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CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of CWT International Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019. These final results have been reviewed by the Audit Committee of the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations			
Revenue	5	44,673,571	40,747,512
Cost of sales		(43,192,505)	(39,211,369)
Gross profit		1,481,066	1,536,143
Other income	7	196,331	202,541
Other net gain		2,366	33,363
Selling and distribution costs		(370,579)	(399,205)
Administrative expenses		(794,276)	(851,308)
Finance costs	8	(413,565)	(763,922)
Share of profits less losses of associates, net of tax		25,978	23,253
Share of profits less losses of joint ventures, net of tax		2,421	2,332
Profit/(loss) before taxation		129,742	(216,803)
Income tax expense	9	(45,928)	(26,332)
Profit/(loss) for the year from continuing operations		83,814	(243,135)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTE</i>	2020 HK\$'000	2019 HK\$'000
Discontinued operations			
Loss for the year from discontinued operations	4	<u>(15,506)</u>	<u>(308,167)</u>
Profit/(loss) for the year		<u>68,308</u>	<u>(551,302)</u>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Defined benefit plan remeasurements		(3,148)	(9,506)
Tax on defined benefit plan remeasurement		377	1,632
Net change in fair value of financial assets measured at FVOCI		<u>(88)</u>	<u>—</u>
		<u>(2,859)</u>	<u>(7,874)</u>
<i>Items that may be reclassified subsequently to profit or loss, net of nil tax:</i>			
Exchange differences arising from translation of financial statements of overseas subsidiaries		94,148	(62,354)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		85,311	4,240
Effective portion of changes in fair value of cash flow hedges		(1,499)	(205)
Share of other comprehensive income of associates and joint ventures		<u>(9,735)</u>	<u>(10,014)</u>
		<u>168,225</u>	<u>(68,333)</u>
Other comprehensive income for the year		<u>165,366</u>	<u>(76,207)</u>
Total comprehensive income for the year		<u>233,674</u>	<u>(627,509)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTE</i>	2020 HK\$'000	2019 HK\$'000
Profit/(loss) for the year attributable to owners of the Company:			
– from continuing operations		56,803	(287,191)
– from discontinued operations		<u>(15,338)</u>	<u>(310,366)</u>
Profit/(loss) for the year attributable to owners of the Company		<u>41,465</u>	<u>(597,557)</u>
Profit/(loss) for the year attributable to non-controlling interests:			
– from continuing operations		27,011	44,056
– from discontinued operations		<u>(168)</u>	<u>2,199</u>
Profit for the year attributable to non-controlling interests		<u>26,843</u>	<u>46,255</u>
Profit/(loss) for the year		<u>68,308</u>	<u>(551,302)</u>
Total comprehensive income attributable to:			
Owners of the Company		201,511	(666,802)
Non-controlling interests		<u>32,163</u>	<u>39,293</u>
		<u>233,674</u>	<u>(627,509)</u>
EARNINGS/(LOSS) PER SHARE	11		
Basic and diluted (<i>HK cents</i>)		<u>0.36</u>	<u>(5.24)</u>
From continuing operations			
Basic and diluted (<i>HK cents</i>)		<u>0.50</u>	<u>(2.52)</u>
From discontinuing operations			
Basic and diluted (<i>HK cents</i>)		<u>(0.14)</u>	<u>(2.72)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<i>NOTE</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,887,046	3,931,375
Right-of-use assets		3,170,538	3,310,925
Intangible assets		212,912	292,652
Interest in associates		190,232	193,006
Interest in joint ventures		256,449	270,558
Other financial assets		206,586	170,723
Prepayments, deposits and other receivables		36,016	33,494
Other non-current assets		18,642	19,270
Derivative financial instruments		1,467	689
Deferred tax assets		35,458	25,084
		8,015,346	8,247,776
Current assets			
Other financial assets		1,498,580	991,618
Inventories		3,094,489	2,912,560
Trade receivables	12	3,647,804	3,279,513
Prepayments, deposits and other receivables		6,764,870	5,500,934
Contract assets		73,791	75,310
Warrantable LME commodities		98,655	21,303
Derivative financial instruments		429,527	270,782
Tax recoverable		15,100	13,746
Pledged bank deposits		29,817	145,999
Cash and cash equivalents		1,247,995	1,262,861
		16,900,628	14,474,626
Assets associated with a disposal group classified as held-for-sale		–	1,298,175
		16,900,628	15,772,801

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	<i>NOTE</i>	2020 HK\$'000	2019 HK\$'000
Current liabilities			
Contract liabilities		254,124	120,133
Trade and other payables	<i>13</i>	9,179,149	6,984,443
Loans and borrowings		5,204,356	5,787,293
Lease liabilities		374,467	373,173
Derivative financial instruments		1,146,335	540,667
Current tax payable		41,220	68,803
Provisions		15,000	27,510
		16,214,651	13,902,022
Liabilities associated with a disposal group classified as held-for-sale		–	896,035
		16,214,651	14,798,057
Net current assets		685,977	974,744
Total assets less current liabilities		8,701,323	9,222,520

