CW GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1322

Industry 4.0
Full Throttle
Engineering Solutions

2015
Interim Report

CONTENTS

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

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
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Cayman Islands

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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 2015.

For the first half of 2015, the Group continued to see robust growth in sales volume. Revenue for the six months ended 30 June 2015 increased by 55.2% from the corresponding period in 2014, to HK$1,139.1 million. Profits from continuing operations for the six months ended 30 June 2015 was HK$116.4 million, representing a 45.3% increase from the prior corresponding period. This increase was offset by the additional expenses incurred for the six months ended 30 June 2015 in relation to the employees' share options expenses of approximately HK$9.1 million. Should this expenses been excluded, profits from continuing operations for the six months ended 30 June 2015 would have grown by 56.7% to HK$125.5 million, which would be in line with the growth rate in revenue.

The precision engineering solutions projects and sales of CNC machining centres continue to be the key focus of the Group, contributing 98.9% and 93.9% of the Group's revenue for the six months ended 30 June 2015 and 2014 respectively. Revenue contributions in this two business segments collectively grew by 63.5%, from HK$689.0 million for the six months ended 30 June 2014, to HK$1,126.4 million in the current period. This two business segments are the main beneficiary from the Group's decision to focus on key business fundamentals, as well as increasing supports from bankers.

During the six months ended 30 June 2015, 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 remain focused on our key business fundamentals and markets which 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 and higher-end CNC machining centres for the aviation, the automotive and the oil & gas industries, particularly in the Asia Pacific region. Despite the economic uncertainty in Europe, there are still business opportunities in the region, and we will be looking to capture any potential business opportunities that may arise. China with its vast industrial market remains a key attraction to the Group and we continue to seek for potential collaboration or cooperation with reputable Chinese partners in order to further penetrate this market.

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 strategic 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.

CHAIRMAN'S STATEMENT

The Group also plans to leverage on our technological know-how and knowledge of our customers' needs to procure high-end machining technology from Europe for onward sale to our customers who need to ramp up and upgrade their production facilities. We plan to complement the transfer of technology by offering after-sales technical support to our customers including installation, technical advice and equipment training and tuning so that our customers are able to harness these new technologies in an optimal manner.

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 2015

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Increase/
		(Restated)	(Decrease)
	(Unaudited)	(Unaudited)	
	HK$'000	*HK$'000*	
Continuing operations			
Revenue	**1,139,143**	733,778	55.2%
Cost of sales	**(940,914)**	(606,322)	55.2%
Gross profit	**198,229**	127,456	55.5%
Gross profit margin	**17.4%**	17.4%	–
Profit for the period from continuing operations	**116,357**	80,099	45.3%
Discontinued operations			
Profit after tax for the period from discontinued operations	**–**	660	n.a.
Profit for the period	**116,357**	80,759	44.1%
Earnings per share from continuing operations attributable to owners of the Company (HK cents):			
– Basic	**18.88**	12.99	45.3%
– Diluted	**17.46**	n.a.	n.a.
Earnings per share attributable to owners of the Company (HK cents)			
– Basic	**18.88**	13.10	44.1%
– Diluted	**17.46**	n.a.	n.a.

n.a.: Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2015, revenue of the Group reached approximately HK$1,139.1 million, representing an increase of approximately HK$405.4 million or 55.2% from approximately HK$733.8 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				
	2015	**% of total revenue**	2014	% of total revenue	Increase/ (Decrease)
	HK$'000		*HK$'000*		
Precision engineering solutions projects	**1,019,253**	**89.5**	580,996	79.2	75.4%
Sales of CNC machining centres	**107,168**	**9.4**	108,046	14.7	(0.8%)
Sales of components and parts	**6,843**	**0.6**	22,309	3.0	(69.3%)
After-sales technical support services	**3,659**	**0.3**	15,178	2.1	(75.9%)
Renewable energy solutions	**2,220**	**0.2**	7,249	1.0	(69.4%)
Total	**1,139,143**	**100.0**	733,778	100.0	55.2%

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 2015 and 2014, approximately 89.5% and 79.2% of our total revenue was derived from precision engineering solutions projects respectively. Revenue from this business segment grew by 75.4% from approximately HK$581.0 million for the six months ended 30 June 2014, to approximately HK$1,019.3 million for the six months ended 30 June 2015. 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 2015 and 2014, approximately 9.4% and 14.7% of our total revenue was derived from sales of CNC machining centres respectively. In absolute terms, revenue from the sales of CNC machining centres remained relatively constant, with a slight reduction of 0.8% from approximately HK$108.0 million for the six months ended 30 June 2014, to approximately HK$107.2 million for the six months ended 30 June 2015.

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 0.6% and 3.0% for the six months ended 30 June 2015 and 2014 respectively. Revenue from the sales of components and parts decreased by 69.3% from approximately HK$22.3 million for the six months ended 30 June 2014, to approximately HK$6.8 million for the current corresponding period. This decrease is mainly due to the completion of a project to supply components and parts in Singapore which contributed approximately HK$12.4 million in the six month ended 30 June 2014.

