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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)

INSIDE INFORMATION VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF BROWNSTONE VENTURES LIMITED AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 29 December 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor, an Independent Third Party, entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, in two tranches at an aggregate cash Consideration of EUR115,000,000 (equivalent to approximately HK\$1,081 million).

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition pursuant to the Sale and Purchase Agreement exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore the Acquisition is subject to reporting, announcement and shareholders' approval requirements.

GENERAL

An EGM will be convened to consider and, if thought fit, pass the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Acquisition; (ii) financial information of the Target Group; (iii) a valuation report of the Target Group; (iv) notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 13 April 2018 in order to allow sufficient time for the Company to prepare the required financial information and other relevant information for incorporation into the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on 2 January 2018 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 12 January 2018.

As Completion is subject to the fulfilment and/or waiver (as the case may be) of the conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

INTRODUCTION

The Board is pleased to announce that on 29 December 2017 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company as at the date of this announcement, in two tranches at an aggregate cash Consideration of EUR115,000,000 (equivalent to approximately HK\$1,081 million).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

29 December 2017

Parties

1. SG (BVI) Limited, a wholly-owned subsidiary of the Company, as purchaser; and
2. Brownstone Investments Limited, as vendor.

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the BVI with limited liability and is an investment holding company. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The Sale Shares represents 100% of the entire issued share capital of the Target Company. Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Tranche 1 Sale Shares and the Tranche 2 Sale Shares, representing 60% and 40% of the issued share capital of the Target Company, respectively, as at the date of this announcement. The Target Group is principally engaged in the business of design, manufacturing and sales and distribution of CNC machining equipment in Europe and Asia and owns a manufacturing plant in Germany.

The Sale and Purchase Agreement does not provide for any change in the composition of the Board of the Company after Completion.

Consideration

The Consideration for the sale and purchase of the Sale Shares is EUR115,000,000 (subject to adjustment as detailed in the paragraph headed "Profit guarantee" below), which shall be satisfied by way of cash in the following manners:

Tranche 1 Sale Shares

- (i) on or about the date of the Sale and Purchase Agreement, an amount of EUR2,000,000 (the "**First Payment**") was paid as non-refundable deposit to the Vendor by the Purchaser;
- (ii) on or about the date of the Sale and Purchase Agreement, an amount of EUR17,250,000 (the "**Second Payment**") was paid as refundable deposit to the Vendor by the Purchaser; and
- (iii) on or about the date of the Sale and Purchase Agreement, an amount of EUR49,750,000 (the "**Third Payment**") as refundable deposit was transferred to the escrow account specified in the Sale and Purchase Agreement and held in escrow until confirmation by the Purchaser for release to the Vendor.

Tranche 2 Sale Shares

- (iv) subject to adjustment as detailed in the paragraph headed “Profit guarantee” below, the final payment of the Consideration (the “**Final Payment**”) (being EUR46,000,000 before adjustment, if any) shall be settled by way of cash payable to the Vendor by the Purchaser on or before 30 April 2019 (or such other date as mutually agreed by the Vendor and the Purchaser in writing) after the actual audited consolidated EBITDA of the Target Group for the year ending 31 December 2018 is verified in accordance with the Sale and Purchase Agreement.

The parties have agreed that the First Payment shall be made non-refundable in order to give the exclusivity to the Purchaser to proceed with the in-depth due diligence stage. The aggregate of the First Payment, the Second Payment and the Third Payment represents the Tranche 1 Consideration and the Final Payment represents the Tranche 2 Consideration.

In the event that the conditions to the Tranche 1 Completion are not fulfilled, or where applicable, waived by the Long Stop Date, within 10 Business Days after such termination, the Second Payment and the Third Payment shall be released back to the Purchaser.

The Consideration is subject to adjustment if the 2018 Audited Profit of the Target Group is lower than the 2018 Guaranteed Profit, the mechanism of which is described below.