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	<i>NOTE</i>	2020 HK\$'000	2019 HK\$'000
Non-current liabilities			
Trade and other payables	13	23,779	20,058
Loans and borrowings		896,263	1,134,889
Lease liabilities		2,932,448	3,056,826
Derivative financial instruments		3,468	46,167
Defined benefit obligations		62,341	54,094
Deferred tax liabilities		<u>284,666</u>	<u>289,495</u>
		<u>4,202,965</u>	<u>4,601,529</u>
Net assets		<u>4,498,358</u>	<u>4,620,991</u>
Capital and reserves			
Share capital		4,731,480	4,731,480
Reserves		<u>(363,832)</u>	<u>(564,598)</u>
Equity attributable to owners of the Company		4,367,648	4,166,882
Non-controlling interests		<u>130,710</u>	<u>454,109</u>
Total equity		<u>4,498,358</u>	<u>4,620,991</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Hong Kong HNA Holding Group Co. Limited (“**Hong Kong HNA**”), a company incorporated in Hong Kong with limited liability, is the immediate parent of the Company. HNA Group Co., Ltd*. (海航集團有限公司) (“**HNA Group**”), a company registered in the People’s Republic of China (the “**PRC**”), is an intermediate parent of the Company. Hainan Province Cihang Foundation, a foundation registered in the PRC, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The annual results set out in this announcement are extracted from the Group’s statutory financial statements for the year ended 31 December 2020.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”). The statutory financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but such information is derived from those financial statements. Further information related to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The statutory financial statements for the year ended 31 December 2020 will be delivered to the Registrar of Companies in due course. The Company’s auditor has reported on these financial statements.

The auditor’s report on the 2019 financial statements was unqualified; included a reference to material uncertainty related to going concern to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

The auditor’s report on the 2020 financial statements was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period other than the amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, which allows a lessee to account for COVID-19-related rent concessions as if they were not lease modifications. The adoption of the amendment does not have any material impact on the Group's financial statements.

4. DISCONTINUED OPERATIONS

The Group completed the disposals of its property investment businesses in the United States (the “**US Operation**”) and the United Kingdom (the “**UK Operation**”, together with the US Operation, the “**US and UK Operations**”) during the year ended 31 December 2019 and its sports and leisure-related facilities business (the “**PRC Operation**”) in January 2020. The US and UK Operations together represented a reportable and operating segment, namely the “property investment business”, and the PRC Operation represented a reportable and operating segment, namely “sports and leisure-related facilities business”, prior to the disposals.

In addition, the Group ceased its energy and refined metals trading business under the commodity marketing segment (the “**Energy and Refined Metals Trading Operation**”), which represented a separate major line of the Group's business, during the year ended 31 December 2019. Except for executing and completing the contracts entered prior to the cessation, no substantive economic activities were undertaken under the Energy and Refined Metals Trading Operation during the year ended 31 December 2020.

All the operations disclosed above are classified as discontinued operations and their results for the years ended 31 December 2020 and 2019 are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit of US Operation	–	59,683
Loss on disposal of US Operation	–	(258,237)
Loss of UK Operation	–	(68,971)
Loss on disposal of UK Operation	–	(5,684)
(Loss)/profit of PRC Operation	(479)	6,317
Profit on disposal of PRC Operation	20,150	–
Loss of Energy and Refined Metals Trading Operation	(35,177)	(41,275)
Loss for the year from discontinued operations	<u>(15,506)</u>	<u>(308,167)</u>
(Loss)/profit for the year from discontinued operations attributable to:		
Owners of the Company	(15,338)	(310,366)
Non-controlling interests	<u>(168)</u>	<u>2,199</u>
	<u>(15,506)</u>	<u>(308,167)</u>

5. REVENUE

The Group is principally engaged in integrated logistics services and related engineering services. The Group is also engaged in the affiliated business of commodity marketing and financial services.

Disaggregation of revenue

Continuing operations

Disaggregation of revenue from contracts with customers by major products and service lines and geographical location of customers is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Disaggregated by major products and service lines		
Freight services	2,939,199	2,673,031
Logistics services	1,614,502	1,812,828
Commodity trading	38,918,873	34,861,722
Equipment and facility maintenance services	487,114	473,125
Design-and-build	17,977	215,955
Broking services	563,871	448,985
Others	<u>132,035</u>	<u>261,866</u>
	<u>44,673,571</u>	<u>40,747,512</u>
Disaggregated by geographical location of customers		
Mainland China	24,686,428	24,435,251
Singapore	3,156,536	3,868,998
Hong Kong Special Administrative Region of the PRC	9,819,989	2,686,956
Korea	1,118,846	1,490,150
Other Asia Pacific jurisdictions	3,566,761	4,128,400
Europe	1,000,969	2,261,723
North America	1,018,028	969,307
Africa continent	302,900	904,854
South America	<u>3,114</u>	<u>1,873</u>
	<u>44,673,571</u>	<u>40,747,512</u>

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“**CODM**”), being the most senior executive management of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

Logistics services

This reportable segment includes warehousing, transportation, freight forwarding and cargo consolidation, supply chain management services.