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 0.3% for the six months ended 30 June 2015 from 2.1% in the previous corresponding period. Revenue from after-sales technical support services dropped by 75.9% from HK$15.2 million in the previous corresponding period, to HK$3.7 million for the six months ended 30 June 2015. This was a result of focusing more attention and manpower on 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. Revenue contribution from this business segment decreased from 1.0% for the six months ended 30 June 2014 to 0.2% in the current corresponding period. Revenue from the new energy solutions dropped by 69.4% from approximately HK$7.2 million for the six months ended 30 June 2014, to approximately HK$2.2 million for the six months ended 30 June 2015. The decrease was partly due to the factory shutting down production for about three months, up to around the end April 2015 for the purpose of integrating the new fully automated production line into the production plant.

Cost of Sales

The costs of sales of our Group remained stable and accounted for approximately 82.6% of our revenue for both financial periods ended 30 June 2015 and 2014. 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				
	2015	**% of total cost of sales**	2014	% of total cost of sales	Increase/ (Decrease)
	HK$'000		*HK$'000*		
Cost of goods sold	**936,938**	**99.6**	604,008	99.6	55.1%
Direct labour costs	**2,316**	**0.2**	1,758	0.3	31.7%
Direct depreciation expenses	**1,660**	**0.2**	556	0.1	198.6%
Total	**940,914**	**100.0**	606,322	100.0	

For the six months ended 30 June 2015 and 2014, cost of goods sold as a percentage of our Group's total cost of sales remained constant, staying at 99.6%. Cost of goods sold increased by 55.1% from approximately HK$604.0 million for the six months ended 30 June 2014, to approximately HK$936.9 million for the six months ended 30 June 2015. 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 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 2015 and 2014, direct labour costs was approximately 0.2% and 0.3% of cost of sales respectively. Direct labour costs increased by 31.7% from approximately HK$1.8 million for the six months ended 30 June 2014 to approximately HK$2.3 million for the six months ended 30 June 2015. The increase in absolute amount is primarily attributable to increase in manpower in relation to the renewable energy solutions business segment which was only started in April 2014.

Direct depreciation expenses for both the six months ended 30 June 2015 and 2014 accounted for approximately 0.2% and 0.1% respectively, of our Group's total cost of sales. Direct depreciation expenses increased by 198.6% from approximately HK$556,000 in the previous corresponding period, to approximately HK$1.7 million for the six months ended 30 June 2015. Direct depreciation expenses comprise depreciation charges on production related equipment. The increase in absolute amount is primarily due to the addition of plant and equipment for the six months ended 30 June 2015 in relation to the renewable energy solutions business segment, and hence the higher depreciation expenses.

Gross Profit and Gross Profit Margin

Our gross profit for the six months ended 30 June 2015 was approximately HK$198.2 million, representing an increase of 55.5% from HK$127.5 million for the six months ended 30 June 2014. This was primarily contributed by the increase in revenue from the precision engineering solutions projects. Gross profit margin remained constant at 17.4% for both the six months ended 30 June 2015 and 2014.

Other Income and Gains

The other income and gains of our Group amounted to approximately HK$2.5 million and HK$280,000 for the six months ended 30 June 2015 and 2014 respectively. The increase of 784.6% was largely due to a write-off of long overdue other payables of approximately HK$1.7 million during the six months ended 30 June 2015.

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, as a percentage of total revenue remained relatively constant, being 1.0% and 0.7% of revenue for the six months ended 30 June 2015 and 2014 respectively. Selling and distribution expenses in absolute terms, increased from approximately HK$5.0 million for the six months ended 30 June 2014 to approximately HK$11.0 million for the six months ended 30 June 2015. This increase was largely attributable to an increase of approximately HK$5.7 million in commission expenses incurred for certain precision engineering solutions projects undertaken during the six months period ended 30 June 2015.

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, audit fees and other professional fees.

The administrative expenses of the Group increased by approximately HK$10.1 million, from approximately HK$17.6 million for the six months ended 30 June 2014 to approximately HK$27.7 million for the six months ended 30 June 2015. This increase of 57.4% was due to expenses in relation to the issuance of share options to certain eligible employees of approximately HK$9.1 million during the six months ended 30 June 2015.

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$5.4 million from about HK$8.6 million for the six months ended 30 June 2014 to about HK$14.0 million for the six months ended 30 June 2015. The increase in absolute amount for the six months ended 30 June 2015, was largely attributable to interest expenses in relation to the establishment of the redeemable preference shares of approximately HK$3.4 million, and the additional trade facilities obtained to support the increase, in particular the precision engineering solutions projects, resulting in an increase of approximately HK$1.7 million in trade facilities interests and expenses.

Income Tax Expense

Our income tax expense amounted to approximately HK$28.7 million and HK$17.5 million for the six months ended 30 June 2015 and 2014 respectively. The increase is in line with the corresponding increase in profit.

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

The Group recorded a profit from continuing operations of approximately HK$116.4 million for the six months ended 30 June 2015 which is an increase of approximately HK$36.3 million or 45.3% from approximately HK$80.1 million in the corresponding period in 2014. As previously mentioned, the increase in profits from continuing operations is in line with the increase in overall revenue. Profit for the period attributable to owners of the Company increased approximately 44.1%, from HK$80.8 million for the six months ended 30 June 2014 (after including profits from discontinued operations of approximately HK$660,000) to HK$116.4 million for the six months ended 30 June 2015.