Basis of the Consideration

The Consideration was determined after arm’s length negotiation between the Purchaser and the Vendor, by taking into consideration, among other things, (i) the 2018 Guaranteed Profit and the price-earnings ratio of 10 times; (ii) the number and the scale of the projects completed by the Target Group in 2017 prior to the date of the Sale and Purchase Agreement, (iii) the future business performance of the Target Group as well as the experienced management team; and (iv) future development and synergies between our Group and the Target Group after the Acquisition and other reasons and benefits of the Acquisition as stated under the paragraph headed “Reasons for and benefits of the Acquisition” in this announcement.

The 2018 Guaranteed Profit (being EUR11,500,000) was determined after arm’s length negotiation between the Purchaser and the Vendor, by taking into account (i) the current and future business performance of the Target Group, including the number and the scale of the projects completed by the Target Group in 2017 prior to the date of the Sale and Purchase Agreement and the Target Group’s existing order book of approximately EUR40 million to be completed for the year ending 31 December 2018 and; (ii) the commitment from the Vendor and the management team to procure the continuous support of its existing customers after the transfer of ownership.

The Company has engaged an independent valuer to conduct a valuation of the Target Group. As at the date of this announcement, the valuation of the Target Group is being prepared. A copy of the final valuation report, including details of the assumption, basis and methodology of the valuation, will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor has guaranteed to the Purchaser that the 2018 Audited Profit shall be no less than the 2018 Guaranteed Profit (being EUR11,500,000).

In the event that the 2018 Audited Profit is less than the 2018 Guaranteed Profit, the amount of the Consideration will be adjusted downward as follows and the amount of the Final Payment shall be the balance amount after deducting the Tranche 1 Consideration:

Adjusted Consideration = 2018 Audited Profit x 10 times.

Based on the above downward adjustment, the amount of the Final Payment shall be equal to zero if the 2018 Audit Profit is zero or negative and that the Purchaser is not required to make any further payment other than the Tranche 1 Consideration for the Tranche 2 Completion.

In the event that the 2018 Audited Profit is equal to the 2018 Guaranteed Profit, the amount of the Tranche 2 Consideration will be calculated as follows:

2018 Guaranteed Profit x 12.5 times x 40%

In the event that the 2018 Audited Profit is more than the 2018 Guaranteed Profit, the amount of the Tranche 2 Consideration will be adjusted upward as follows, provided that at all times the maximum amount of the Tranche 2 Consideration shall not be more than EUR67,500,000:

(The lower of 2018 Audited Profit or 2018 Upper Profit) x 12.5 times x 40%.

In the event that the 2018 Audited Profit can meet the 2018 Guaranteed Profit or better, the profit earning multiple is adjusted from 10 times to 12.5 times. The Directors are of the view that the additional 2.5 times multiple to adjust the Final Payment can incentivise the Target Group to achieve better financial results for the year ending 31 December 2018.

In the event that the 2018 Audited Profit is a negative, which means the Target Group incurs a consolidated net loss after tax and before all non-cash items for the year ending 31 December 2018, the parties agree that the Consideration shall be adjusted downward to an amount to be agreed by the Purchaser. The Company together with the Purchaser will, among other things, take into consideration the business performance of the Target Group including the total revenue, costs of sale, and other operating costs, the existing and potential order book for the year ending 31 December 2018, and the then market environment to determine the adjustment to be made to the Consideration. In the unlikely event that the adjustment cannot be agreed by the parties, subject to the satisfaction of the other conditions to the Tranche 2 Completion, the Company will proceed with the Tranche 2 Completion on the basis that the Tranche 2 Consideration shall be zero. In the event that the principal amount of the Final Payment is insufficient to cover such downward adjustment, the Vendor undertakes to pay to the Purchaser such outstanding shortfall in cash within 10 Business Days after the Tranche 2 Completion. The adjustment mechanism is determined after negotiation by the best efforts of the Directors to serve as an additional downside protection on the profit of the Target Group.