Commodity marketing

This reportable segment includes physical trading and supply chain management of base metal non-ferrous concentrates with predominant focus on copper, lead, zinc and other minor metals. This segment formerly includes the Energy and Refined Metals Trading Operation which was discontinued in 2019 (see Note 4).

Engineering services

This reportable segment includes management and maintenance of facilities, vehicles and equipment, supply and installation of engineering products, property management, and design-and-build for logistic properties.

Financial services

This reportable segment includes structured trading of commodities, provision of financial brokerage services and assets management services.

The segment information reported below does not include any amounts for those discontinued operations, which is described in more details in Note 4.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment profit before taxation represents operating revenue less expenses. Segment assets represents assets directly managed by each segment, and primarily include inventories, receivables, property, plant and equipment and right-of-use assets. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables, loans and borrowings and lease liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group’s share of profit arising from the activities of the Group’s associates and joint ventures. Items not managed by or derived from the operations of reportable segments are classified as “unallocated” in the segment reconciliations.

The measure used for reportable segment profit is profit before taxation.

(a) Segment revenue and results

Disaggregation of revenue from contracts with customers by timing of revenue recognition as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below:

	Logistics services		Commodity marketing		Engineering services		Financial services		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue												
Inter-segment revenue	4,712,690 (41,490)	4,709,796 (48,602)	24,880,230 -	27,253,573 -	519,807 (242)	776,219 (649)	14,602,576 -	8,057,175 -	(41,732) 41,732	(49,251) 49,251	44,673,571 -	40,747,512 -
Revenue from external customers	<u>4,671,200</u>	<u>4,661,194</u>	<u>24,880,230</u>	<u>27,253,573</u>	<u>519,565</u>	<u>775,570</u>	<u>14,602,576</u>	<u>8,057,175</u>	<u>-</u>	<u>-</u>	<u>44,673,571</u>	<u>40,747,512</u>
Revenue from external customers disaggregated by timing of revenue recognition												
Point in time	1,649,268	1,719,441	24,795,127	27,129,770	86,033	191,798	14,602,576	8,057,175	-	-	41,133,004	37,098,184
Over time	<u>3,021,932</u>	<u>2,941,753</u>	<u>85,103</u>	<u>123,803</u>	<u>433,532</u>	<u>583,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,540,567</u>	<u>3,649,328</u>
	<u>4,671,200</u>	<u>4,661,194</u>	<u>24,880,230</u>	<u>27,253,573</u>	<u>519,565</u>	<u>775,570</u>	<u>14,602,576</u>	<u>8,057,175</u>	<u>-</u>	<u>-</u>	<u>44,673,571</u>	<u>40,747,512</u>
Revenue from external customers disaggregated by product lines/services												
Freight services	2,939,199	2,673,031	-	-	-	-	-	-	-	-	2,939,199	2,673,031
Logistics services	1,614,502	1,812,828	-	-	-	-	-	-	-	-	1,614,502	1,812,828
Commodity trading	-	-	24,880,168	27,253,532	-	-	14,038,705	7,608,190	-	-	38,918,873	34,861,722
Equipment and facility maintenance services	-	-	-	-	487,114	473,125	-	-	-	-	487,114	473,125
Design-and-build	-	-	-	-	17,977	215,955	-	-	-	-	17,977	215,955
Broking services	-	-	-	-	-	-	563,871	448,985	-	-	563,871	448,985
Others	117,499	175,335	62	41	14,474	86,490	-	-	-	-	132,035	261,866
	<u>4,671,200</u>	<u>4,661,194</u>	<u>24,880,230</u>	<u>27,253,573</u>	<u>519,565</u>	<u>775,570</u>	<u>14,602,576</u>	<u>8,057,175</u>	<u>-</u>	<u>-</u>	<u>44,673,571</u>	<u>40,747,512</u>