Net profit margin for the six months ended 30 June 2015 decreased slightly to 10.2% from approximately 10.9% for the six months ended 30 June 2014. The reason for the decrease in net profit margin is mainly due to the expenses relating to share options as mentioned in the paragraph headed "Administrative Expenses" above.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

Our cash and bank balances amounted to approximately HK$452.0 million and HK$81.1 million as at 30 June 2015 and 31 December 2014 respectively. The functional currencies of the entities within the Group include Malaysia ringgit, Chinese renminbi, US dollar, Swiss franc and Singapore dollar. As at 30 June 2015, 99.3% of the Group's cash, bank deposits and non-pledged fixed deposits were denominated in the respective functional currencies and the remaining 0.7% in other currencies (mainly Hong Kong dollar, Japanese yen and US dollar).

The increase of approximately HK$370.9 million in cash and bank balances was mainly attributable to the net cash flows generated from financing activities of approximately HK$407.6 million, mainly from the notes issued. Operating activities also generated net cash inflow of approximately HK$22.8 million during the six months ended 30 June 2015. This was partially offset by net cash outflow on investing activities of approximately HK$59.5 million.

As at 30 June 2015, 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 2.01% to 10.25% per annum. Our bank loans (excluding Notes) decreased from approximately HK$4.4 million as at 31 December 2014 to approximately HK$3.6 million as at 30 June 2015.

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 (the "Directors") 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 the shareholders of the Company (the "Shareholders"). 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 2015, the Group acquired property, plant and equipment at a cost of approximately HK$10.5 million. Property, plant and equipment increased from HK$36.9 million as at 31 December 2014 to HK$43.9 million as at 30 June 2015.

There was no property, plant and equipment disposal during the six months ended 30 June 2015 and 2014.

CAPITAL COMMITMENTS

The Group does not have any material capital commitments as at 30 June 2015.

CHARGE ON ASSETS

As at 30 June 2015, the Group had pledged certain assets with a net book value of approximately HK$6.2 million under hire purchase financing.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK MANAGEMENT

The Group transacts business in various foreign currencies, including the US 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.

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 2014.

GEARING RATIO

Gearing ratio is measured by the total bank loans, overdraft, bills payable, redeemable preference shares and Notes divided by total assets of the Group. As at 30 June 2015, the gearing ratio was 45.0% whereas the gearing ratio as at 31 December 2014 was 31.5%.

BUSINESS REVIEW

For the first half of 2015, the Group continued to see robust growth in sales volume. Revenue for the six months ended 30 June 2015 increased by 55.2% from the corresponding period in 2014, to HK$1,139.1 million. Profits from continuing operations for the six months ended 30 June 2015 was HK$116.4 million, representing a 45.3% increase from the prior corresponding period. This increase was offset by the additional expenses incurred for the six months ended 30 June 2015 in relation to the employees' share options expenses of approximately HK$9.1 million. Should these expenses be excluded, profits from continuing operations for the six months ended 30 June 2015 would have grown by 56.7% to HK$125.5 million, which would be in line with the growth rate in revenue.

The precision engineering solutions projects and sales of CNC machining centres continue to be the key focus of the Group, contributing 98.9% and 93.9% of the Group's revenue for the six months ended 30 June 2015 and 2014 respectively. Revenue contributions in this two business segments collectively grew by 63.5%, from HK$689.0 million for the six months ended 30 June 2014, to HK$1,126.4 million in the current corresponding period. This two business segments are the main beneficiary from the Group's decision to focus on key business fundamentals, as well as increasing supports from bankers.

During the six months ended 30 June 2015, 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 remain focused on our key business fundamentals and markets which enable us to be the priority choice for our customers by providing premier solutions and service offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGY AND OUTLOOK

The first half of 2015 has seen the world re-focus its attention on the European Union ("EU") and the debt problem of Greece. Talks in Europe in the beginning of the year has fuelled rumours of whether Greece will exit the EU and whether the EU will drop the single currency. However, these scenarios have been quelled recently, with supports coming from political and economic heavyweights – Germany and France. Elsewhere in Europe, the continued sanctions by the United States ("US") and EU against Russia, and retaliatory sanctions by Russia, have continued to hamper any economic recovery in the region. And with US and EU having voted in June 2015 to extend the sanctions on Russia through to January 2016, it is expected Russia's economy will continue to decline for the rest of 2015. In view of the above, it would seem that the outlook for Europe for the remainder of 2015 to remain mildly negative, but expectations are that 2016 would be a more positive year.

One of the key points of 2014 was the collapse in world oil prices. With oil prices ending at multiyear lows at the end of 2014, it had resulted in a significant drop in the demands of drilling rigs and associated equipment globally since the beginning of 2015. However, the normalising of oil prices back above US$60 per barrel during the second quarter of 2015 has helped to stabilise the commodity markets, and instilled a sense of optimism of a gradual upward trend in the latter part of 2015. This will hopefully in turn stimulate the capital expenditure requirement of the oil and gas industry in the second half of the year.

Over in Asia, China continues to lead the way but there has been a substantial slowdown in the country's economic growth after two decades of significant growth. In particular, export – one of the key growth driver of China, has plunged over the last year. The Chinese government has started several initiatives to let their economy and their exports remain competitive, and has introduced a slew of measures over the last year, including the "Made-in-China 2025" initiative aim at overall upgrading technologies. On 11 August 2015, China's central bank moved to devalue its Chinese renminbi against the US dollar by 1.86%, a move widely regarded as to make China's exports more competitive overseas. And with China continuing to open its markets to overseas investors, the overall sentiment for China remains generally positive.

