有限公司	*(i)*	**2,312**	14,482
Mr. Wong Koon Lup, a director of the Company		**561**	699
Mr. Wong Mun Sum, a director of the Company		**178**	196
Mr. Fu Junwu	*(ii)*	**–**	42,948
KIWA-CW Machine Manufacturing Pte. Ltd.	*(iii)*	**31**	31
View Advanced Co., Ltd	*(iv)*	**3,650**	–
		6,867	58,452

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

21. RELATED PARTY DISCLOSURES (cont'd)

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

Due to related parties (Other payables) (cont'd)

Notes

(i) A substantial shareholder of the Company, Mr. Fu Junwu, had beneficial interests in this company during the year ended 31 December 2013. Mr. Fu Junwu has disposed his shares in the Company during the year ended 31 December 2013 but still remain as a director of a subsidiary.

(ii) A substantial shareholder of the Company during the year ended 31 December 2013. Mr. Fu Junwu has disposed his shares in the Company during the year ended 31 December 2013 but still remain as a director of a subsidiary.

(iii) Joint venture.

(iv) A director of the Company, Mr. Wong Koon Lup, had beneficial interests in this company during the six months ended 30 June 2014.

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

(c) Compensation of key management personnel

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Directors' fees	**435**	313
Other remuneration:		
– Salaries and bonuses	**2,359**	2,200
– Retirement benefit scheme contributions	**81**	82
	2,875	2,595

22. APPROVAL OF 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 29 August 2014.