The Directors are of the view that the Consideration and the adjustment mechanism with reference to the 2018 Guaranteed Profit is fair and reasonable and on normal commercial terms and that entering into the Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

Financing of the Acquisition

As at the date of this announcement, the entire Tranche 1 Consideration has been financed by way of the net proceeds from the issuance of the Notes of approximately EUR34.5 million and the remaining by bank loans and internal resources of the Group.

Having assessed the Group's latest available internal resources, the Board is of the view that the Company may require external sources of funding to finance the Tranche 2 Consideration. To ensure that the Purchaser will be capable of satisfying the Tranche 2 Consideration, the Company will consider using appropriate loan facilities by commercial banks and possible future equity financing activities to finance the remaining Consideration. Given that if applicable, the Tranche 2 Consideration shall be obliged to be settled by the Purchaser within 10 Business Days upon satisfaction of the conditions to the Tranche 2 Completion, which is estimated to be on or around April 2019, being approximately 14 months from the date of this announcement, the Directors are of the view that there is sufficient time for the Company to source and procure sufficient funds by way of appropriate financing and investment activities to meet the Final Payment.

As at the date of this announcement, the Company has yet to identify and/or conclude any terms for any suitable fund raising opportunities with any financial institution(s). The Company will make the necessary disclosure in accordance with the applicable Listing Rules as and when appropriate.

Conditions Precedent

The Tranche 1 Completion shall be conditional upon the satisfaction (or where applicable, waived by the parties to the Sale and Purchase Agreement) of the following conditions:

- (i) the completion of due diligence by the Purchaser to the reasonable satisfaction of the Purchaser;
- (ii) the passing of the necessary resolutions by the Shareholders in the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder as required under the Listing Rules and the applicable laws, rules and regulations;
- (iii) all other requisite consents, authorisations and approvals (or as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the Vendor and the Purchaser (including but not limited to the necessary consent from the Stock Exchange);
- (iv) none of the representations and warranties made by the Vendor under and other provisions of the Sale and Purchase Agreement having been breached in any material respect (or if capable of being remedied, has not been amended), or is misleading or untrue in any material respect; and

The Purchaser may at any time waive any of the above conditions precedent, except the conditions set out in paragraphs (ii) and (iii), by notice in writing to the Vendor. Any such waiver shall be without prejudice to any others rights which the Purchaser may have under the Sale and Purchase Agreement.

If any of above conditions precedents in paragraphs (i) to (iv) have not been fulfilled (or as the case may be, waived) by the Long Stop Date, then the Vendor and the Purchaser shall not be bound to proceed with the Tranche 1 Completion and the Sale and Purchase Agreement shall cease to be of any effect except for the general clauses relating to confidentiality and announcements, assignment, variation, notice, costs and expenses and governing law and save in respect of any claims arising out of any antecedent breach of the Sale and Purchase Agreement. The Vendor shall return and release the Second Payment and the Third Payment and any outstanding amounts owing to the Purchaser in full by way of cash within 10 Business Days after the termination of the Sale and Purchase Agreement. As at the date of this announcement, the Purchaser has no intention to waive any of the conditions precedent under the Sale and Purchase Agreement.

The Tranche 2 Completion shall be conditional upon satisfaction (or where applicable, waived by the parties to the Sale and Purchase Agreement) of the following conditions:

- (i) the Tranche 1 Completion;
- (ii) to the reasonable satisfaction of the Purchaser, verification of the 2018 Audited Profit and delivery of a written certificate issued by auditors designated by the Purchaser and the Vendor based on the audited consolidated financial statements of the Target Group prepared in accordance with the IFRS, to the Purchaser; and
- (iii) none of the representations and warranties made by the Vendor under and other provisions of the Sale and Purchase Agreement having been breached in any material respect (or if capable of being remedied, has not been amended), or is misleading or untrue in any material respect.

