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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)

**OVERSEAS REGULATORY ANNOUNCEMENT
IN RESPECT OF
THE FIRST INFORMAL NOTEHOLDERS MEETING
IN RELATION TO
THE S\$500,000,000 MULTI-CURRENCY DEBT ISSUANCE PROGRAMME**

This announcement is published pursuant to Rule 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As CW Advanced Technologies Pte. Ltd., a subsidiary of CW Group Holdings Limited, has published a document named “First Informal Noteholders Meeting” on the website of the Singapore Exchange Securities Trading Limited, the full text of such document is set out below for information purpose.

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

Hong Kong, 18 July 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.



創達科技控股有限公司
CW GROUP HOLDINGS LIMITED

First Informal Noteholders Meeting

16 July 2018





Important Notes

This informal meeting is being convened for the purpose of:

- ◉ Providing the Series 1 Noteholders with an overview of the Group's business and financial position;
- ◉ Providing the Series 1 Noteholders with a status update on the Group's Financing Exercises, as referred to in the Company's announcement dated 21 June 2018; and
- ◉ Engaging in a discussion with the Series 1 Noteholders regarding the implications of the above on the Series 1 Notes.

Kindly note that:

- ◉ The informal meeting is not intended to and does not amount to a meeting under or in connection with the Trust Deed relating to the securities;
- ◉ The informal meeting has been called solely for the dissemination of information and no decisions or voting will be made at the informal meeting;
- ◉ The informal meeting is private and confidential and will be held on an entirely without prejudice basis; and
- ◉ In addition to noteholders on the records of The Central Depository (Pte) Limited who presently are recognised as noteholders under the terms of the Trust Deed and the securities, there may be persons holding the underlying beneficial interest who may also attend the informal meeting, and the reason why these persons have been allowed to attend is not in recognition of their status as noteholders but solely as a practical measure to facilitate the dissemination of information to such persons whom nominee noteholders having rights may take instructions from.



Disclaimer

- Certain statements in this presentation may constitute forward looking statements. Forward looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “pending” and similar expressions identify forward looking statements.
- Forward looking statements also include statements about our future growth prospects. Forward looking statements, involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding our earnings, changes in general political, social and economic conditions, changes in currency exchange and interest rates, demographic changes, changes in competitive conditions; and other factors beyond the control of each Issuer, the Guarantor and/or the Group. For further information, please see the documents and reports that we file with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Stock Exchange of Hong Kong Limited (the “HKSE”).



Disclaimer

- ◉ You are advised not to place undue reliance on these forward looking statements, which are based on the Group's current views concerning future events. Unless legally required, the Group undertakes no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.
- ◉ This presentation may include market and industry data and forecasts. Such information were extracted from various market and industry sources and the Group has not sought the consent of these market and industry sources for their consent nor have they provided their consent to the inclusion of such information in this presentation. You are advised that there can be no assurance as to the accuracy or completeness of such included information. While the Company has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Company has not independently verified any of the data or ascertained the underlying assumptions relied upon therein.
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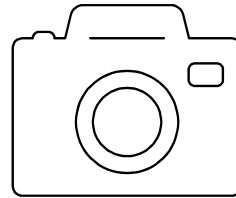
Meeting Protocol