Looking forward, we anticipate continuous rising demand for our precision engineering solutions projects and higher-end CNC machining centres for the aviation, the automotive and the oil & gas industries, particularly in the Asia Pacific region. Despite the economic uncertainty in Europe, there are still business opportunities in the region, and we will be looking to capture any potential business opportunities that may arise. China with its vast industrial market remains a key attraction to the Group and we seek to get more cooperation in order to penetrate its market.

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 strategic 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.

The Group also plans to leverage on its technological know-how and knowledge of its customers' needs to procure high-end machining technology from Europe for onward sale to its customers who need to ramp up and upgrade their production facilities. We plan to complement the transfer of technology by offering after-sales technical support to our customers including installation, technical advice and equipment training and tuning so that its customers are able to harness these new technologies in an optimal manner.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES, REMUNERATION POLICY AND SHARE OPTION SCHEME

As at 30 June 2015, the Group had a total number of 155 full-time employees, including 74 full-time employees in our joint ventures (31 December 2014 was 165 full-time employees, including 74 full-time employees in our joint ventures). 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.

In order to provide an incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme on 14 March 2012, under which it may grant options to eligible persons. On 17 December 2014, the Group granted 49,929,777 share options to our Directors, certain employees and a consultant of the Group at an exercise price of HK$2.09 with various vesting periods between March 2015 and March 2017. In respect of those share options granted to the controlling shareholders of the Company and executive Directors – Mr. Wong Koon Lup (15,410,425 options) and Mr. Wong Mun Sum (12,328,340 options), special approval for these grants was obtained from the independent Shareholders at an extraordinary general meeting held on 29 June 2015. On 8 July 2015, Mr. Wong Koon Lup and Mr. Wong Mun Sum exercised 4,684,769 options and 4,109,446 options respectively. As at the date of this interim report (the "Interim Report"), other than the above mentioned, none of the other share options granted to the other eligible persons have been exercised.

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 2015, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which 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 which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), to be notified to the Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of ordinary shares(1)	Percentage of the total issued share capital of the Company
Mr. Wong Koon Lup(2)	Interest in controlled corporation	161,300,000(L)	26.17%
	Beneficial owner	23,450,000(L)	3.80%
Mr. Wong Mun Sum(2)	Beneficial owner	25,600,000(L)	4.15%

Notes:

(1) The letter "L" denotes the long position in such shares.

(2) 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 2015, 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 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 2015, 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*	**Nature of interest**	**Number of ordinary shares [1]**	**Percentage of the Company's issued share capital**
Mr. Wong Koon Lup	*(2)*	Interest in controlled corporation	161,300,000(L)	26.17%
		Beneficial owner	23,450,000(L)	3.80%
Ms. Lou Swee Lan	*(3)*	Family interest	184,750,000(L)	29.97%
WMS Holding Pte. Ltd.	*(2)*	Beneficial owner	161,300,000(L)	26.17%
New South Group Limited		Beneficial owner	146,953,000(L)	23.84%
Principal Global Inventors, LLC		Beneficial owner	31,184,000(L)	5.05%

Notes:

(1) The letter "L" denotes the long position in such shares.

(2) 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.

(3) 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.

Save as disclosed above, as at 30 June 2015, the Directors are not aware of any other persons (who is not a Director or the Chief Executive of the Company) who 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

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 2015 contained in Appendix 14 to 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 2015. Specific written acknowledgement has 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 2015.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2015.

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 2015.

INTERIM DIVIDEND

The Board of Directors does not recommend any interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

OTHER INFORMATION

SUBSEQUENT EVENTS

(i) Adoption of Dual Foreign Name

Further to the special resolution passed by Shareholders at the extraordinary general meeting held on 29 June 2015, "創達科技控股有限公司" has been adopted as the dual foreign name of the Company and has been effected upon registration by the Registrar of Companies in the Cayman Islands, as evidenced by the issuance of the Certificate of Incorporation on Change of Name on 9 July 2015. The Company has also completed the necessary filing procedures with the Companies Registry in Hong Kong and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued on 7 August 2015.

And with effect from 9:00 a.m. on 19 August 2015, a Chinese stock short name of the Company "創達科技控股" has been adopted for trading in the Shares on the Stock Exchange. The English stock short name of the Company, namely "CW GROUP HOLD" remains unchanged. The stock code of the Company remains unchanged as "1322".

For a more detailed understanding on the adoption of dual foreign name, please refer to the announcement made by the Company on 14 August 2015 under the announcement heading of "Adoption of Dual Foreign Name".

(ii) Subscription of Subscription Shares under General Mandate

On 16 August 2015, the Company announced that it had entered into a subscription agreement (the "Subscription Agreement") with Zhejiang Hua Hang Investment Co., Ltd (浙江華航投資有限公司) to issue a maximum of approximately 93.8 million subscription shares (the "Subscription Share") at the price of HK$3.63 per share, representing approximately 13.04% of its issued capital as enlarged by the subscription (the "Subscription"). The aggregate nominal value of the Subscription Shares was approximately HK$340.4 million.

For a more detailed understanding of the Subscription, please refer to the announcement made by the Company on 16 August 2015 under the announcement heading of "Subscription of New Shares under General Mandate".