Completion

The Tranche 1 Completion shall take place on the date falling within 10 Business Days immediately after (or such other date as the Purchaser and the Vendor may agree in writing) the conditions precedent to the Tranche 1 Completion as set out in the Sale and Purchase Agreement having been fulfilled (or waived, if applicable).

The Tranche 2 Completion shall take place on the date falling within 10 Business Days immediately after (or such other date as the Purchaser and the Vendor may agree in writing) the conditions precedent to the Tranche 2 Completion as set out in the Sale and Purchase Agreement having been fulfilled (or waived, if applicable).

For the avoidance of doubt, upon the Tranche 1 Completion, the Target Company will be held as to 60% by the Purchaser and the members of the Target Group will become non wholly-owned subsidiaries of the Company. The financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group. Upon the Tranche 2 Completion, members of the Target Group will become wholly-owned subsidiaries of the Company.

Vendor's warranties, indemnities and covenants

Pursuant to the Sale and Purchase Agreement, the Vendor has provided general representations and warranties in respect of the Sale Shares and affairs relating to the Target Group. From the date of the Sale and Purchase Agreement and prior to the Tranche 2 Completion, the Vendor covenants and undertakes that it shall and procure the Target Group to operate on a normal basis and in the ordinary course of day-to-day operations, and shall not, without the prior written consent of the Purchaser, do or omit to do any act which is adversely material to the existing business of the Target Group which would or are reasonably likely to result in a damage or loss of at least EUR1 million. In particular, the pre-Completion undertakings include but not limited to the prohibition of (i) the creation of any encumbrance with respect to the Sale Shares, (ii) the termination of the employment of any senior management, (iii) borrowing or raising any money, (iv) entering into any contract or other transaction or capital commitment or undertaking any contingent liability, (v) terminating or amending any provision of the existing employment agreement between the Company and Mr. Ralph Christnacht, the chief executive officer of the Target Company.

The Vendor has undertaken to put, where applicable, the Purchaser and each of the members of the Target Group into the position they would have been in had the warranties not been breached within one month of the written request of the Purchaser. In the event that such restitution is not possible or economically unreasonable or cannot be effected within one month of the said written request of the Purchaser, the Vendor has undertaken to indemnify the Purchaser against all liabilities and losses incurred or suffered by the Purchaser as a result of any breach of the warranties.

The Vendor has also agreed to indemnify the Purchaser against all liabilities and loss which the Purchaser may suffer as a result of the breach of any warranties or taxation obligations of the Target Group under the Sale and Purchase Agreement and any liability, debt, claim, action, demand or dispute against any member of the Target Group.

INFORMATION OF THE GROUP

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, (i) the provision of precision engineering solutions, (ii) the sale of CNC machining centres, (iii) the sale of components and parts, (iv) the provision of comprehensive maintenance and after-sales technical support services, and (v) the provision of renewable energy solutions. The Group's team of engineers and project managers have accumulated experience in line transfer projects from assisting multi-national corporations with a number of line transfer projects over the years.

