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CW GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1322)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY**

The Board is pleased to announce that after trading hours on 28 August 2014, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest and the Sale Loan of the Target Company at an aggregate consideration of HK\$260 million.

The Board considers that the terms of the Disposal, which were arrived at after arm's length negotiations on normal commercial terms between the Vendor and the Purchaser, are fair and reasonable and that the Disposal is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Disposal exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

The following defined terms are used in this announcement:

- | | |
|----------------|---|
| “Agreement” | the sale and purchase agreement dated 28 August 2014 made between the Vendor and the Purchaser relating to the sale and purchase of the Equity Interest and the Sale Loan |
| “Board” | the board of directors of CW Group Holdings Limited |
| “Business Day” | a day (not being a Saturday, Sunday or days on which a typhoon signal No.8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00am and 5:00pm) on which banks are generally open for general banking business in Hong Kong) |
| “Company” | CW Group Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 1322) |

“Completion”	completion of the Disposal pursuant to the terms of the Agreement
“Completion Date”	the fifth Business Day after the date on which all the condition precedents contained in the Agreement have been satisfied or waived in accordance with the Agreement or such other time and/or Business Day as the Parties may agree in writing
“Condition Precedent(s)”	means the condition precedents to be satisfied or waived pursuant to the Agreement and which Completion is subject and conditional upon
“Connected Persons”	as defined in the Listing Rules
“Disposal”	the disposal of the Equity Interest and the Sale Loan by the Vendor pursuant to the Agreement
“Equity Interest”	the entire equity interest of the Target Company which is wholly-owned by the Vendor as at the date of this announcement
“Group”	the Company and its subsidiary companies
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Long Stop Date”	means 5.00pm on 27 February 2015, or such other date as the parties may agree in writing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	The Peoples’ Republic of China
“Purchaser”	Fuji Morgan Limited, a limited liability company incorporated in the British Virgin Islands
“Sale Loan”	means all the outstanding loans due from the Target Company to the Vendor amounting to approximately HK\$130.7 million as at the date of the Agreement irrespective of whether or not the same is due and payable on the Completion Date
“Shareholders”	The shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary Companies”	the subsidiary companies of the Target Company
“Target Company”	FNW International Limited, a limited liability company incorporated in the British Virgin Islands
“Target Group”	the Target Company and its Subsidiary Companies
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	CW Group Pte. Ltd. a private limited company incorporated in the Republic of Singapore and an indirect wholly-owned subsidiary of the Company

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

28 August 2014 (after trading hours)

Parties

- (i) the Vendor; and
- (ii) the Purchaser.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and as far as the Company is aware after making reasonable enquiries is principally engaged in investment holding. To the best of the Board's knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of, and not connected to, the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest and the Sale Loan of the Target Company. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

As at the date hereof, the Target Group is indebted to the Vendor for the sum of approximately HK\$130.7 million.

Consideration and Payment Terms

The consideration for the Equity Interest and the Sale Loan shall be satisfied by the Purchaser paying to the Vendor by way of cash payment the amount of HK\$260 million and is to be satisfied as follows:–

- (a) HK\$20 million on the Completion Date; and
- (b) Quarterly in eight equal instalments of HK\$30 million, the first instalment payable on the first day of first quarter following the Completion Date of which will first be applied towards the settlement of the Sale Loan.

The consideration for the Disposal was determined after arm's length negotiations on normal commercial terms between the Vendor and the Purchaser on the basis of and having regard to (i) the Group's historical costs of investment in the Target Company; and (ii) the reasons for the Disposal as discussed below.

The Directors consider that the consideration for the Disposal was fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Conditions Precedent

Completion shall be conditional upon the satisfaction of the following conditions having been fulfilled or waived:

- (i) all necessary approvals, waivers and consents required to be obtained on the part of the Vendor in respect of this Agreement and the transactions contemplated hereunder having been obtained.
- (ii) completion of business, financial and legal due diligence on all relevant aspects of the Target Group by the Purchaser and the Purchaser being satisfied with the results of such due diligence.
- (iii) The Purchaser may, in its absolute discretion, waive the Condition Precedents set out in (i), (ii), (iv), (vii) and (viii) at any time by specific notice in writing to such effect to the Vendor. The Vendor may, in its absolute discretion, waive the Condition Precedents in (v), (viii) and (ix) at any time by specific notice in writing to such effect to the Purchaser.
- (iv) the Vendor's Warranties under this Agreement remaining true and accurate and not misleading in all material respects.
- (v) the Purchaser's Warranties under this Agreement remaining true and accurate and not misleading in all material respects.
- (vi) the Parties hereto shall use their best endeavours to procure fulfilment prior to the Long Stop Date of all the Conditions Precedent, unless waived pursuant to the terms stipulated in the Agreement.
- (vii) if required by the Purchaser, the Vendor shall (a) give or procure for the Purchaser and/or any persons authorized by it in writing all such access to the books, documents, title deeds, records, returns, approvals, correspondence, accounts and other information of the Target Group as may reasonably be requested by or on behalf of the Purchaser for the purposes of carrying out the review described in (ii) above; (b) for the purpose of such review as may be reasonably required permit them to take copies of any such books, documents, title deeds, records, returns, approvals, correspondence and accounts (to be returned in the event of termination of this Agreement); and (c) procure that the directors of the Target Group give promptly all such information and explanations to any of such persons as may reasonably be requested by such persons for the aforesaid purpose.
- (viii) (if applicable) obtaining all other necessary approvals, waivers and consents required in relation to the completion of the transactions contemplated under the Agreement.
- (ix) a share charge in a form satisfactory to the Vendor being duly executed by the Purchaser in favour of the Vendor for payment by the Purchaser of the eight equal quarterly instalments of HK\$30 million which is payable to the Vendor following the Completion Date under the Agreement.