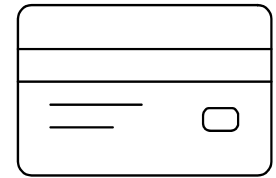
Without
prejudice



Informal
meeting



No recording
and photo taking



Identification
for Q&A

1. CW Group Background

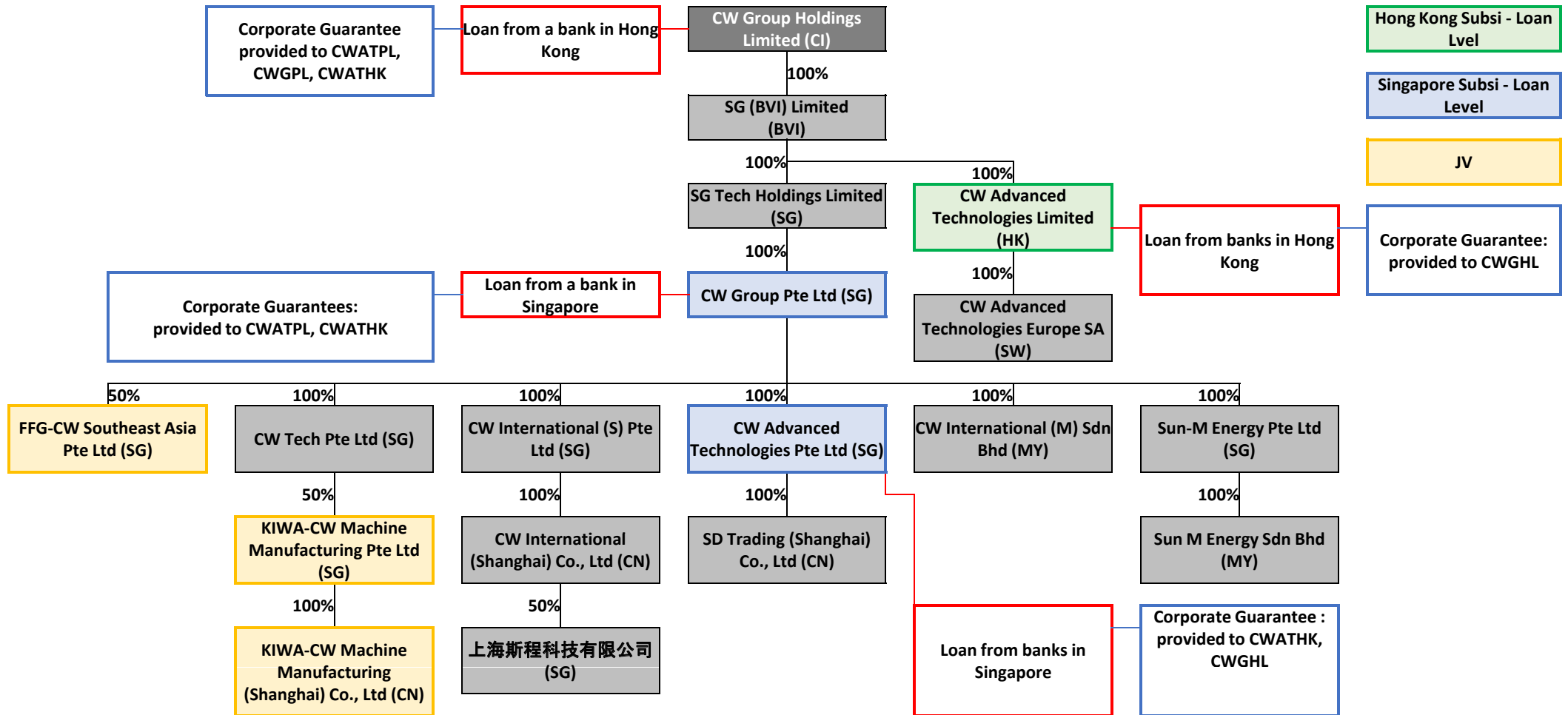
- CW Group Holdings (“**CWG**”), together with its subsidiaries (the “CW Group”), specialize in the supply and system integration of Computer Numeric Control (“**CNC**”) machining centres and other production lines for precision engineering.
- CW Group management team and staff are substantially based in Singapore.
- For the year ended 31 December 2017, CW Group registered a group turnover of S\$ 404.3M and a profit after tax of S\$ 43.1M.
- In December 2017, CW Group placed a deposit of EUR 69M to acquire 60% interest in Zuse Huller Hiller (“**ZHH**”), a machine manufacturer based in Germany started since 1923. The balance of 40% is to be paid on 30 April 2019 based on the valuation of 10 to 12.5 times of after tax profit for the year ended 31 December 2018.