INFORMATION OF THE VENDOR AND THE TARGET GROUP

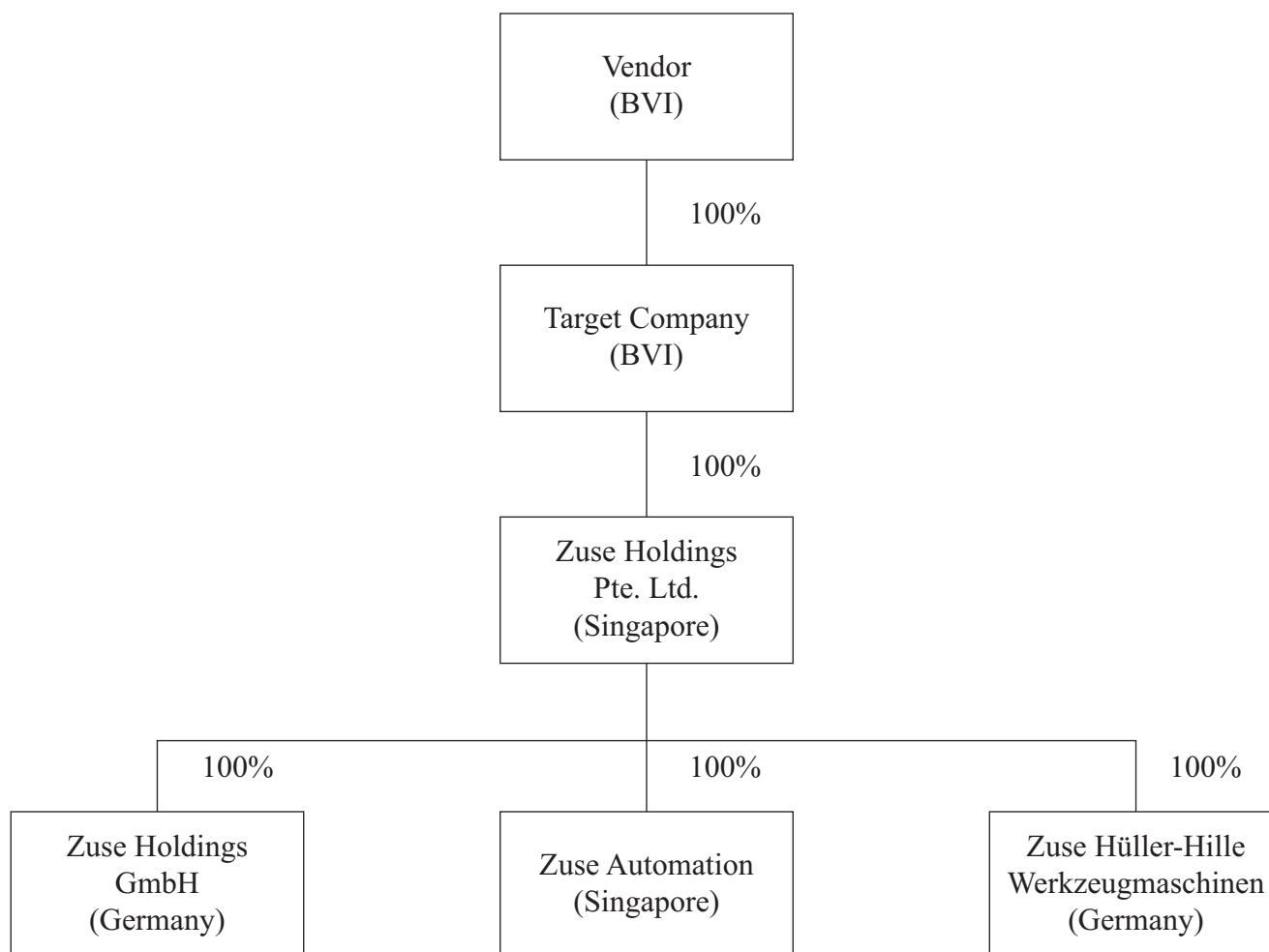
The Vendor was incorporated in the BVI with limited liability. It is an investment holding company for holding the shares of the Target Company.

The Target Company was incorporated in the BVI with limited liability on 15 July 2015. The Target Group is a machine tools engineering solution provider based in Germany. It is principally engaged in the business of design, manufacturing, sales and distribution of CNC machining centres in Europe and Asia. It is licensed to import, export and distribute machinery, and acts as an agent or dealer of all kinds of fabrication engineering works, precision machining jigs and fixtures. The Target Group also owns a manufacturing plant in Germany which designs, manufactures and distributes CNC machining centres under its own brand name, called "Zuse Hüller-Hille".

As part of the group restructuring of Fair Friend Group (FFG) in mid-2017, some key assets (including a manufacturing plant in Germany and the brand name of "Hüller-Hille") and certain employees of FFG were transferred to the Target Group.

