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CW GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1322)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 AND THE ANNUAL REPORT OF THE COMPANY

This announcement is made by CW Group Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company published on 24 March 2015 (the “**Annual Results Announcement**”) in relation to the annual results announcement for the year ended 31 December 2014 and the annual report of the Company for the financial year ended 31 December 2014 published by the Company on 28 April 2015 (the “**Annual Report**”). Unless otherwise stated, definitions and terms used herein shall bear the same meanings as defined in the Annual Results Announcement and the Annual Report.

The board of directors of the Company wishes to clarify that in the Annual Results Announcement and the Annual Report, the premium arising from the acquisition of the non-controlling interest of the FNW Group (the “**Premium**”) was reclassified from other reserves to the consolidated statement of comprehensive income when the Group disposed the FNW Group during the year ended 31 December 2014. To the best of the knowledge, information and belief of the Board of Directors, this was the appropriate accounting treatment when the Annual Results Announcement and Annual Report were issued and released.

It has recently come to the knowledge of the Board of Directors that the Premium should not be reclassified to the consolidated statement of comprehensive income when accounting for the disposal of the subsidiaries, following the spirit of International Financial Reporting Standard 10 – Consolidated Financial Statements. Consequently, the gain on the disposal of the FNW Group was inadvertently understated and a reversal adjustment will be made to amend the consolidated financial statements.

The impact of the reversal adjustment on the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2014 is a change from a loss net of tax from discontinued operations of HK\$5,374,000 to a profit net of tax from discontinued operations of HK\$117,515,000. This results in an increase in total comprehensive income for the year from HK\$157,744,000 to HK\$280,633,000 and profit for the year from HK\$181,533,000 to HK\$304,422,000.

Set out below is a reconciliation of the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2014 before and after the adjustment:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 <i>HK\$'000</i> Before adjustment	Adjustments <i>HK\$'000</i>	2014 <i>HK\$'000</i> Adjusted
Continuing operations			
Revenue	1,654,603	–	1,654,603
Cost of sales	<u>(1,356,427)</u>	<u>–</u>	<u>(1,356,427)</u>
Gross profit	298,176	–	298,176
Other income and gains	2,690	–	2,690
Selling and distribution expenses	(10,705)	–	(10,705)
Administrative expenses	(42,502)	–	(42,502)
Finance costs	(18,094)	–	(18,094)
Other operating expenses	(2,908)	–	(2,908)
Share of profit from joint ventures	<u>2,071</u>	<u>–</u>	<u>2,071</u>
Profit before tax from continuing operations	228,728	–	228,728
Income tax expense	<u>(41,821)</u>	<u>–</u>	<u>(41,821)</u>
Profit for the year from continuing operations	<u>186,907</u>	<u>–</u>	<u>186,907</u>
Discontinued operation			
(Loss)/profit net of tax from discontinued operations	<u>(5,374)</u>	<u>122,889</u>	<u>117,515</u>
	181,533	122,889	304,422
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent year:			
Exchange difference on translation of foreign operations	<u>(23,789)</u>	<u>–</u>	<u>(23,789)</u>
Other comprehensive income for the year, net of tax	<u>(23,789)</u>	<u>–</u>	<u>(23,789)</u>
Total comprehensive income for the year	<u><u>157,744</u></u>	<u><u>122,889</u></u>	<u><u>280,633</u></u>

	2014 <i>HK\$'000</i> Before adjustment	Adjustments <i>HK\$'000</i>	2014 <i>HK\$'000</i> Adjusted
Profit for the year attributable to owners of the Company:			
Profit from continuing operations, net of tax	186,907	–	186,907
Profit from discontinued operations, net of tax	<u>(5,374)</u>	<u>122,889</u>	<u>117,515</u>
Profit for the year	<u>181,533</u>	<u>122,889</u>	<u>304,422</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	<u>157,744</u>	<u>122,889</u>	<u>280,633</u>
	<u>157,744</u>	<u>122,889</u>	<u>280,633</u>
Earnings per share from continuing operations attributable to ordinary equity holders of the Company (HK cents)			
Basic	30.32	–	30.32
Diluted	<u>28.05</u>	<u>–</u>	<u>28.05</u>
Earnings per share (HK cents)			
Basic	29.45	19.94	49.39
Diluted	<u>27.24</u>	<u>18.45</u>	<u>45.69</u>

The impact of the reversal adjustment on the consolidated statement of financial position of the Group as at 31 December 2014 is an increase in retained earnings from HK\$500,017,000 to HK\$622,906,000 and a decrease in other reserves from HK\$34,067,000 to HK\$(88,822,000).

Set out below is a reconciliation of the consolidated statement of financial position of the Group as at 31 December 2014 before and after the adjustment:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2014*

	2014 <i>HK\$'000</i> Before adjustment	Group Adjustments <i>HK\$'000</i>	2014 <i>HK\$'000</i> Adjusted
Non-current assets			
Property, plant and equipment	36,944	–	36,944
Prepaid land lease payments	–	–	–
Goodwill	5,580	–	5,580
Other receivables	120,000	–	120,000
Investment in joint ventures	12,290	–	12,290
Investment in subsidiaries	–	–	–
	<u>174,814</u>	<u>–</u>	<u>174,814</u>
Current assets			
Inventories	2,780	–	2,780
Trade receivables	858,228	–	858,228
Other receivables	569,073	–	569,073
Cash and bank balances	81,069	–	81,069
	<u>1,511,150</u>	<u>–</u>	<u>1,511,150</u>
Current liabilities			
Bank loans and overdrafts	1,509	–	1,509
Trade payables	553,525	–	553,525
Other payables and accruals	66,117	–	66,117
Finance leases payable	4,561	–	4,561
Redeemable preference shares	29,240	–	29,240
Tax payables	52,809	–	52,809
	<u>707,761</u>	<u>–</u>	<u>707,761</u>
Net current assets	<u>803,389</u>	<u>–</u>	<u>803,389</u>
Total assets less current liabilities	<u>978,203</u>	<u>–</u>	<u>978,203</u>
Non-current liabilities			
Bank loans	2,920	–	2,920
Finance leases payable	12,310	–	12,310
Deferred tax liabilities	800	–	800

	2014 <i>HK\$'000</i> Before adjustment	Group Adjustments <i>HK\$'000</i>	2014 <i>HK\$'000</i> Adjusted
	16,030	–	16,030
Net assets	962,173	–	962,173
Capital and reserves			
Share capital	6,164	–	6,164
Retained earnings/(Accumulated losses)	500,017	122,889	622,906
Share premium reserve	421,925	–	421,925
Other reserves	34,067	(122,889)	(88,822)
Total equity attributable to owners of the Company	962,173	–	962,173

The reversal adjustment also results in consequential amendments to the consolidated statements of changes in equity, consolidated statement of cash flows and related notes to the financial statements.

Our auditors have agreed the above adjustments.

Shareholders of the Company are advised that a revised Annual Report will be published on the website of the Company at www.cwgroup-int.com and on the website of the Stock Exchange at www.hkexnews.hk. and dispatched to Shareholders as soon as practicable. The Company will publish further announcement(s) to inform the Shareholders of the Company of any further updates as and when appropriate.

Save as disclosed in this announcement, there are no other changes to the consolidated statement of financial position and consolidated statement of comprehensive income.

We sincerely apologise for any confusion and the inconvenience caused.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
CW GROUP HOLDINGS LIMITED
Wong Koon Lup
Chairman and Chief Executive

Hong Kong, 1 June 2015

As at the date of this announcement, the executive Directors of the Company are Mr. WONG Koon Lup, Mr. WONG Mun Sum, 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.