Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of CWT International Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021. These interim results have been reviewed by the audit committee of the Board and the Company's auditor.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 − unaudited

		Six months ended 30 June	
		2022	2021
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4 & 5*	**22,348,157**	25,908,923
Cost of sales		**(21,417,055)**	(24,982,653)
Gross profit		**931,102**	926,270
Other income		**46,274**	54,008
Other net gain/(loss)	*6*	**155**	(7,239)
Selling and distribution costs		**(222,845)**	(196,619)
Administrative expenses		**(381,620)**	(421,508)
Finance costs	*7*	**(164,823)**	(155,901)
Share of profits less losses of associates, net of tax		**30,022**	17,871
Share of profits less losses of joint ventures, net of tax		**4,082**	1,743

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONTINUED
For the six months ended 30 June 2022 – unaudited

		Six months ended 30 June	
		2022	2021
	NOTES	***HK$'000***	*HK$'000*
Profit before taxation	*8*	**242,347**	218,625
Income tax	*9*	**(70,139)**	(60,446)
Profit for the period		**172,208**	158,179
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		**33,245**	10,192
Tax on other comprehensive income		**(3,953)**	(1,211)
		29,292	8,981
Items that are or may be reclassified subsequently to profit or loss:			
Fair value changes on equity securities measured at fair value through other comprehensive income		**(75)**	–
Exchange differences arising from translation of foreign operations		**(113,304)**	(41,139)
Effective portion of changes in fair value of cash flow hedges		**(86)**	1,146
Share of other comprehensive income of associates and joint ventures		**6,452**	842
		(107,013)	(39,151)
Other comprehensive income for the period		**(77,721)**	(30,170)
Total comprehensive income for the period		**94,487**	128,009

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME − CONTINUED

For the six months ended 30 June 2022 − unaudited

	NOTE	Six months ended 30 June 2022 HK$'000	2021 HK$'000
Profit for the period attributable to			
Owners of the Company		**127,048**	134,227
Non-controlling interests		**45,160**	23,952
Profit for the period		**172,208**	158,179
Total comprehensive income attributable to:			
Owners of the Company		**61,673**	105,355
Non-controlling interests		**32,814**	22,654
Total comprehensive income for the period		**94,487**	128,009
EARNINGS PER SHARE	*11*		
Basic and diluted *(HK cents)*		**1.11**	1.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 – unaudited

	NOTE	**30 June 2022** ***HK$'000***	31 December 2021 *HK$'000*
Non-current assets			
Property, plant and equipment		**3,474,745**	3,655,490
Right-of-use assets		**2,678,364**	2,847,093
Intangible assets		**168,029**	184,349
Interest in associates		**235,902**	241,897
Interest in joint ventures		**224,346**	235,322
Other financial assets		**204,039**	213,170
Prepayments, deposits and other receivables		**24,982**	56,904
Other non-current assets		**18,701**	18,532
Derivative financial instruments		**100,028**	42,878
Deferred tax assets		**37,140**	38,926
		7,166,276	7,534,561
Current assets			
Other financial assets		**1,407,397**	2,358
Inventories		**3,250,758**	2,584,199
Trade receivables	*12*	**2,729,491**	3,361,786
Prepayments, deposits and other receivables		**9,139,457**	9,249,134
Contract assets		**119,175**	147,519
Warrantable LME commodities		**–**	66,456
Derivative financial instruments		**1,084,031**	431,944
Tax recoverable		**28,904**	14,983
Pledged bank deposits		**23,864**	24,797
Cash and cash equivalents		**1,466,530**	1,517,145
		19,249,607	17,400,321

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

At 30 June 2022 – unaudited

	NOTES	**30 June 2022** ***HK$'000***	31 December 2021 *HK$'000*
Current liabilities			
Contract liabilities		**164,254**	178,669
Trade and other payables	*13*	**12,243,130**	10,736,856
Loans and borrowings		**3,612,287**	4,446,626
Lease liabilities		**364,767**	363,147
Derivative financial instruments		**703,953**	389,558
Current tax payable		**84,051**	86,005
		17,172,442	16,200,861
Net current assets		**2,077,165**	1,199,460
Total assets less current liabilities		**9,243,441**	8,734,021
Non-current liabilities			
Trade and other payables	*13*	**21,887**	22,196
Loans and borrowings		**1,593,229**	969,275
Lease liabilities		**2,503,589**	2,671,395
Derivative financial instruments		**62,407**	33,682
Defined benefit obligations		**15,141**	50,225
Deferred tax liabilities		**248,821**	263,939
		4,445,074	4,010,712
Net assets		**4,798,367**	4,723,309