Notwithstanding the short history of the Target Group, the brand "Hüller-Hille" owned by the Target Group has a long operating history in the machine tools industry and can be traced back to 1923, when it was founded by Dr. Karl Hüller in Germany. It focuses on the development and manufacture of premium quality machine tools, with a product portfolio which includes horizontal 4 and 5-axis machining centers, as well as the vertical center NBV 700 in modular design. The key products include the NBH series, including NBH 5, NBH 500, NBH 6, NBH 630, NBH 630 5X, NBH 800, NBH 800 5X, NBH 1000, NBH 1000 5X, NBH 1200 and NBV 700.

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Note:

The places of incorporation of members of the Target Group are indicated in brackets in the above shareholding structure chart.

Financial Information of the Target Group

Set out below is the financial information of each of Zuse Holdings Pte. Ltd. and Zuse Holdings GmbH for the period from their respective incorporation dates to 31 December 2016 based on the unaudited management accounts of these two companies provided by the Vendor:

For the period ended 31 December 2016 (unaudited) (approximately EUR)	Zuse Holdings Pte. Ltd. (incorporated on 2 June 2016)	Zuse Holdings GmbH (incorporated on 27 July 2016)
Revenue	Nil	323,400
Net profit/(loss) before taxation	(90,700)	(541,300)
Net profit/(loss) after taxation	(90,700)	(541,300)
Net assets/(liabilities)	(85,800)	(41,300)

The above unaudited financial information of Zuse Holdings Pte. Ltd. and Zuse Holdings GmbH is subject to the finalisation of the consolidation of the financial statements of the Target Group and audit of such consolidated financial statements. The Company would like to draw the attention of the Shareholders that since (i) Zuse Holdings Pte. Ltd. and Zuse Holdings GmbH were incorporated in mid 2016, and (ii) the two other operating subsidiaries of the Target Company, namely, Zuse Automation and Zuse Hüller-Hille Werkzeugmaschinen as well as the manufacturing plant have not been incorporated and included in the Target Group until mid 2017, the above financial information may not reflect the actual financial performance of the Target Group.

Besides, since (i) Zuse Holdings Pte. Ltd. and Zuse Holdings GmbH, the operating subsidiaries of the Target Group, were incorporated in June and July 2016, respectively, and the Target Group and the individual subsidiaries were not required to and have not prepared the audited consolidated financial statement for the financial year ended 31 December 2016, and (ii) Zuse Automation and Zuse Hüller-Hille Werkzeugmaschinen were incorporated in 2017, the management accounts and audited consolidated results of the Target Group for the years ended 31 December 2016 and 2017 are not yet available as at the date of this announcement. As at the date of this announcement, the unaudited consolidated management accounts of the Target Group are being prepared by the Vendor. The Company will publish supplemental announcements, respectively, when the unaudited consolidated management accounts of the Target Group and the audited financial statements of the Target Group for the years ended 31 December 2016 and 2017 are available. The consolidated results of the Target Group for the years ended 31 December 2016 and 2017 will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

EXPERIENCE AND EXPERTISE OF THE MANAGEMENT RELEVANT TO THE OPERATION OF THE TARGET GROUP'S BUSINESS

The current management team of the Target Group is led by the chief executive officer of the Target Company, Mr. Ralph Christnacht. Pursuant to the Sale and Purchase Agreement, the Vendor shall procure Mr. Christnacht to enter into an employment contract with the Target Group such that he will continue to stay on with the Target Group with a term of no less than three years upon the Tranche 1 Completion. The Board believes that the leadership of Mr. Christnacht will ensure the operational continuity of the Target Group and the streamlining of the business operations of the Group after Completion.