If the above Conditions Precedent(s) shall not have been fulfilled (or waived) in full at or before the Long Stop Date, all rights and obligations of the parties under the Agreement shall become void and be of no further effect, and no party shall have any claim against the other save for claims (if any) in respect of such continuing provisions as specified under the Agreement or any antecedent breach thereof.

Completion

Completion shall be on the Completion Date as stipulated in the Agreement.

The Agreement is governed by Hong Kong law.

Upon completion, the Company shall retain no interests in the Target Group and the Target Group shall cease to be subsidiary companies of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands on 8 June 2010 with a registered capital of US\$100 and is an investment holding company. The Target Group, under the brand name “菲斯特”, is principally engaged in the manufacture, assembly and supply of cement production equipment to customers in the construction materials industry in the PRC.

The Target Company has the following wholly-owned Subsidiary Companies:

Honor Well Group Holdings Limited (信用控股有限公司)	Room 2105, 21/F., Office Tower, Langham Place, 8 Argyle Street, Mongkok, Kowloon, Hong Kong.
天津菲斯特機械設備有限公司 (in English, for identification purpose only, Tianjin FeiSiTe Machinery Co. Limited)	天津市北辰區霸公路北側

As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

Set out below is the financial information of the Target Group for the two financial years ended 31 December 2012 and 2013:

	For the year ended 31 December 2012	For the year ended 31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Net profit before taxation	23,877	14,506
Net profit after taxation	16,648	10,973

As at 31 December 2013, the audited net asset value of the Target Group was approximately HK\$142.7 million, excluding goodwill of HK\$33.3 million.

FINANCIAL EFFECT OF THE DISPOSAL

For illustrative purposes, had the disposal been effected on 31 December 2013, the Group will recognize a net loss of approximately HK\$5.3 million. However, this may not represent the actual loss on disposal which could only be determined following Completion. Following Completion, the financial results of the Target Group will no longer be consolidated into the Group's financial statements.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of precision engineering solutions and machine tool manufacturing and distribution. The Group has operated under the following 6 business segments, namely: (1) the provision of precision engineering solutions; (2) the sale of cement production equipment; (3) the sale of CNC machining centres; (4) the sale of components and parts; (5) the provision of comprehensive maintenance and after-sales technical support services; and (6) the provision of renewable energy solutions.

Under the brand name “菲斯特”, our Group manufactures, assembles and supplies cement production equipment to customers in the construction materials industry in the PRC. These include rotor weigh feeders and other cement production equipment such as clinker coolers and flow control gates.

Since 2012, the cement industry in the PRC has experienced a downturn, due in many cases to, overcapacity, efforts to cool down the PRC real estate sector, rising fuel and labour costs, a gradual adjustment through the imposition of more stringent environmental regulations in the cement industry and a general trend of consolidation in the PRC cement industry. As at the date of this announcement, the operating environment in the cement industry in the PRC remains difficult and is likely to remain challenging for the foreseeable future. As a result of the downturn in the industry, the Group has experienced reduced demand from its customers for its cement production equipment. For the year ended 31 December 2012 approximately 13.1% of our total revenue was derived from the sale of cement production equipment, whilst in 2013, approximately 8.6% of our total revenue was derived from the sale of cement production equipment, which represented a decrease of approximately 4.5%.

The disposal of the Group’s sale of cement production equipment segment will serve to streamline the Group’s business operations to focus exclusively on the core businesses of the Group which are expected to create enhanced value for the Shareholders and increase its profitability in the medium to long term.

Upon completion, the Group shall cease to have an operating segment for the sale of cement production equipment.

Taking into account the poor historical performance of the PRC cement industry since 2012 and the opportunity to streamline the Group’s operations to focus on its core businesses, the Board is of the view that the terms of the Agreement are fair and reasonable and that the Disposal is in the interest of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Board and after making all reasonable enquiries, none of the directors of the Company has a material interest in the Disposal contemplated under the Agreement as at the date of this announcement.

USE OF PROCEEDS

The net proceeds from the Disposal will be used for investment as suitable opportunities may arise and/or for the general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the Disposal exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

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

Hong Kong, 29 August 2014

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