Except for the above and the other disclosures in other sections of this Interim Report, there were no other significant subsequent events which occurred since 30 June 2015 up to the date of this Interim Report.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Restated) (Unaudited)
Continuing operations			
Revenue	*4*	**1,139,143**	733,778
Cost of sales		**(940,914)**	(606,322)
Gross profit		**198,229**	127,456
Other income and gains	*4*	**2,477**	280
Selling and distribution expenses		**(10,955)**	(4,957)
Administrative expenses	*5*	**(27,749)**	(17,632)
Finance costs	*6*	**(14,043)**	(8,628)
Other operating (expenses)/income		**(3,142)**	554
Share of profit of joint ventures		**282**	493
Profit before tax from continuing operations	*7*	**145,099**	97,566
Income tax expense	*8*	**(28,742)**	(17,467)
Profit for the period from continuing operations		**116,357**	80,099
Discontinued operation			
Profit after tax for the period from discontinued operation		**–**	660
Profit for the period		**116,357**	80,759
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
– Continuing operations		**(7,581)**	3,199
– Discontinued operations		**–**	(808)
Other comprehensive income for the period, net of tax		**(7,581)**	2,391
Total comprehensive income for the period		**108,776**	83,150

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		HK$'000	*HK$'000*
			(Restated)
	Notes	**(Unaudited)**	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**116,357**	80,759
Total comprehensive income for the period attributable to:			
Owners of the Company		**108,776**	83,150
Earnings per share from continuing operations attributable to owners of the Company (HK cents)	*10*		
Basic		**18.88**	12.99
Diluted		**17.46**	n.a
Earnings per share attributable to owners of the Company (HK cents)	*10*		
Basic		**18.88**	13.10
Diluted		**17.46**	n.a

n.a: Not applicable

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**43,856**	36,944
Goodwill		**5,500**	5,580
Other receivables		**120,000**	120,000
Investment in joint ventures		**12,572**	12,290
		181,928	174,814
Current assets			
Inventories		**3,312**	2,780
Trade receivables	12	**1,119,748**	858,228
Other receivables		**562,215**	569,073
Cash and bank balances	13	**451,950**	81,069
		2,137,225	1,511,150
Current liabilities			
Bank loans		**1,402**	1,509
Trade payables	14	**634,177**	553,525
Other payables and accruals		**82,297**	66,117
Finance lease payable		**4,392**	4,561
Redeemable preference shares	15	**32,277**	29,240
Tax payables		**64,673**	52,809
		819,218	707,761
Net current assets		**1,318,007**	803,389
Total assets less current liabilities		**1,499,935**	978,203
Non-current liabilities			
Bank loans		**2,211**	2,920
Notes issued	16	**421,261**	–
Finance lease payable		**10,207**	12,310
Deferred tax liabilities		**801**	800
		434,480	16,030
Net assets		**1,065,455**	962,173
Capital and reserves			
Issued capital	17	**6,164**	6,164
Retained earnings		**724,716**	622,906
Share premium reserve		**421,925**	421,925
Other reserves		**(87,350)**	(88,822)
Total equity attributable to owners of the Company		**1,065,455**	962,173

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Issued capital HK$'000 (Note 17)	Retained earnings HK$'000	Proposed final dividend HK$'000 (Note 9)	Share premium reserve HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2015	**6,164**	**608,359**	**14,547**	**421,925**	**(88,822)**	**962,173**
Profit for the period	–	**116,357**	–	–	–	**116,357**
Exchange differences on translation of foreign operations	–	–	–	–	**(7,581)**	**(7,581)**
Total comprehensive income for the period	–	**116,357**	–	–	**(7,581)**	**108,776**
Share option expenses	–	–	–	–	**9,053**	**9,053**
Dividend *(Note 9)*	–	–	**(14,547)**	–	–	**(14,547)**
Balance at 30 June 2015 (Unaudited)	**6,164**	**724,716**	–	**421,925**	**(87,350)**	**1,065,455**

	Issued capital HK$'000 (Note 17)	Retained earnings HK$'000	Share premium reserve HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2014	6,164	328,963	421,925	(66,325)	690,727
Profit for the period	–	80,759	–	–	80,759
Exchange differences on translation of foreign operations	–	–	–	2,391	2,391
Total comprehensive income for the period	–	80,759	–	2,391	83,150
Dividend	–	(10,479)	–	–	(10,479)
Balance at 30 June 2014 (Unaudited)	6,164	399,243	421,925	(63,934)	763,398

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	2015 HK$'000 (Unaudited)	2014 HK$'000 (Restated) (Unaudited)
Cash flows from operating activities			
Profit before tax from continuing operations		**145,099**	97,566
Profit before tax from discontinued operation		**–**	3,585
Adjustments for:			
Amortisation of prepaid land lease payment		**–**	6
Depreciation		**2,672**	1,880
Loss on disposal of property, plant and equipment		**–**	121
Loss on disposal of prepaid land lease payment		**–**	119
Loss on disposal of discontinued operation		**–**	5,374
Share option expenses		**9,053**	–
Interest income		**(24)**	(25)
Finance costs		**10,596**	8,638
Interest on redeemable preference shares		**3,447**	–
Allowance for unutilised leave provision		**2**	113
Share of profit of joint ventures		**(282)**	(493)
Foreign currency realignment		**(6,961)**	2,099
		18,503	17,832
Cash flows from operating activities before movements in working capital		**163,602**	118,983
Movements in working capital:			
Trade receivables		**(261,520)**	(34,561)
Other receivables		**55,849**	(65,424)
Inventories		**(532)**	(2,210)
Trade payables		**80,652**	47,628
Other payables and accruals		**1,631**	(21,094)
Cash generated from operations		**39,682**	43,322
Income taxes paid		**(16,878)**	(13,744)
Net cash flows generated from operating activities		**22,804**	29,578
Cash flows from investing activities			
Interest received		**24**	25
Net cashflow from acquisition of subsidiary		**–**	634
Cash placed in an Escrow amount		**(48,991)**	–
Purchase of property, plant and equipment		**(10,533)**	(211)
Proceeds from disposal of property, plant and equipment		**–**	698
Proceeds from disposal of prepaid land lease payment		**–**	687
Net cash flows (used in)/generated from investing activities		**(59,500)**	1,833