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

At 30 June 2022 – unaudited

	30 June 2022 *HK$'000*	31 December 2021 *HK$'000*
Capital and reserves		
Share capital	**4,731,480**	4,731,480
Reserves	**(134,685)**	(193,619)
Equity attributable to owners of the Company	**4,596,795**	4,537,861
Non-controlling interests	**201,572**	185,448
Total equity	**4,798,367**	4,723,309

NOTES:

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, a company incorporated in Hong Kong with limited liability, is the immediate parent of the Company. Hainan HNA No.2 Trust Management Service Co., Ltd* (海南海航二號信管服務有限公司), a limited liability company incorporated in the People's Republic of China ("**PRC**"), is the intermediate parent of the Company. HNA Group Bankruptcy Reorganisation Specialised Service Trust* (海航集團破產重整專項服務信託), a trust registered in the PRC, is the ultimate controlling party of the Company. Neither of them produces financial statements available for public use.

2. BASIS OF PREPARATION

The unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2022 but is extracted from the draft unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The draft interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The financial information relating to the financial year ended 31 December 2021 that is included in this preliminary announcement or the draft interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information related to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report 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 Group has applied the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit or loss. The amendments do not have a material impact on the financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

4. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers within the scope of HKFRS 15.

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Disaggregated by major products and service lines		
Freight services	**3,357,929**	2,538,928
Logistics services	**802,767**	862,432
Commodity trading	**17,396,028**	21,840,527
Equipment and facility maintenance services	**312,188**	315,780
Design-and-build	**2,968**	2,346
Broking services	**315,631**	283,715
Others	**160,646**	65,195
	22,348,157	25,908,923

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Disaggregated by geographical location of customers		
PRC	**14,218,067**	17,038,174
Singapore	**4,590,332**	4,367,006
Korea	**651,438**	667,361
Hong Kong Special Administrative Region of PRC	**36,999**	1,052,485
Other Asia Pacific jurisdictions	**1,497,324**	1,733,699
Europe	**1,007,878**	726,159
North America	**180,145**	185,909
Africa Continent	**121,556**	136,983
South America	**44,418**	1,147
	22,348,157	25,908,923

5. 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.

Engineering services

This reportable segment includes management and maintenance of facilities, vehicles and equipments, 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.

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/(loss) is profit/(loss) 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 six months ended 30 June 2022 and 2021 is set out below:

	Logistics services		Commodity marketing		Engineering services		Financial services		Elimination		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**4,330,281**	3,484,912	**13,817,001**	16,019,906	**322,484**	321,775	**3,894,658**	6,104,337	**(16,267)**	(22,007)	**22,348,157**	25,908,923
Inter-segment revenue	**(16,078)**	(21,821)	**–**	–	**(189)**	(186)	**–**	–	**16,267**	22,007	**–**	–
Revenue from external customers	**4,314,203**	3,463,091	**13,817,001**	16,019,906	**322,295**	321,589	**3,894,658**	6,104,337	**–**	–	**22,348,157**	25,908,923
Revenue from external customers disaggregated by timing of revenue recognition												
Point in time	**1,696,871**	1,423,670	**13,817,001**	16,019,906	**199,662**	46,045	**3,894,658**	6,104,337	**–**	–	**19,608,192**	23,593,958
Over time	**2,617,332**	2,039,421	**–**	–	**122,633**	275,544	**–**	–	**–**	–	**2,739,965**	2,314,965
	4,314,203	3,463,091	**13,817,001**	16,019,906	**322,295**	321,589	**3,894,658**	6,104,337	**–**	–	**22,348,157**	25,908,923
Revenue from external customers disaggregated by products and services lines												
Freight services	**3,357,929**	2,538,928	**–**	–	**–**	–	**–**	–	**–**	–	**3,357,929**	2,538,928
Logistics services	**802,767**	862,432	**–**	–	**–**	–	**–**	–	**–**	–	**802,767**	862,432
Commodity trading	**–**	–	**13,817,001**	16,019,906	**–**	–	**3,579,027**	5,820,621	**–**	–	**17,396,028**	21,840,527
Equipment and facility maintenance services	**–**	–	**–**	–	**312,188**	315,780	**–**	–	**–**	–	**312,188**	315,780
Design-and-build	**–**	–	**–**	–	**2,968**	2,346	**–**	–	**–**	–	**2,968**	2,346
Broking services	**–**	–	**–**	–	**–**	–	**315,631**	283,715	**–**	–	**315,631**	283,715
Others	**153,507**	61,731	**–**	–	**7,139**	3,463	**–**	1	**–**	–	**160,646**	65,195
	4,314,203	3,463,091	**13,817,001**	16,019,906	**322,295**	321,589	**3,894,658**	6,104,337	**–**	–	**22,348,157**	25,908,923
Reportable segment profit/(loss) before taxation	**275,160**	201,374	**(13,695)**	60,434	**12,093**	19,088	**55,289**	14,120	**2,155**	(291)	**331,002**	294,725
As at 30 June/31 December												
Reportable segment assets	**8,641,972**	8,849,566	**6,895,583**	6,143,490	**509,096**	540,969	**10,531,713**	9,371,230	**(664,077)**	(679,705)	**25,914,287**	24,225,550
Reportable segment liabilities	**5,763,193**	6,320,594	**5,629,115**	4,832,289	**263,256**	298,225	**9,479,197**	8,312,037	**(664,077)**	(679,428)	**20,470,684**	19,083,717

(b) Reconciliation of reportable segment profit before taxation

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Reportable segment profit before taxation	**331,002**	294,725
Unallocated income and gains	**314**	332
Unallocated expenses	**(51,048)**	(54,774)
Net foreign exchange loss	**(19,877)**	(3,793)
Finance costs	**(18,044)**	(17,865)
Consolidated profit before taxation	**242,347**	218,625

(c) Information about major customers

No single customer contributed over 10% or more to the Group's consolidated revenue for both six months ended 30 June 2022 and 2021.

6. OTHER NET GAIN/(LOSS)

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Net gain/(loss) on disposal of property, plant and equipment	**418**	(1,077)
Net foreign exchange loss	**(2,378)**	(6,308)
Net gain/(loss) on financial instruments carried at fair value through profit or loss ("**FVPL**")	**246**	(58)
Reversal of impairment loss on property, plant and equipment	**–**	1,746
Others	**1,869**	(1,542)
	155	(7,239)

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Bank charges	**28,851**	27,327
Interest expense on:		
– Bank borrowings and other facilities	**73,028**	62,779
– Lease liabilities	**56,194**	61,925
Other finance cost	**6,750**	3,870
	164,823	155,901

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**105,231**	99,462
Depreciation of right-of-use assets	**197,733**	211,136
Amortisation of intangible assets	**15,319**	15,642
Dividend income	**(6)**	–
Recognition /(reversal) of impairment loss on:		
– trade receivables	**4,464**	21,431
– property, plant and equipment	**–**	(1,746)
Cost of inventories sold	**17,273,224**	20,844,464
Interest income	**(26,817)**	(17,287)
Government grants	**(7,580)**	(29,166)

9. INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Current tax		
Provision for the period – Income tax outside Hong Kong	**87,308**	68,337
Over-provision in respect of prior years	**(12,640)**	(2,101)
	74,668	66,236
Deferred tax		
Origination and reversal of temporary differences	**(11,273)**	(7,775)
Withholding tax	**6,744**	1,985
Total income tax expense	**70,139**	60,446

For the six months ended 30 June 2022 and 2021, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods.

Taxation outside Hong Kong is calculated on the estimated assessable profits for the period 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 six months ended 30 June 2022 and 2021, nor has any dividend been proposed after the end of reporting period.