Upon the Tranche 1 Completion, the Company intends to appoint a representative to the board of directors of the Target Company in addition to Mr. Christnacht. The Company possesses in-depth knowledge of the machine tool manufacturing and distribution industry. Given the fact that the Target Group has always been managed by a professional management team, it is the Company's intention to maintain the existing management team to the largest extent possible with appropriate adjustments to cater for the business development of the Target Group after the Acquisition. The Company will also consider bringing in new additions with extensive industrial experience as well as representatives from the Company to the current management team in the Target Group when it sees fit.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group regards the Acquisition as an opportunity to seek improvements in various strategic aspects of its business operations, including broadening its customer base, supply channels and capacity expansion.

Since August 2016, the Group and the Target Group have been collaborating to secure turnkey projects relating to the automotive manufacturing and precision engineering industries in Germany. The Group has been satisfied with the cooperation and the manufacturing capabilities of the Target Group. By acquiring the Target Group, the Board believes that the manufacturing capabilities of the Target Group will enable the Group's vertical integration of the supply chain of its CNC machining centre business by securing the technological capabilities of the manufacture of the CNC machine tools which can secure a stable supply of CNC machine tools at a lower production cost which adds to the Group's competitiveness in this business. The Board believes that the Acquisition will further strengthen its business operations in the provision of precision engineering solutions and enable the Company to capture the opportunities in the business expansion in the sale of CNC machining centres in future.

The Target Group is managed by a professional management team led by Mr. Christnacht, who has extensive experience in the machine tools industry and it carries the brand "Zuse Hüller-Hille", together with long standing key managers, which has a long operating history in the machine tools industry and can be traced back to 1923, when it was founded by Dr. Karl Hüller in Germany. It focuses on the development and manufacture of premium quality machine tools with a product portfolio which includes horizontal 4 and 5-axis machining centers, as well as the vertical center NBV 700 in modular design. The key products include the NBH series, including NBH 5, NBH 500, NBH 6, NBH 630, NBH 630 5X, NBH 800, NBH 800 5X, NBH 1000, NBH 1000 5X, NBH 1200 and NBV 700.

In addition, the Board considers that the Acquisition will enable the Group to improve its product variety and develop new products specifically tailored towards the Asian market, enhancing the distribution network of CNC machining tools in Asia. After completion of the Acquisition, the Group believes that it will be well-positioned to capitalise on the Target Group's existing capabilities in machine tools manufacturing to explore and develop new business opportunities in the areas of turnkey projects in Europe and Asia.

As at the date of this announcement, the Company has no intention, negotiation, agreement, arrangement and/or understanding (concluded or otherwise) in relation to (i) any disposal, scaling-down and/or termination of its existing business and/or major operation assets; (ii) any acquisition of/investment in a new business or injection of any new business to the Group save for the Acquisition; and (iii) any changes in the Company's shareholding structure and/or Board composition.

Having taken into account the reasons and benefits of the Acquisition as set out above, the Directors consider that the Acquisition and the terms of the Sale and Purchase Agreement, which were determined after arm's length negotiations between the Purchaser and the Vendor, are fair and reasonable and on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition pursuant to the Sale and Purchase Agreement exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore the Acquisition is subject to reporting, announcement and Shareholders' approval requirements.

GENERAL

The EGM will be convened to consider, and if thought fit, pass the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Acquisition; (ii) financial information of the Target Group; (iii) a valuation report of the Target Group; (iv) notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 13 April 2018 in order allow sufficient time for the Company to prepare the required financial information and other relevant information for incorporation into the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on 2 January 2018 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 12 January 2018.

As Completion is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the securities of the Company.