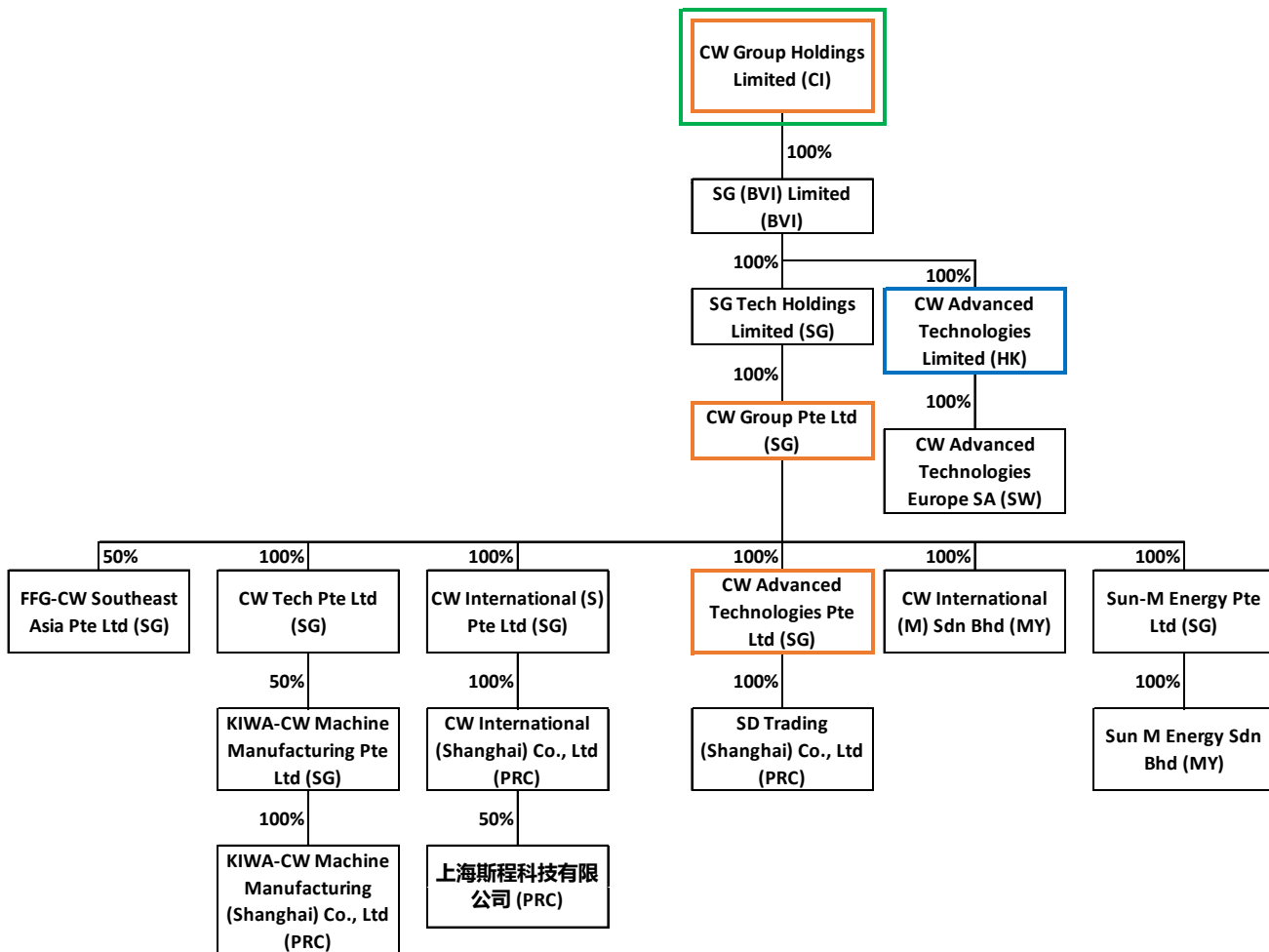
2. Events leading to current situation

- In 2015, CW Group issued bonds to raise fresh funds for potential acquisitions. The maturity date for the bonds is 25 June 2018.
- In 2017, CW Group entered into an agreement to acquire German machinery manufacturer, Zuse Huller Hiller (“**ZHH**”) to strengthen the Group’s business presence in the automotive and aerospace industries.
- CW Group took a loan of S\$ 20M from Bank of China Hong Kong (“**BOC HK**”) in 2017 to redeem some of the outstanding bonds. The loan repayment date was set on 25 June 2018, the same maturity date of the bonds.
- Since late last year, CW Group has been in discussion with the banks to issue a new bond to redeem the existing bond. However, due to the poor bond market conditions, the banks advised them in May 2018 that they would not be able to issue the new bond.
- BOC HK and subsequently Chong Hing Bank issued Statutory Demands to the Group and its subsidiary.