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	2015 *HK$'000* (Unaudited)	2014 *HK$'000* (Restated) (Unaudited)
Cash flows from financing activities			
Interest and finance charges paid		**(10,596)**	(8,638)
Proceeds from redeemable preference shares	*15*	**–**	31,075
Proceeds from obligations under finance leases		**–**	4,178
Repayment of obligations under finance leases		**(2,273)**	(280)
Proceeds from bank loans		**–**	1,759
Repayment of bank loans		**(815)**	(322)
Net proceeds from notes issued	*16*	**421,261**	–
Net cash flows generated from financing activities		**407,577**	27,772
Net increase in cash and cash equivalents		**370,881**	59,183
Cash and cash equivalents at the beginning of the period		**77,755**	31,330
Effect of exchange rate changes, net		**3,314**	393
Cash and cash equivalents at the end of the period	*13*	**451,950**	90,906

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 26th Floor, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

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 2015 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 2014.

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

Several other new standards and amendments apply for the first time in 2015. 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:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

a) A performance condition must contain a service condition

b) A performance target must be met while the counterparty is rendering service

c) A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group

d) A performance condition may be a market or non-market condition

e) If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

a) An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

b) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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

Annual Improvements 2010-2012 Cycle (cont'd)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

a) Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

b) This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39,as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 conceptualisation 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 2015

3. OPERATING SEGMENT INFORMATION (cont'd)

Six months ended 30 June 2015 (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	1,019,253	107,168	6,843	3,659	2,220	1,139,143
Intersegment sales	–	–	2,277	–	–	2,277
	1,019,253	107,168	9,120	3,659	2,220	1,141,420
						(2,277)
						1,139,143
Segment results	187,750	13,856	(1,591)	2,615	(4,401)	198,229
Reconciliation						
Bank interest income						24
Unallocated other income and gains						2,453
Corporate and other unallocated expenses						(41,846)
Finance costs						(14,043)
Share of profit of joint ventures						282
Profit before tax from continuing operations						145,099

As at 30 June 2015 (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	1,018,963	91,911	15,058	1,534	17,039	1,144,505
Reconciliation						
Corporate and other unallocated assets						1,174,648
Total assets						2,319,153
Segment liabilities	576,720	48,633	6,885	1,163	463	633,864
Reconciliation						
Corporate and other unallocated liabilities						619,834
Total liabilities						1,253,698

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 31 December 2014 (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	701,158	119,805	27,795	9,972	19,431	878,161
Reconciliation						
Corporate and other unallocated assets						807,803
Total assets						1,685,964
Segment liabilities	456,875	70,799	12,706	6,050	6,660	553,090
Reconciliation						
Corporate and other unallocated liabilities						170,701
Total liabilities						723,791

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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			
	2015		2014	
	HK$'000	**%**	*HK$'000*	%
			(Restated)	
	(Unaudited)		(Unaudited)	
Asia Pacific region:				
The PRC	**126,484**	**11.1**	194,363	26.5
Singapore	**51,142**	**4.5**	82,819	11.3
Indonesia	**128,862**	**11.3**	102,042	13.9
Malaysia	**109,362**	**9.6**	87,952	12.0
Hong Kong	**–**	**–**	746	0.1
India	**273,092**	**24.0**	160,760	21.9
Thailand	**447,630**	**39.3**	83,554	11.4
Others	**–**	**–**	14,359	2.0
Europe	**2,571**	**0.2**	6,017	0.8
Others	**–**	**–**	1,166	0.1
Total	**1,139,143**	**100.0**	733,778	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	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**1,135,484**	718,600
Rendering of services	**3,659**	15,178
	1,139,143	733,778
Other income		
Bank interest income	**24**	4
Government subsidy	**135**	283
Consultant fee	**585**	–
Write off long overdue other payables	**1,729**	–
Others	**4**	(7)
	2,477	280

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

5. ADMINISTRATIVE EXPENSES

The Group's administrative expenses includes the following:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Audit fees	**1,030**	1,521
Legal and professional fees	**2,000**	2,148
Rental	**4,354**	3,986
Share option expenses	**9,053**	–

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Interest on finance leases	**429**	72
Bank overdraft interest and charges	**23**	19
Letter of credit and trust receipt charges	**6,747**	6,717
Bank and other finance charges	**3,385**	1,705
Interest on bank loans wholly repayable within five years	**12**	115
Interest on redeemable preference shares	**3,447**	–
	14,043	8,628

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Cost of inventories sold	**936,938**	604,008
Depreciation*	**2,672**	1,143
Employee benefits expenses (including directors' remuneration)**	**11,512**	11,001
Foreign exchange loss/(gain) (net)***	**3,142**	(554)
Minimum lease payments recognised as an operating lease#	**5,123**	4,282

* These amounts are included in "Cost of sales" of HK$1,660,000 (six months ended 30 June 2014: HK$556,000) and "Administrative expenses" of HK$1,012,000 (six months ended 30 June 2014: HK$587,000) in the interim condensed consolidated statements of comprehensive income.