DEFINITIONS

“2018 Audited Profit”	the actual audited consolidated EBITDA of the Target Group (as shown in the audited certificate to be prepared in accordance with IFRS and to be audited by auditors appointed by the Purchaser and the Vendor) of the Target Group for the year ending 31 December 2018
“2018 Guaranteed Profit”	the profit guarantee that EBITDA of the Target Group for the year ending 31 December 2018 of EUR11,500,000 determined in accordance with IFRS
“2018 Upper Profit”	the upper echelon of EBITDA of the Target Group for the year ending 31 December 2018 of EUR13,500,000 determined in accordance with IFRS

“Acquisition”	the conditional acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other the Saturday and Sunday) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company”	CW Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1322)
“Completion”	the Tranche 1 Completion and the Tranche 2 Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate of the Tranche 1 Consideration and the Tranche 2 Consideration
“CNC”	computer numeric control
“CWAT”	CW Advanced Technologies Pte. Ltd., an indirect wholly-owned subsidiary of the Company
“Directors”	director(s) of the Company
“EBIT”	the operating profits before finance costs and tax adjusted by (i) taking no account of any exceptional items; and (ii) taking no account of any unrealised gains or losses on any derivative instrument
“EBITDA”	EBIT after adding back any depreciation and amortisation and taking no account of any charge for impairment or any reversal of any previous impairment charge made during the relevant period
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Acquisition
“EUR”	Euro, the lawful currency of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Long Stop Date”	30 September 2018, or such other date as the parties may agree in writing
“Notes”	the S\$75,000,000 7.00 per cent notes due 2018 issued by CW Advanced Technologies Pte. Ltd., an indirect wholly-owned subsidiary of the Company, under the S\$500,000,000 multi-currency debt issuance programme established by the Company, CW Advanced Technologies Limited and CW Advanced Technologies Pte. Ltd. and (in the case of securities issued by CW Advanced Technologies Limited and CW Advanced Technologies Pte. Ltd.) guaranteed by the Company
“Purchaser”	SG (BVI) Limited, a wholly-owned subsidiary of the Company incorporated in the BVI with limited liability
“S\$”	Singapore Dollars, the lawful currency of Singapore
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 29 December 2017 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company
“Shareholders”	holders of Shares in issue
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Brownstone Ventures Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Tranche 1 Completion”	the completion of the acquisition of the Tranche 1 Sale Shares
“Tranche 1 Consideration”	the consideration for the acquisition of the Tranche 1 Sale Shares, being the aggregate of the First Payment, the Second Payment and the Third Payment
“Tranche 1 Sale Shares”	60 shares of the Target Company legally and beneficially owned by the Vendor as at the date of this announcement
“Tranche 2 Completion”	the completion of the acquisition of the Tranche 2 Sale Shares
“Tranche 2 Consideration”	the consideration for the acquisition of the Tranche 2 Sale Shares, being the Final Payment

“Tranche 2 Sale Shares”	40 shares of the Target Company legally and beneficially owned by the Vendor as the date of this announcement
“Vendor”	Brownstone Investments Limited, a company incorporated in the BVI with limited liability
“Zuse Automation”	Zuse Automation Pte. Ltd., a company incorporated in Singapore on 7 June 2017 with limited liability
“Zuse Holdings GmbH”	Zuse Holdings GmbH, a company incorporated in Germany on 27 July 2016 with limited liability
“Zuse Holdings Pte. Ltd.”	Zuse Holdings Pte. Ltd., a company incorporated in Singapore on 2 June 2016 with limited liability
“Zuse Hüller-Hille Werkzeugmaschinen”	Zuse Hüller-Hille Werkzeugmaschinen GmbH, a company incorporated in Germany on 13 April 2017 with limited liability
“%”	per cent.

Unless the context requires otherwise, amounts denominated in EUR have been converted into HK\$ at an exchange rate of EUR1: HK\$9.40 for the purpose of illustration only.

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

Hong Kong, 11 January 2018

As at the date of this announcement, the executive Directors are Mr. WONG Koon Lup, Mr. WONG Mun Sum and Mr. LEE Tiang Soon; the non-executive Director is Mr. Zhang Bing Cheng and the independent non-executive Directors are Mr. KUAN Cheng Tuck, Mr. ONG Su Aun, Jeffrey (alias Mr. WANG Ci’An, Jeffrey) and Mr. LIU Ji.