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CW GROUP HOLDINGS LIMITED

創達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1322)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE

This is a voluntary announcement made by CW Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 28 October 2016, CW International (Shanghai) Co., Ltd (創興機械設備(上海)有限公司), an indirect wholly owned subsidiary of the Company (“**CWISH**”) and Zhejiang Hua Hang Investment Limited* (“**Zhejiang Hua Hang**”) (浙江華航投資有限公司), a company incorporated in the People’s Republic of China (the “**PRC**”), have entered into a letter of intent in relation to the formation of a joint venture company (the “**JV Company**”) in the PRC (the “**Letter of Intent**”).

Registered capital of the JV Company

Pursuant to the Letter of Intent, it is expected that the JV Company will be established with a registered and paid-up capital of RMB1 million, to be held as to 50% by each of CWISH and Zhejiang Hua Hang, respectively.

Purpose of the JV Company

The JV Company, under this strategic cooperation, will be formed for the purpose of delivering state of the art industrial design and human-centered process solutions to clients in the PRC, who are seeking to integrate technologies from the Fourth Industrial Revolution (“**Industry 4.0**”), a German concept which aims at automating and digitalising the manufacturing industry. Tapping on the expertise of the Europe Asia team, the Group is expected to assist the JV Company with the necessary “Industry 4.0” technicality and resources to undertake and pursue smart factories projects, and to engineer the capabilities and know-how of innovation and intelligent production for the manufacturing Industry in the PRC.

Termination and Exclusivity

The Letter of Intent has a term from the date of the agreement to the earlier of the date of formation of the JV Company or 31 December 2016, unless otherwise extended by the parties. The parties to the Letter of Intent agreed that they will not negotiate with any other parties in relation to the establishment of the JV Company or with respect to any similar cooperation during the term of the Letter of Intent. Upon termination in accordance with the terms of the Letter of Intent, neither party shall have any claims against each other. As such, the formation of the JV Company may or may not proceed.

REASONS FOR THE FORMATION OF THE JV COMPANY

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

With the adoption of “Industry 4.0”, many new opportunities are opening up in the PRC market. Although the PRC is the leader in terms of global manufacturing output, its manufacturing industry still requires technological advances, with most core and cutting-edge technologies being created and controlled by western countries. The rising labour costs in the PRC is eroding away the competitive price advantage its manufacturing industry has. In this context, transforming the PRC from a manufacturing power into a leading innovator has become the priority of the PRC government and companies, and it is expected that “Industry 4.0” will help the PRC achieve the same.

The Company considers that the establishment of the JV Company would enable the Group to introduce state of the art industrial design and innovation to companies in the PRC and to add further value to its customers, right from the designing of industrial products and human-centred process solutions, to the delivering of comprehensive engineering solutions and continuous after-sales support. The Board believes that the formation of the JV Company will take advantage of the design and innovative capabilities possessed by the Europe Asia team of the Group, which will be beneficial to the future growth and business development of the Group. The Board is confident that such strategic partnership is in the interests of the Company and its shareholders, as it will further strengthen the leading position of the Group in the Asia Pacific Region and make significant contributions to the progress of “Industry 4.0” in the PRC.

INFORMATION OF ZHEJIANG HUA HANG AND ITS SHAREHOLDERS

Zhejiang Hua Hang was established on 18 June 2015 in the PRC with a registered share capital of RMB50 million. Capitalising on the financial strength and network of its shareholders, Zhejiang Hua Hang is set to actively promote the “**Made in China 2025**” (“**中國製造2025**”) strategy through equity investments in the international capital markets in order to develop new market-oriented innovative businesses and promote socio-economic transformation in the PRC.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Zhejiang Hua Hang is held as to 35%, 35% and 30% by AVIC Trust Co., Ltd.* (中航信託股份有限公司) (“**AVIC Trust**”), Zhejiang Zhe Hua Investments Co., Ltd* (浙江浙華投資有限公司) (“**Zhejiang Zhe Hua**”) and VisionMax Asset Management (Beijing) Co., Ltd.* (景隆資產管理(北京)有限公司) (“**VisionMax**”).

Zhejiang Zhe Hua, a wholly owned venture capital firm established by Zhejiang Yangtze Delta Region Institute of Tsinghua University (浙江清華長三角研究院), has the key focus to invest in high technology companies to further develop and enhance technology research and innovation, training and high-tech industrialisation to promote social development in Yangtze River Delta Economic Transformation;

AVIC Trust is a joint-stock non-bank financial institution approved by the China Banking Regulatory Commission, and a foreign-invested enterprise established by China Aviation Investment Holdings Limited Company* (中航投資控股有限公司), China National Aero-Technology Shenzhen Co. Ltd.* (中國航空技術深圳有限公司) and OCBC Bank (Singapore) Co. Ltd., approved by the China Ministry of Commerce of the PRC; and

VisionMax is a venture capital and private equity investment company, with an investment strategy focusing on fundamental value research, valuation and long term stable investments.

LISTING RULE IMPLICATIONS

AVIC Trust is the holding company of Shenzhen Hua Hang Xin Investment Center Limited Partnership* (深圳市華航鑫投資中心(有限合夥)) (“**Hua Hang Xin**”), a substantial shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) of the Company. Accordingly, Zhejiang Hua Hang is an associate of Hua Hang Xin and a connected person of the Company as defined under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Letter of Intent are less than 0.1%, the Letter of Intent constitutes a connected transaction of the Company fully exempt from reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Subject to further negotiations with Zhejiang Hua Hang, the Board shall use its best endeavours to procure the relevant parties to enter into definitive agreements for the formation of the JV Company. The Company will publish an announcement on the formation of the JV Company if so required under Chapter 14A of the Listing Rules.

The formation of the JV Company may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
CW Group Holdings Limited
Wong Koon Lup
Chairman

Hong Kong, 7 November 2016

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; the non-executive director of the Company is Mr. ZHANG Bing Cheng; 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.

* For identification purposes only