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on:

(i) The profit for the period attributable to owners of the Company

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**127,048**	134,227

(ii) the weighted average number of ordinary shares of 11,399,996,101 (six months ended 30 June 2021: 11,399,996,101) in issue during the period.

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as share options subsisting during the periods had an anti-dilutive effect on the basic earnings per share amounts presented.

12. TRADE RECEIVABLES

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
Trade debtors and bills receivables at amortised cost, net of loss allowance	**1,163,405**	1,486,942
Trade receivables containing provisional pricing features, measured at FVPL	**1,566,086**	1,874,844
	2,729,491	3,361,786

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:

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
0–90 days	**2,495,232**	3,308,197
91–180 days	**214,830**	19,162
181–365 days	**12,955**	10,451
Over 1 year	**6,474**	23,976
	2,729,491	3,361,786

All of the trade receivables are expected to be recovered within one year.

As at 30 June 2022, trade receivables due from the Group's associates, joint ventures and other related parties amounted to HK$16,333,000, HK$4,893,000 and HK$7,514,000 (31 December 2021: HK$36,237,000, HK$3,994,000 and HK$4,578,000), respectively.

13. TRADE AND OTHER PAYABLES

	NOTES	**30 June 2022** **HK$'000**	31 December 2021 *HK$'000*
Trade and bills payables			
– measured at amortised cost		**512,747**	478,246
– containing provisional pricing features and measured at FVPL		**667,037**	1,063,495
	(a)	**1,179,784**	1,541,741
Other payables, deposit received and accruals	*(b)*	**11,085,233**	9,217,311
		12,265,017	10,759,052
Less: non-current portion		**(21,887)**	(22,196)
		12,243,130	10,736,856

(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:

	30 June 2022 **HK$'000**	31 December 2021 *HK$'000*
0–90 days	**1,067,703**	1,387,730
91–180 days	**60,836**	65,485
181–365 days	**15,718**	39,844
1–2 years	**22,769**	41,971
Over 2 years	**12,758**	6,711
	1,179,784	1,541,741

(b) Other payables, deposit received and accruals

As at 30 June 2022, included in the balance are amounts segregated for customers of HK$8,849,962,000 (31 December 2021: HK$7,653,077,000).

Brought forward from the end of the reporting period in 2021, a provision of HK$100,904,000 was made by Straits (Singapore) Pte. Ltd. ("**SSPL**"), an indirect subsidiary of the Group, in connection with a litigation (the "**Case**") which involved certain repurchase agreements.

Based on the judgment (the "**Judgment**") and the order of the court dated 16 February 2022, SSPL, together with four other defendants to the Case, would be liable to pay the plaintiff an amount of approximately US$283 million.

SSPL filed an appeal to the Judgement on 25 March 2022 to the English High Court and the permission to appeal against the Judgement was granted on 6 May 2022. SSPL is in the progress of discussing with its legal advisors and the appeal is likely to be scheduled for hearing in the fourth quarter of 2022.

After discussion with the legal advisors, a provision was made for the compensation amount under the Judgment which was limited to the net asset value of SSPL as at 31 December 2021. More details relating to the Case can be found in the Company's announcements dated 23 January 2022, 26 January 2022, 17 February 2022 and 10 May 2022.

14. SUBSEQUENT EVENTS

No significant subsequent events have occurred since 30 June 2022 to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

A tentative recovery of the global economy, trade and financial markets in the first half of 2022 was dampened by the Russo-Ukrainian war, the sanctions on Russia, the tense relationship between China and USA and the regional epidemic control measures in the PRC due to the recent heightened COVID-19 outbreak. The Russo-Ukrainian war has disrupted supply chain and driven up commodity prices especially oil, titanium, nickel, wheat and corn. Energy cost surged and reached an all-time high since 2013. The global geopolitical issues coupled with the epidemic repeat further aggravated supply chain disruption and port congestion, resulted in a surplus concentrates market and intensified inflation.