** This amount includes contribution to retirement benefits schemes of HK$1,160,000 (six months ended 30 June 2014: HK$1,121,000).

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

These amount are included in "Cost of sales" of HK$1,478,000 (2014: HK$567,000) and "Administrative expenses" of HK$3,645,000 (2014: HK$3,715,000) in the consolidated statement of comprehensive income.

8. 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	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Current tax:		
– Current period	**28,742**	17,467

9. DIVIDENDS

The final dividend of HK2.36 cents per share amounting to HK$14,547,000 for financial year ended 31 December 2014 was approved on 29 June 2015 and paid on 5 August 2015.

No dividend is proposed by the Directors of the Company for the six months ended 30 June 2015 (30 June 2014: Nil).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**116,357**	80,759
Less: Profit from discontinued operations, net of tax	**–**	(660)
Profit for the period from continuing operations, net of tax	**116,357**	80,099
	No. of shares	No. of shares
	'000	*'000*
Weighted average number of ordinary shares for basic earnings per share computation	**616,417**	616,417
Effects of dilution:		
– Share options	**49,930**	–
Weighted average number of ordinary shares for diluted earnings per share computation	**666,347**	616,417

During the financial year ended 31 December 2014, the Group issued 49,929,777 share options to certain eligible participants of the Company.

As disclosed in Note 21(b) "Subscription of Subscription Shares under General Mandate" under the section headed "Subsequent Events", on 16 August 2015, the Company announced to issue a maximum of approximately 93.8 million Subscription Shares, representing approximately 13.04% of its issued capital. This event would have changed significantly the number of ordinary shares at the end of the period if this transaction had occurred before the end of the reporting period.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (cont'd)

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares for diluted earnings per share computation respectively.

11. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with a cost of HK$10,533,000 (31 December 2014: HK$10,304,000 of which HK$4,598,000 was acquired through acquisition of subsidiaries).

There was no property, plant and equipment disposal during the six month ended 30 June 2015 and 30 June 2014.

12. TRADE RECEIVABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**863,595**	677,268
Less: Impairment	**(290)**	(207)
	863,305	677,061
Trade receivables from joint venture company	**171**	174
Accrued revenue	**256,272**	180,993
	1,119,748	858,228

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 2015

12. 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 2015 and 31 December 2014, presented based on invoice date:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**532,758**	426,014
91 to 180 days	**243,838**	208,427
181 to 360 days	**83,828**	20,240
Over 360 days	**2,881**	22,380
	863,305	677,061

13. CASH AND BANK BALANCES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cash on hand	**401**	42
Bank balances	**451,055**	80,567
Fixed deposits	**494**	460
Cash and bank balances	**451,950**	81,069

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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

14. TRADE PAYABLES

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Trade payables	**61,812**	71,292
Trade payable to joint venture companies	**12**	103
Accrued payables	**751**	714
Bills payables	**571,602**	481,416
	634,177	553,525

The following is an aging analysis of the Group's trade payables (excluding bills payable and accrued payables) as at 30 June 2015 and 31 December 2014, presented based on invoice date:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
0 to 90 days	**41,696**	34,597
91 to 180 days	**2,066**	7,001
181 to 360 days	**8,642**	240
Over 360 days	**9,408**	29,454
	61,812	71,292

Bills payables were payable to the bank within 180 days.

15. 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 2015

16. NOTES ISSUED

Notes issued related to fixed rate notes amounting to S$75,000,000 (approximately equivalent to HK$432,277,000) issued by CW Advanced Technologies Pte. Ltd. on 25 June 2015 under multicurrency debt issuance programme (the "Notes"). These Notes bear fixed interest rate at 7% per annum (effective interest rate of 7.2% per annum), secured through corporate guarantee by the Company and mature on 25 June 2018. The net proceeds of approximately S$73,200,000 (approximately equivalent to HK$421,261,000) arising from the issue of the Notes under the programme will be used for general corporate purposes, including refinancing of existing borrowings, general working capital requirements, investments (including mergers and acquisitions) and/or capital expenditure requirements of the Group.

The Group has covenanted, amongst others, with the trustee in the trust deed that for so long as any of the Notes or coupons remains outstanding, it will ensure that:

i. its consolidated total equity will not at any time be less than HK$700,000,000;

ii. the ratio of its consolidated net debt to its consolidated total equity shall not at any time be more than 1.75:1;

iii. the ratio of its consolidated EBITDA to its consolidated interest expense in respect of any test period shall not be less than 2.5:1 for that test period; and

iv. the ratio of its consolidated secured debt to its consolidated total assets shall not at any time be more than 0.6:1.

17. ISSUED CAPITAL

	30 June 2015 ***HK$'000*** **(Unaudited)**	31 December 2014 *HK$'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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

18. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group as at 30 June 2015 and 31 December 2014:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Financial assets:		
Loan and receivables		
Trade receivables	**1,118,351**	858,228
Other receivables	**213,443**	157,383
Cash and bank balances	**451,950**	81,069
Total financial assets	**1,783,744**	1,096,680
Financial liabilities:		
Financial liabilities at amortised cost		
Bank loans	**2,211**	2,920
Finance lease payable	**10,207**	12,310
Notes issued	**421,261**	–
Total non-current	**433,679**	15,230
Financial liabilities at amortised cost		
Bank loans	**1,402**	1,509
Trade payables	**633,539**	553,525
Other payables and accruals	**23,023**	23,711
Finance lease payable	**4,392**	4,561
Redeemable preference shares	**32,277**	29,240
Total current	**694,633**	612,546
Total financial liabilities	**1,128,312**	627,776

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

18. 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 carrying amounts 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 and Notes are also reasonable approximation of fair value and they bear an effective interest rate of 14.9% per annum and 7.2% per annum respectively.