	Logistics services		Commodity marketing		Engineering services		Financial services		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results												
Interest income	6,257	7,185	19,413	65,017	1,171	1,058	37,216	77,253	(9,315)	(6,489)	54,742	144,024
Interest expense	(157,378)	(208,580)	(68,461)	(118,015)	(101)	(92)	(7,046)	(16,070)	10,368	10,524	(222,618)	(332,233)
Depreciation and amortisation	(601,054)	(684,317)	(52,354)	(52,280)	(9,760)	(9,203)	(7,079)	(7,340)	12,255	12,369	(657,992)	(740,771)
Share of profits of associates and joint ventures, net of taxation	25,684	22,901	-	-	2,715	2,684	-	-	-	-	28,399	25,585
Gain/(loss) on disposal of property, plant and equipment	3,880	3,788	(6)	(816)	11	29	(214)	-	-	-	3,671	3,001
(Loss)/gain on disposal of subsidiaries, associates and joint ventures	(7,141)	(920)	4,545	-	-	-	-	-	-	-	(2,596)	(920)
Impairment losses on prepayments	-	-	(3,880)	-	-	-	-	-	-	-	(3,880)	-
Gain on disposal of assets classified as held-for-sale	-	1,902	-	6,587	-	-	-	-	-	-	-	8,489
Inventory write off	-	-	-	-	-	-	(37,987)	-	-	-	(37,987)	-
Impairment loss on property, plant and equipment	-	(1,356)	(1,745)	-	-	-	-	-	-	-	(1,745)	(1,356)
Impairment losses on trade and other receivables	(12,531)	(24,824)	(282)	(6,230)	-	-	4,370	(4,684)	-	-	(8,443)	(35,738)
Reportable segment profit/(loss) before taxation	217,026	(12,234)	66,738	91,600	58,532	34,800	38,798	76,765	321	9,639	381,415	200,570
Reportable segment assets	8,720,960	8,604,224	8,064,675	7,446,190	475,599	407,510	7,795,521	5,996,260	(806,049)	(495,867)	24,250,706	21,958,317
Investments in associates and joint ventures	439,498	457,843	-	-	7,183	5,721	-	-	-	-	446,681	463,564
Capital expenditure	111,437	154,575	6,420	11,546	939	2,021	82	556	-	-	118,878	168,698
Reportable segment liabilities	6,346,489	6,690,739	6,763,188	5,913,796	234,447	207,880	6,736,522	4,959,750	(775,980)	(496,249)	19,304,666	17,275,916

(b) Reconciliation of reportable segment profit or loss

	2020 HK\$'000	2019 HK\$'000
Total profit for reportable segments	381,415	200,570
Unallocated amounts:		
Gain on fair value change of other financial assets	22,381	17,948
Loss on disposal of property, plant and equipment	(2)	(13)
Net foreign exchange gain	8,039	73,265
Depreciation of right-of-use assets	(9,304)	(11,763)
Finance costs	(137,371)	(345,503)
Unallocated income and gains	3,647	10,400
Unallocated expenses	(139,063)	(161,707)
Profit/(loss) before tax (continuing operations)	<u>129,742</u>	<u>(216,803)</u>

(c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2020 HK\$'000	2019 HK\$'000
Reportable segment assets		
Continuing operations		
Logistics services	8,720,960	8,604,224
Commodity marketing	8,064,675	7,446,190
Engineering services	475,599	407,510
Financial services	7,795,521	5,996,260
Elimination of inter-segment assets	<u>(806,049)</u>	<u>(495,867)</u>
Total reportable segment assets	24,250,706	21,958,317
Assets associated with a disposal group classified as held-for-sale	<u>—</u>	<u>1,298,175</u>
	24,250,706	23,256,492
Unallocated assets:		
Investments in associates and joint ventures	446,681	463,564
Cash and cash equivalents	4,044	21,984
Other financial assets	204,702	170,468
Other unallocated assets	<u>9,841</u>	<u>108,069</u>
Consolidated total assets	<u>24,915,974</u>	<u>24,020,577</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Reportable segment liabilities		
Continuing operations		
Logistics services	6,346,489	6,690,739
Commodity marketing	6,763,188	5,913,796
Engineering services	234,447	207,880
Financial services	6,736,522	4,959,750
Elimination of inter-segment liabilities	<u>(775,980)</u>	<u>(496,249)</u>
 Total reportable segment liabilities	 19,304,666	 17,275,916
 Liabilities associated with a disposal group classified as held-for-sale	 <u>–</u>	 <u>896,035</u>
	19,304,666	18,171,951
Unallocated liabilities:		
Perpetual notes	356,905	358,492
The Extended Borrowing	–	768,334
Other loans and borrowings	716,000	–
Tax liabilities	–	2,080
Other unallocated liabilities	<u>40,045</u>	<u>98,729</u>
 Consolidated total liabilities	 <u>20,417,616</u>	 <u>19,399,586</u>

(d) Geographic information

The logistic services and commodity marketing segments are managed on a worldwide basis and the Group operates principally in Mainland China, Singapore, other parts of Asia Pacific Region, Europe, North America, Africa continent and South America. Engineering services are primarily in Singapore. Financial services operate mainly in Mainland China, Singapore and North America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical locations from which the Group derives its revenue. Segment non-current assets (other than loans and receivables, financial assets and deferred tax assets) are based on the geographical location of the assets.