Amidst the backdrop of supply chain disruption and heightened inflation, the Group performed well in the first half of 2022 with a 11% increase in profit before tax to HK$242,347,000 (six months ended 30 June 2021: HK$218,625,000). The Group's stellar performance was contributed largely by the logistics segment which saw a broad based improvement, notably freight logistics. In addition, the market volatility due to the Russo-Ukrainian war has driven higher trading volume for our derivatives business under financial services segment. The Group's revenue for the six months ended 30 June 2022 decreased by 14% to HK$22,348,157,000 mainly due to lower trading transactions in commodity trading, in part cushioned by the increase in freight logistics revenue.

For the six months ended 30 June 2022, the Group's revenue amounted to HK$22,348,157,000 (six months ended 30 June 2021: HK$25,908,923,000); while the profit attributable to owners amounted to HK$127,048,000 (six months ended 30 June 2021: HK$134,227,000). For the six months ended 30 June 2022, the Group recorded a profit of HK$172,208,000 (six months ended 30 June 2021: HK$158,179,000). Notwithstanding various challenges faced by the Group for the six months ended 30 June 2022, the performance of its operations recorded a growth, primarily as a result of (i) the significant increase in the logistics service segment and financial services segment's profit before taxation of approximately HK$73,786,000 and HK$41,169,000, respectively. The Group recorded a profit attributable to owners of the Company in the current period, and earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") from continuing operations for the six months ended 30 June 2022 was recorded as HK$698,636,000 (six months ended 30 June 2021: HK$683,479,000), the amount of which is calculated by the profit for the period, before deducting the finance costs, income tax expenses, depreciation, and amortisation and adding interest income.

Logistics Services

Warehousing and Integrated Logistics ("WIL")

WIL is primarily focused on serving the Singapore market. In Singapore, the COVID-19 situation has stabilised following the cresting of the Omicron wave. This, along with its high vaccination rate and strong booster take-up, has allowed for a faster-than-expected lifting of the domestic and border restrictions since end of March 2022. However, our logistics operations continue to be weighed down by supply chain disruptions and global economy slowdown. Surging oil prices as well as increased costs of goods and services also accelerated our operational expenses.

While our chemical logistics division was affected by our customers' lower trade volume due to generally weak demand since the pandemic, our food and beverages division remained strong due to global protectionism and the Singapore authorities increasing its food inventory holdings to ensure food security. Our container services division handled higher throughput and registered a 20% increase in revenue over the corresponding period in 2021. In addition, to address the higher diesel costs for our trucking fleet, we are upgrading our prime movers with the latest fleet tracking devices to intelligently optimise delivery and route efficiency while managing carbon footprint.

For our warehousing business, logistics space demand in Singapore continues to be driven by growth in e-commerce and omni-channel distribution as consumption patterns evolve with the rise in remote-working. The supply of warehousing space in Singapore continues to be tight with no major projects completed; full tenancy is also experienced by newly completed projects. Concurrently, demand for warehousing continued to be volatile in view of the supply chain disruption globally as many global multinational corporations continue to review their supply chain strategies.

On the back of continued demand coupled with limited storage capacity availability due to new supply uncertainty, warehouse rates have increased in the past months. We expect this trend to continue but with slower growth in the foreseeable future. Our warehouses in Singapore are nearly 100% utilised, and this is expected to remain stable for the next 12 months.

Freight Logistics

In general, the market conditions in 2021 spilled over into the first quarter of 2022. The tight space constraint continues to prevail and was further aggravated by new challenges.

The Russo-Ukrainian war and the subsequent sanctions on Russia quickly destabilise the market by driving inflation and heighten energy cost. Port congestion, port strike and supply chain disruptions continue to put a check on shipping space. These kept ocean freight rates at a relatively high level. For the first half of 2022, we maintained margins and performance in line with our expectation.

Volume wise, we saw a drop of about 10% mainly due to space constraint. We expect the volume to be soft going forward given the weaker demand. However, we are dynamically managing our selling rates and space optimisation to manage our margins.

The high consumer demand related to the pandemic started to wane in May/June 2022 and the customer high demand may start to decline. Inflation and high energy cost are affecting consumer buying power in general. These may have some degree of impact on our less than container-load volume. Due to regional epidemic control measures in the PRC, the market is re-structuring to cater to new supply chain strategies. Just-in-time concept is starting to give way to just-in-case concept. We are also re-calibrating ourselves to these market changes.