3. Overview of CW Group's borrowings



4. Overview of Legal Proceedings



CW Group Holdings Limited (Cayman Islands)

- 22-Jun-18 : Application to Singapore Court for moratorium pursuant to Section 211B made by CWG, CWATL, CWGPL and CWATPL
- 22-Jun-18 : Application by Fubon Bank to the Cayman Court for winding up of CWGHL (served at registered address)
- 28-Jun-18 : BOC HK filed summons for appointment of Joint Provisional Liquidators (“JPL”) (PWC HK & PWC Cayman)
- 29-Jun-18 : Application for Winding up of CWGHL and Kalo (Cayman) and RSM HK be appointed as JPL
- 11-Jul-18 : Judge reserved judgment and judgment is expected to be on 16 Jul 2018, Cayman time (Singapore night time)

CWGHL, CWGPL, CWATPL (Singapore)

- 22-Jun-18 : Application to Singapore Court for moratorium pursuant to Section 211B of the Singapore Companies Act Cap 50
- 22-Jun-18 to 21-Jul-18 : Automatic moratorium period of 30 days (Expiry on 21-Jul-18)
- 18-Jul-18 : Substantive hearing of the S 211B application

CW Advanced Technologies Limited (HK)

- 25-Jun-18: Company applied for Provisional Liquidation with RSM HK as the Provisional Liquidator (“PL”) in Hong Kong.
- BOC (HK) challenged the PL appointment and put forth PWC (HK) as the PL.
- The Company sought an adjournment at the Hong Kong hearing on 11-Jul-18.
- Adjournment was not granted and PWC HK was appointed as PL of the Hong Kong entity on 11-Jul-18.

5. Impact of proceedings in Cayman

The Company has nominated RSM HK and Kalo as JPLs, while Bank of China Hong Kong (“**BOC HK**”) has nominated PWC Hong Kong as the Joint Provisional Liquidator (“**JPL**”) for the Holdco (Cayman Islands)

Scenario 1: RSM HK and Kalo appointed

“Soft touch” JPL allows the management to work together with the advisors to formulate and implement the restructuring plan which seeks to preserve value for all stakeholders, including the noteholders.

Scenario 2: PWC (HK) appointed

Based on the application, it appears that their appointment is not on a “soft touch” basis.

The JPL is able to replace or change the management of any of the entities in the Group. It is unclear what their plan is at this juncture.

We also understand that PWC intends for the exercise to be carried out at CWGHL (Cayman Islands) level.

However, the Group’s management, staff and operations are located in Singapore and the majority of the Group’s liabilities are owing to creditors in Singapore. Also, the time costs and cost of holding the restructuring exercise from Cayman Islands would be high and the priority is to reduce cost and preserve value of CW Group. Hence, management is of the view that the restructuring exercise should be done from Singapore.

6. Overview of Financials

Balance Sheet	
As at 31 Dec 2017	SGD'000
Non-Current assets	2,915
Current assets	
Inventory	170
Trade receivables	407,428
Other Receivables	238,991
Cash and Equivalents	13,217
Total current assets	659,807
Total Assets	662,722
Current liabilities	
Loan and borrowings	34,310
Trade payables	32,861
Trade financing and bills payables	161,735
Other payables and accruals	7,129
Finance leases payable	560
Notes issued	54,897
Tax liabilities payable	26,025
Total current liabilities	317,517
Non-current liabilities	222
Total Liabilities	317,739
Net Assets	344,983

Statement of Profit and Loss	
For the Fiscal Period Ending	SGD'000
31-Dec-2017	
Revenue	397,344
Cost Of Goods Sold	(330,988)
Gross Profit	66,355
GP%	17%
Other income and gains	8,044
Selling and distribution expenses	(2,076)
Administrative expenses	(9,245)
Finance costs	(12,133)
Other operating expenses	-
Share of losses from joint ventures	(107)
Profit before tax	<u>50,839</u>
Income Tax Expense	(8,455)
	-
Profit for the year	<u>42,384</u>

7. What we have done

- Since RSM Singapore's appointment on 7 June 2018, we have reviewed the financial situation of the Company.
- Protective measures were put in place, in particular the filing of the moratorium under Section 211B of the Companies Act. The Group had sought to place the entities in Hong Kong and Cayman under the said moratorium but these steps have been challenged by the HK banks.
- We have held meetings with the Singapore and Hong Kong banks on several occasions.
- We have also met with several potential investors. Some of these discussions are at an advanced stage.