	Specified non-current assets	
	2020	2019
	HK\$'000	HK\$'000
Mainland China	77,899	70,533
Singapore	5,694,676	6,011,530
Hong Kong Special Administrative Region of the PRC	7,398	18,213
Korea	276	243
Other Asia Pacific jurisdictions	555,039	538,947
Europe	1,315,916	1,285,192
North America	20,123	20,446
Africa continent	60,560	69,219
South America	5,399	4,152
	<u>7,737,286</u>	<u>8,018,475</u>

7. OTHER INCOME

	2020	2019
	HK\$'000	HK\$'000
Continuing operations		
Interest income on financial assets measured at amortised cost	54,742	143,840
Dividend income from other financial assets	163	305
Government grants	103,735	–
Others	37,691	58,396
	<u>196,331</u>	<u>202,541</u>

8. FINANCE COSTS

	2020	2019
	HK\$'000	HK\$'000
Continuing operations		
Interests expense on:		
– Bank borrowings and other facilities	182,197	427,500
– Medium term note	5,998	36,371
– Lease liabilities	126,315	137,229
– Others	3,853	10,070
Other finance costs	48,565	90,327
	<u>366,928</u>	<u>701,497</u>
Bank charges	46,637	62,425
	<u>413,565</u>	<u>763,922</u>

9. INCOME TAX

	2020 HK\$'000	2019 HK\$'000
Current tax		
Provision for the year – Hong Kong Profits Tax	–	42
Provision for the year – Overseas income tax	68,362	66,167
Over-provision in respect of prior years	<u>(12,103)</u>	<u>(26,876)</u>
	56,259	39,333
Deferred tax		
Origination and reversal of temporary differences	(20,423)	(44,849)
Withholding tax	<u>9,366</u>	<u>4,943</u>
Total income tax expense/(credit)	<u>45,202</u>	<u>(573)</u>
Attributable to:		
Profit from continuing operations	45,928	26,332
Loss from discontinued operations	(726)	(26,905)

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

Taxation outside Hong Kong is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2020 and 2019, nor has any dividend been proposed after the end of reporting period.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share amounts is based on the weighted average number of ordinary shares of 11,399,996,101 (2019: 11,399,996,101) in issue during the year and the profits/(loss) for the year attributable to owners of the Company as follows:

	2020 HK\$'000	2019 HK\$'000
Profit/(loss) attributable to owners of the Company		
– from continuing operations	56,803	(287,191)
– from discontinued operations	<u>(15,338)</u>	<u>(310,366)</u>
	<u>41,465</u>	<u>(597,557)</u>

(b) Diluted earnings/(losses) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as share options subsisting during the periods had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

12. TRADE RECEIVABLES

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivables based on the invoice date and net of loss allowance, is as follows:

	2020 HK\$'000	2019 HK\$'000
0–90 days	3,428,704	2,795,424
91–180 days	158,485	391,558
181–365 days	54,800	26,578
1–2 years	5,815	63,156
Over 2 years	<u>–</u>	<u>2,797</u>
	<u>3,647,804</u>	<u>3,279,513</u>

Trade debtors and bills receivables are expected to be recovered within one year.

13. TRADE AND OTHER PAYABLES

	NOTES	2020 HK\$'000	2019 HK\$'000
Trade and bills payables	(a)	1,369,872	1,163,992
Other payables, deposits received and accruals	(b)	<u>7,833,056</u>	<u>5,840,509</u>
		9,202,928	7,004,501
Less: non-current portion		<u>(23,779)</u>	<u>(20,058)</u>
		<u>9,179,149</u>	<u>6,984,443</u>

(a) Trade and bills payables

The following is an ageing analysis of the trade and bills payables based on the invoice date as at the end of the reporting period:

	2020 HK\$'000	2019 HK\$'000
0–90 days	1,219,064	826,545
91–180 days	57,241	229,751
181–365 days	30,815	66,381
1–2 years	52,840	23,851
Over 2 years	<u>9,912</u>	<u>17,464</u>
	<u>1,369,872</u>	<u>1,163,992</u>

(b) Other payables, deposits received and accruals

As at 31 December 2020, included in the balance are amounts segregated for customers of HK\$6,000,547,000 (31 December 2019: HK\$4,353,542,000).

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the year of 2020, global economy, trade and financial market were shipwrecked by the outbreak of the 2019 Novel Coronavirus (“**Covid-19**”). A geopolitical shift has created further tectonic changes for the business community. The Group weathered the storm while facing great difficulties and uncertainties in logistics, financial brokerage and commodity trading realms. With strong leadership from the management, the Group did great effort to stabilize customers and revenue, improve group and business line cost structure, and maintain commitment to debt servicing and deleveraging. Despite the above, the core logistics business delivered better performance as compared to the prior year ended 31 December 2019, which was underpinned by the Group’s strong execution capability.