We expect the second half of 2022 to be more challenging but do not expect the market to drop too sharply. It will take time for all the problems we are facing now that affect space to be resolved completely. Overall, we anticipate a relatively healthy but muted demand in the third quarter of 2022 and perhaps a gradual slowdown in the fourth quarter of 2022. Notwithstanding the aforesaid, we are confident that we can adapt and adjust to the market changes and continue to sustain our business.

Commodity Logistics

Commodity logistics business segment maintained a healthy financial position with improved operating and financial performance in the first half of 2022 due to the growth in soft commodity warehousing and logistics business. This performance was delivered against the backdrop of significant rises in operating costs that have accelerated through the first six months of the year. As the global economy continues to recover despite the resurgence of COVID-19, we remain committed to sustaining our business growth and competitiveness.

Overall, logistics business, notably freight logistics delivered stellar results with the backdrop of supply chain disruption, regional epidemic control measures in the PRC and rising global inflation. Logistics business reported a 25% increase in revenue to HK$4,314,203,000. The surge in revenue was mainly contributed by freight logistics arising from exceptionally high ocean freight rates driven by higher demand amidst shipping space constraints aggravated by port congestion, port strike and supply chain disruptions. Consequently, logistics business reported a 37% increase in profit before tax to HK$275,160,000 over the previous corresponding period.

Commodity Marketing ("CM")

CM provides global supply chain management services and specialises in the marketing of non-ferrous concentrates for smelters, processing industries and refined metals for trading companies. CM focuses on developing and maintaining stable long-term supply prospects, making strategic choices around qualities, and reinforcing our geographical positioning.

CM's total traded volume and turnover of concentrates fell slightly in the first half of 2022 as compared to the same period of 2021. The global geopolitical issues in combination with regional epidemic control measures in the PRC have resulted in a surplus concentrates market in 2022. This has adversely compromised CM's performance in the first half of 2022, especially as Chinese smelters have reduced their appetite for blended material. CM is also facing higher costs largely driven by: higher cost of financing, high global freight rates, and the persistent backwardation of the majority of the non-ferrous metals market structure.

As a result, CM reported a 14% decrease in revenue to HK$13,817,001,000 due to lower traded volume despite higher commodity prices and a loss before tax of HK$13,695,000 in the first half of 2022.

For the second half of 2022, we intend to stabilise our trading position and seek out advantageous spot opportunities in both the concentrates and refined metal space. Additionally, we are in the process of further strengthening our market share in Africa while planning to diversify our product lines. This should create positive gross and net revenue for 2023 onwards as well as add diversification to the overall CM business in the coming years.

Financial Services

For the six months ended 30 June 2022, we continue to grow our total customer asset under management under the derivatives segment, which has increased about 15% year-to-date. The rolling out of over-the-counter ("**OTC**") structured products in 2021 and forex in 2020 have established good business growth, attracting a new segment of customers. These products are now important revenue pillars for the derivatives segment. However, the revenue decreased 36% to HK$3,894,658,000, mainly due to low trade services volume transacted in commodity trading.

Financial services segment's profit before tax increased 292% to HK$55,289,000 over the previous corresponding period. The exceptional results was mainly contributed by operating activities in derivative business due to better margin from OTC structured products and increased trading volume driven by high market volatility. This was further boosted by higher interest income from increase in interest rate.

In the next six months, we plan to expand on our products and services by focusing on green energy and asset management. We are also investing resources to accelerate our digital transformation plans. To that extent, we aim to automate and achieve higher productivity as well as digitise touchpoints that enhance our customers' on-boarding and trading experience.

In terms of market outlook, we expect significant headwinds and uncertainty for the rest of 2022. With rising US interest rates curbing inflationary pressures, market volatility and disruption caused by ongoing geopolitical issues and a slowdown in the global economy, the market remains at an inflexion point of possibly running into a recession by 2023. As such, we expect high market volatility to persist for the year, which generally bodes well with increased trading activity for the derivatives business.