19. 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 2014.

(b) Operating leases – as lessee

At 30 June 2015 and 31 December 2014, 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 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**8,143**	10,211
In the second to fifth years, inclusive	**3,023**	6,222
	11,166	16,433

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

20. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

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

Relationship/Name of related party/Nature of transaction	*Notes*	**Six months ended 30 June 2015** ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Restated) (Unaudited)
Company controlled by Mr. Fu Junwu			
天津市興彩科工貿有限公司	*(i)*		
Rental expenses		**n.a.**	843
Transportation expenses		**n.a.**	132
Joint ventures			
KIWA-CW (Shanghai) Manufacturing Co., Ltd.	*(ii)*		
Purchases of goods		**12**	260
Sales of fixed assets		**–**	810
Other		**–**	20
A shareholder of the joint ventures			
KIWA Machinery Co., Ltd.	*(iii)*		
Purchases of goods		**–**	1,601

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 shareholder of the joint ventures.

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

20. RELATED PARTY DISCLOSURES (cont'd)

(a) Transactions with related parties (cont'd)

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

Due from related parties (Trade receivables)

Name of related party	Notes	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	(i)	**171**	174

Notes

(i) Joint venture.

(b) Outstanding balances with related parties

Due from related parties (Other receivables)

Name of related party	Notes	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
KIWA-CW Machine Manufacturing Pte. Ltd.	(i)	**111**	–
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	(i)	**4,116**	4,205
Mr. Wong Koon Lup, a director of the Company		**54**	25
Mr. Wong Mun Sum, a director of the Company		**45**	–
		4,326	4,230

Notes

(i) Joint venture.

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 2015

20. 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 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
KIWA-CW Machine Manufacturing (Shanghai) Co., Ltd.	*(i)*	**12**	103
		12	103

Notes

(i) Joint venture.

Due to related parties (Other payables)

Name of related party	Notes	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
Mr. Wong Koon Lup, a director of the Company		**105**	111
Mr. Wong Mun Sum, a director of the Company		**179**	179
		284	290

The amounts due to 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 2015

20. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
	(Unaudited)	(Unaudited)
Directors' fees	**391**	435
Other remuneration:		
– Salaries and bonuses	**3,987**	4,124
– Retirement benefit scheme contributions	**172**	170
– Equity-settled share option expense	**7,265**	–
	11,815	4,729

Six months ended 30 June 2014 have been restated to include key management personnel which have been identified to be key management personnel for the period six months ended 30 June 2015.

21. SUBSEQUENT EVENTS

(a) Adoption of Dual Foreign Name

Further to the special resolution passed by Shareholders at the Extraordinary General Meeting held on 29 June 2015, "創達科技控股有限公司" has been adopted as the dual foreign name of the Company and has been effected upon registration by the Registrar of Companies in the Cayman Islands, as evidenced by the issuance of the Certificate of Incorporation on Change of Name on 9 July 2015. The Company has also completed the necessary filing procedures with the Companies Registry in Hong Kong and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued on 7 August 2015.

And with effect from 9:00 a.m. on 19 August 2015, a Chinese stock short name of the Company "創達科技控股" has been adopted for trading in the Shares on the Stock Exchange. The English stock short name of the Company, namely "CW GROUP HOLD" remains unchanged. The stock code of the Company remains unchanged as "1322".

For a more detailed understanding on the adoption of dual foreign name, please refer to the announcement made by the Company on 14 August 2015 under the announcement heading of "Adoption of Dual Foreign Name".

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

21. SUBSEQUENT EVENTS (cont'd)

(b) Subscription of Subscription Shares under General Mandate

On 16 August 2015, the Company announced that it had entered into the Subscription Agreement with Zhejiang Hua Hang Investment Co., Ltd (浙江華航投資有限公司) to issue a maximum of approximately 93.8 million Subscription Shares at the price of HK$3.63 per share, representing approximately 13.04% of its issued capital as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares will be approximately HK$340.4 million.

For a more detailed understanding of the Subscription, please refer to the announcement made by the Company on 16 August 2015 under the announcement heading of "Subscription of New Shares under General Mandate".

(c) Exercise of share option scheme

In order to provide an incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme on 14 March 2012 under which it may grant options to eligible persons. On 17 December 2014, the Group granted 49,929,777 share options to our Directors, certain employees and a consultant of the Group at an exercise price of HK$2.09 with various vesting periods between March 2015 and March 2017. In respect of those share options granted to the controlling shareholders and Executive Directors – Mr. Wong Koon Lup (15,410,425 options) and Mr. Wong Mun Sum (12,328,340 options), special approval for these grants was obtained from the independent Shareholders of the Company at an extraordinary general meeting which was held on 29 June 2015. On 8 July 2015, Mr. Wong Koon Lup and Mr. Wong Mun Sum exercised 4,684,769 options and 4,109,446 options respectively. As at 24 August 2015, other than the above mentioned, none of the other share options granted to the other eligible persons have been exercised.

22. 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 24 August 2015.