For the year ended 31 December 2020, the Group’s revenue amounted to HK\$44,673,571,000 (2019: HK\$40,747,512,000); while the profit attributable to owners amounted to HK\$41,465,000 (2019: loss attributable to owners of HK\$597,557,000). For the year ended 31 December 2020, the Group incurred a loss of HK\$15,506,000 from its discontinued operations (2019: HK\$308,167,000) and a profit of HK\$83,814,000 from the continuing operations (2019: loss of HK\$243,135,000). Notwithstanding various challenges faced by the Group for the year ended 31 December 2020, the performance of its continuing operations turned better, primarily as a result of (i) a significant decrease in finance cost of approximately HK\$350,000,000; and (ii) the government subsidies of approximately HK\$104,000,000 received or receivable by the Group in relation to Covid-19. The Group recorded a profit attributable to owners of the Company in 2020, and earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) from continuing operations for the year ended 31 December 2020 was recorded as HK\$1,210,604,000 (2019: HK\$1,299,653,000), the amount of which is calculated by the profit for the year from continuing operations, before deducting the finance costs, income tax expenses, depreciation, and amortisation for the continuing operations.

The operations of the four business segments of the Group during the year are summarised as follows:

Logistics Services

The year of 2020 marked an unprecedented year of health and economic challenges as the global pandemic affected lives and businesses around the world. Across regions, supply chains were massively disrupted. In Singapore, logistics firms faced stiff competition, with declining volume and escalating operating costs pointing to a slow recovery. Nevertheless, our logistics services business reported a total revenue of HK\$4,712,690,000 (31 December 2019: HK\$4,709,796,000) and a profit before tax of HK\$217,026,000 (31 December 2019: loss of HK\$12,234,000), which included the Covid-19 government grant of HK\$61,044,000. These stellar results were mainly contributed by the warehousing and commodity logistic businesses.

For the warehouse & integrated logistics business, our transportation segment and logistics businesses across various sectors were heavily affected. However, we were able to maintain our overall warehouse utilisation rate in Singapore at approximately 99% as the local warehouse industry experienced a higher demand in the last three quarters of 2020 due to stockpiling of essential items by the government. A supply shortfall caused by delay in new warehouses originally slated for completion in 2020 also added to the pent-up demand. The tight supply situation may be relieved with the arrival of vaccines and the completion of new warehouses in 2021. Until then, the market rate is expected to hold steady at 5% higher than pre-Covid-19 levels.

In 2020, we also expanded our logistics footprint regionally. In the third quarter of 2020, we completed the construction of our third warehouse (220,000 sq. ft.) in Port Klang Free Zone (“PKFZ”), Malaysia. All our three warehouses (580,000 sq. ft. combined) in PKFZ are fully occupied. In addition, we are building our fourth warehouse (130,000 sq. ft.) in PKFZ, slated for completion by end of 2021. Upon its completion, we will have over 700,000 sq. ft. of total warehouse space in Malaysia to serve our customers.

For the freight logistics business, 2020 was a very challenging year for us as the pandemic permanently altered the dynamics of the sea freight industry. The lockdown in various countries adversely affected port operations which in turn disrupted the operations of shipping lines. This consequently led to a severe equipment imbalance situation. The shortage of empty containers drove freight to levels which were never seen before in the industries. During the fourth quarter peak season, more pressures were mounted onto freight rates and rate increase was applied on a weekly basis. This situation is expected to spill over to the first half of 2021.

Despite the difficult environment, we managed to perform satisfactorily, partly helped by the Covid-19 government grants and reliefs. In addition, Mainland China, our major market, is recovering well from the pandemic. In this unprecedented environment, we are aligning ourselves to better serve our customers while strategically managing costs and customers' expectations. By focusing on faster response time and higher efficiency, we are working hard to mitigate the pandemic impact. Additionally, with the disruption to air freight space, we are seeing greater interest in sea freight which will allow us to capitalise on new opportunities.

For the commodity logistics business, despite the disruptions caused by the global pandemic, our commodity logistics arm continued to focus its efforts on driving profit-generating businesses which led to further operating profit growth. In 2020, we recorded a higher operating profit from soft commodity logistics on the back of higher warehouse space utilisation and higher volume. Going forward, we will continue to focus on business development and resource management while delivering higher value-add commodity services and supply chain solutions for our customers.

Commodity Marketing

Our Commodity Marketing (“CM”) segment is a global supply chain management service provider which specialises in the commodity marketing of mainly non-ferrous concentrates and refined metals for smelters, processing industries and trading companies.