Engineering Services ("ES")

ES consists of two focus areas: engineering maintenance ("**EM**") and design & build ("**DB**").

EM involves engineering maintenance and management works in the facility maintenance and vehicles maintenance markets. The target market is mainly the Singapore Government and remains stable, but competitive for the facility maintenance market. We try to avoid competition by working with clients on direct award upon contract expiry. The business returned fair operating results in the first half of 2022 amidst rising costs and is expected to remain steady in the second half of 2022 as more business activities resume and normalise. Some of our major government contracts were also extended for one year to 2023.

DB offers design-and-build solutions to customers in the industrial and logistics industry. Demand for new build of industrial and logistics facilities remained weak in the first half of 2022 due to extremely high construction prices and market uncertainties. Management will continue to pursue new prospects and fit-out work.

ES revenue maintained a similar level as last year of HK$322,295,000, which was mainly contributed by integrated facilities maintenance projects. Profit before tax decreased 37% to HK$12,093,000 as operating margins of engineering projects were squeezed with greater competition and increased labour costs.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

As at 30 June 2022, the Group had cash and cash equivalents of HK$1,466,530,000 (31 December 2021: HK$1,517,145,000). 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$5,205,516,000 (31 December 2021: HK$5,415,901,000), of which an aggregated amount of HK$3,612,287,000 (31 December 2021: HK$4,446,626,000) was repayable within one year, including revolving short-term trading facilities of HK$3,117,216,000 (31 December 2021: HK$3,219,472,000) at the interest rate within 2.83% to 4.33% (31 December 2021: 1.48% to 6.71%) per annum that are used to finance the working capital of the Group's commodity marketing business.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2022, the Company did not have any material acquisitions and disposals of subsidiaries and associated companies.

LOOKING FORWARD AND OUR STRATEGIES

In the second half of 2022, except for the continuing adverse impact of the COVID-19, the newly spreading Monkeypox, which have been accumulated to over 5,000 cases till 30 June 2022, should be seriously treated with caution since governments and people in different counties have already paid heavy price because of the COVID-19 pandemic. Meanwhile, International Monetary Fund has lowered the 2022 growth forecast twice for major developed economies in January and April successively this year.

Under such circumstances, we consider it necessary to focusing on core industries, enhancing core competence and seeking for business opportunities in developing countries for risk diversification reasons. It has been 2 years since the establishment of Hainan Free Trade Port, the port with the highest level of openness in the world nowadays, and an increasing number of global enterprises have set out regional headquarters or branch offices in Hainan Province, the second largest island to the south of the PRC. The Group is planning to explore business opportunities with potential business partners in Hainan Free Trade Port and SEA countries relating to the growth of business of the Company. We will manage to learn from our experience and copy the success in Singapore.

In conclusion, besides carefully operating traditional business, the Group will seize such an unusual opportunity in Hainan, China to earn a brighter future and we will spare no efforts to achieve it.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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 period under review.

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 to the Listing Rules for the reporting period from 1 January 2022 to 30 June 2022, except the following deviation:

Pursuant to code provision C.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Can had been the chairman of the Board (the "**Chairman** ") and the chief executive officer of the Company (the "**Chief Executive Officer**") up to 21 February 2022. Mr. Wang Kan has been appointed as the Chairman and the Chief Executive Officer since 21 February 2022.

The Board believes that vesting the roles of both 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 on overall strategic planning for the Group. The Board considers this structure continues 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.

Therefore, the Directors consider that the reasons for deviation from code provision C.2.1 are appropriate in such circumstance.

APPRECIATION

The Board would like to take this opportunity to extend its sincere gratitude to all shareholders, investors, customers, suppliers and business partners of the Company 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 period.

By order of the Board
CWT INTERNATIONAL LIMITED
Wang Kan
Executive Director

Hong Kong, 29 August 2022

As at the date of this announcement, the Board comprises Mr. Wang Kan (Executive Director, Chairman and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Peng Biao (Executive Director), Ms. Yan Shen (Executive Director), Mr. Leung Shun Sang, Tony (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).

* *for identification purpose only*