8. Coverage

1

FINANCIAL & OPERATIONAL REVIEW

- a) Ascertaining the viability of the business and of the Company
- b) Understanding the Company's business and working capital cycle
- c) Understanding the Company's cashflow
- d) Formulate action plans

2

BANKS

- a) Standstill arrangement
- b) Ringfence amounts owing to the banks

3

BONDS

Scheme / Consent Solicitation Exercise to refinance the existing bonds which are due for redemption on 25 June 2018

4

HKSE / SHAREHOLDERS

Support the Management and work with solicitors in managing communication with HKSE / its shareholders

5

INVESTORS

Provide transaction support services for fund-raising exercise as part of the refinancing exercise

6

GERMAN ACQUISITION

Review the status and options in respect of the German acquisition

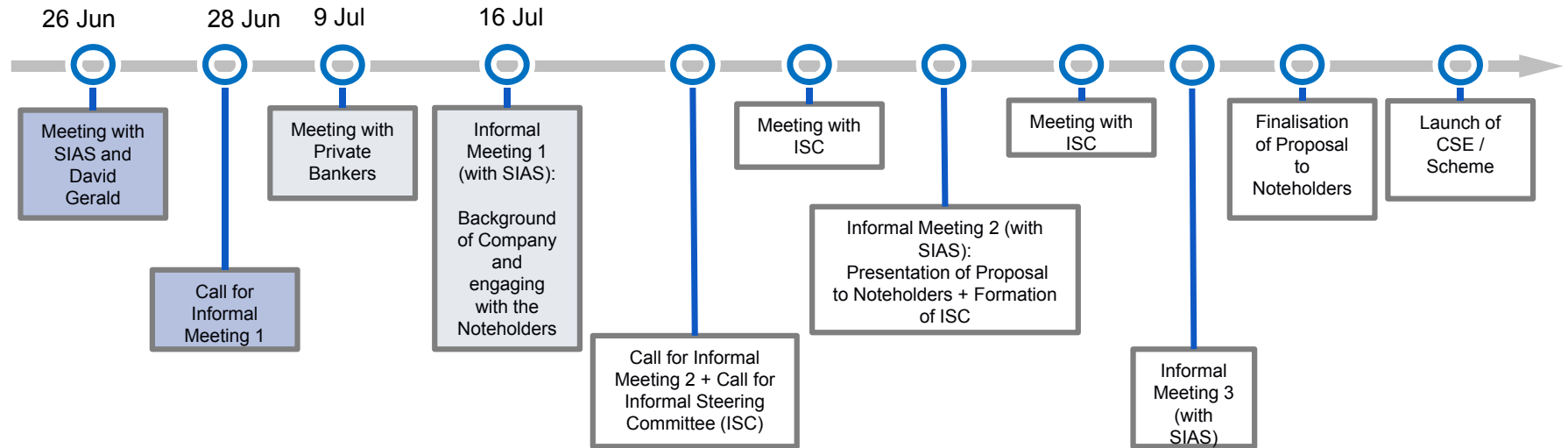
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Others

9. Next steps

- We will continue the discussions with the potential investors as well as look for new investors.
- Operationally, the Group also needs to ascertain recoverability of accounts receivables and quickly begin AR collection process
- A restructuring plan will be formulated and tabled for discussion with all stakeholders as soon as possible.

10. Timeline – Noteholders



The timing of the next steps will depend on the progress of the discussions with the investors.

We will keep the noteholders updated on a timely basis.

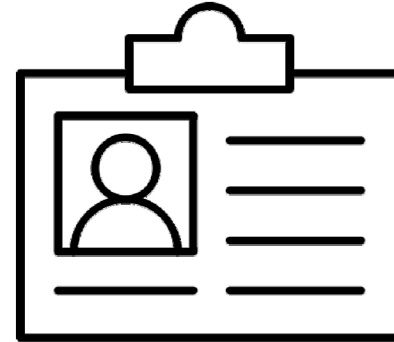
Q&A

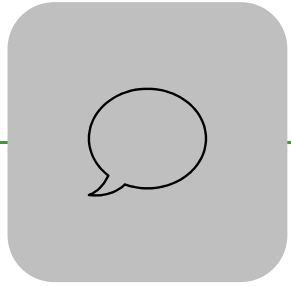
Please state your name before asking your question

1



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