Amidst global trade tensions, escalated by an import ban of Australian copper concentrates in Mainland China during the third quarter of 2020 and the ongoing pandemic impacts, CM managed to maintain its competitiveness mainly in the concentrates market.

Overall annual volume for concentrates in 2020 decreased when compared to the same period in 2019 as a result of the pandemic effects and strategic choices made on the qualities, long-term prospects and geographical positioning. During the second half of the year, revenue improved owing to the price increase in base and precious metals. Warehousing cost challenges continue to exist and no change in the near future is expected with clients still facing some challenges due to the current high prices for commodities.

On the demand side, there was a rebound in the second half of 2020 coming mainly from Mainland China and also in other markets. This upward trend is anticipated to continue in early 2021 for both concentrates and metals. The supply side has also stabilised during the same period from the prior Covid-19 disruption to the supply chain. Momentum for such developments are however, subject to the prevalent Covid-19 uncertainties and overall economic circumstances.

Looking ahead, we will continue to prepare the ground to take advantage of market opportunities while cushioning ourselves against potential business disruptions. We expect 2021 to be a transition year to the new normal with a slow improvement in the trading conditions.

While CM still maintains its competitiveness in the concentrates market, traded volume decreased as a result of global trade tensions and the disruption from the Covid-19 pandemic. Consequently, the CM segment reported a 9% decrease in total revenue from continuing operation to HK\$24,880,230,000 (2019: HK\$27,253,573,000), which has led to a 27% drop in operating profit before tax from continuing operation to HK\$66,738,000 (including the Covid-19 government grant of HK\$513,000).

Financial Services

For financial markets, uncertainty and volatility underpinned by Covid-19 headlined most of 2020. Market volatility sustained throughout the second half of 2020, fuelled by uncertainty in the US elections, knee-jerk reactions to vaccine news and digital assets such as Bitcoins chasing new highs.

Amidst such market circumstances, we managed to grow total customer equity by 36% as compared to last year. We cleared more than a million contracts on the Chicago Mercantile Exchange in November 2020, with the positive momentum continuing into December 2020. However, interest revenue remains compromised under this tough environment. The global pandemic has spurred us to be more agile, adaptive and creative than before, compelling us to reconsider traditional ways of doing business.

Going into 2021, we have come to embrace the “new normal” by changing the way we interact with customers. We are participating in virtual conferences to engage the market and partnering with exchanges to line up a host of webinars in the coming months. We will continue to build new businesses, seize opportunities and leverage on fintech to upkeep our track record while staying relevant in the new working normal.

Our financial services business reported operating profit before tax (including the Covid-19 relief of HK\$9,338,000) of HK\$38,798,000 which was 49% lower than the 2019 profit before tax of HK\$76,765,000. The decrease in operating profit before tax was due to an inventory write off of HK\$37,987,000 due to loss of cargo and a decrease in interest income resulting from reduced federal interest rate. The decrease in operating profit before tax was however mitigated by the better performance of the derivative business attributed to market volatility.

Engineering Services

Our engineering services business segment (“ES”), which focuses on engineering maintenance (“EM”) and design and build (“DB”) remained resilient to the Covid-19 pandemic, returning a revenue of HK\$519,807,000 and profit before tax of HK\$58,532,000 in 2020 including the Covid-19 government grant of HK\$31,831,000.

EM deals in engineering maintenance and management works in the facility maintenance and vehicles maintenance markets. The target market is stable, though competitive. The business performed well in 2020. In first half of 2020, EM expanded into new growth areas in the training market by successfully securing a key contract to train drivers for the military. In October 2020, EM secured a major contract to maintain the facilities for the Ministry of Home Affairs. Although the aviation sector suffered some impact from the pandemic, it was mitigated by cost reductions as well as government subsidies.

DB, which provides design and construction solutions for logistics properties, recovered from its loss position to end the year nearly flat. However, market opportunities for new build of logistics facilities in Singapore continues to be weak due to uncertain demand for new-built. This is further affected by additional supply from newly completed warehouses by JTC Corporation and other developers which will start to come on stream in 2021.

In the near future, we will continue to provide fit-out works and consultancy and project management services to maintain overheads and serve our existing logistics client base. Prospective DB projects being pursued will take time to develop and crystallize amidst the prevailing uncertain market.

ES revenue decreased by 33% mainly due to the completion of built-to-suit equipment supply contracts, and lower billings from DB projects due to weaker demand. During the year, ES secured new contracts in EM which cushioned the drop in operating results from completed projects.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

As at 31 December 2020, the Group had cash and cash equivalents of HK\$1,247,995,000 (31 December 2019: HK\$1,262,861,000). Cash and bank balances are mostly held in Hong Kong dollar, United States dollar, Singapore dollar, Euro and Renminbi and deposited in leading banks with maturity dates falling within one year. On the other hand, the Group had loans and borrowings of HK\$6,100,619,000 (31 December 2019: HK\$6,922,182,000), of which an aggregated amount of HK\$5,204,356,000 (31 December 2019: HK\$5,787,293,000) was repayable within one year. Included in the amount repayable within one year are revolving trading facilities of HK\$3,820,926,000 (31 December 2019: HK\$3,980,553,000) which are fully secured with certain working capital of the Group's commodity marketing business.

MATERIAL DISPOSALS

The Group successfully completed a number of disposals in 2019 and 2020, and it currently has a mixed business portfolio comprising four business segments in total. The Directors believe that the disposals enhanced the cash flow and allowed the Group to commit the available resources to other uses including to reduce the debt level of the Company.

During the first half of 2020, the Group entered into the share transfer agreement with Hillview Holdings Limited in relation to the disposal of interest in certain operating golf courses in the PRC through the disposal of Hillview Golf Development Company Limited, at an agreed consideration, and such disposal was completed on 15 January 2020. Please refer to the announcements of the Company dated 13 and 15 January 2020 and the circular of the Company dated 24 January 2020 for details.

SUBSEQUENT EVENTS

Subsequent to 31 December 2020, certain indirect controlling shareholders of the Company, being HNA Group, HNA Holding Group Co., Ltd.* (海航實業集團有限公司) (“**HNA Holding**”) and HNA Logistics Group Co., Ltd.* (海航物流集團有限公司) (“**HNA Logistics**”), informed the Company that they received the ruling from the Higher People’s Court of Hainan Province* (海南省高級人民法院) to restructure them.

As at the date of this announcement and based on the information set out in the relevant forms of disclosure of interests, HNA Group, through HNA Holding, HNA Logistics and other companies, is indirectly interested in an aggregate of 51.26% of the total issued shares of the Company.

As of the date of this announcement, based on the above information and as far as the Company is aware and since the Company has not yet received any notice on the change of controlling shareholders, the Company considers that the operations of the Group as a whole remain as usual in material respects. The Company will continue to pay attention to the progress of the above matters and fulfill its information disclosure obligations under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in a timely manner.

Please refer to the announcements of the Company dated 31 January 2021, 10 February 2021 and 15 March 2021 for further details.

BUSINESS PROSPECTS

As we entered into the year of 2021, the risk of global economic slowdown is still escalating by the global outbreak of Covid-19. We are thereby adopting a conservative approach towards the performance of global logistics, financial and commodity markets. The uncertainty and lethality of the global pandemic virus will continue to jeopardize the confidence in all industries worldwide, and the current economic climate remains challenging. With the increased threat of a recession, we will continue to closely monitor the global economic situation and do our best to minimize its impact on the Group and maintain stable operations during this downturn.

The Group is realigning business focus on its core competence, the logistics industry. The management of the Group is actively taking business development opportunities to generate fair return and capitalize on existing advantage in the logistics industry. Meanwhile, the Group intends to continue to optimize the capital structure of the Group and maintain stable operation.

Despite the aforesaid difficulties which we are facing, we believe the Group is on its way to a brighter future, with our best endeavors, efforts and caution.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year ended 31 December 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the financial year ended 31 December 2020, except for the following deviation:

Pursuant to code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ding Lei was the Chief Executive Officer of the Company and the Co-Chairman of the Board during the period from 12 December 2019 to 17 June 2020, and Mr. Li Neng has been the Chief Executive Officer of the Company and the Co-Chairman of the Board since 26 June 2020. The Board believes that vesting the roles of both Co-Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. In addition, Mr. Zhu Weijun, as the Co-Chairman of the Board during the period from 1 July 2019 to 1 October 2020, and Mr. Wu Hao, as the Co-Chairman of the Board since 1 October 2020, have shared the role and responsibilities as chairman of the Board with the other Co-Chairman over the relevant periods. The Board considers that this structure can continue to enable the Company to make and implement decisions promptly and effectively. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a sufficient number of Independent Non-executive Directors.

APPRECIATION

The Board would like to take this opportunity to extend its sincere gratitude to all shareholders of the Company, investors, customers, suppliers and business partners for their valuable and continuous support and trust to the Group. The Board would also extend its gratitude and appreciation to all of our management and staff for their tireless efforts, diligence and dedication throughout the year.

By order of the Board
CWT INTERNATIONAL LIMITED
Li Neng
Executive Director

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises Mr. Wu Hao (Executive Director and Co-Chairman), Mr. Li Neng (Executive Director, Co-Chairman and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Chen Chao (Executive Director), Mr. Zhang Can (Executive Director), Mr. Leung Shun Sang, Tony (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director), Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director) and Ms. Chen Lihua (Independent Non-executive Director).

* for identification purpose only