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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 2022

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 2022 with comparative figures for the year ended 31 December 2021. 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 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Revenue	4	43,899,455	55,448,828
Cost of sales		<u>(42,122,333)</u>	<u>(53,538,565)</u>
Gross profit		1,777,122	1,910,263
Other income	6	233,971	120,545
Other net loss		(97,727)	(144,352)
Selling and distribution costs		(446,362)	(390,586)
Administrative expenses		(787,162)	(795,829)
Finance costs	7	(372,072)	(304,026)
Share of profits less losses of associates, net of tax		67,433	54,383
Share of profits less losses of joint ventures, net of tax		<u>(29)</u>	<u>15,114</u>
Profit before taxation		375,174	465,512
Income tax expense	8	<u>(120,085)</u>	<u>(176,153)</u>
Profit for the year		<u><u>255,089</u></u>	<u><u>289,359</u></u>

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

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	HK\$'000	HK\$'000
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Defined benefit plan remeasurements	28,698	3,107
Tax on defined benefit plan remeasurements	(3,418)	(370)
Net changes in fair value of financial assets measured at FVOCI	(105)	–
	25,175	2,737
<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	(99,805)	(36,680)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	(5,550)	–
Effective portion of changes in fair value of cash flow hedges	7,806	1,989
Share of other comprehensive income of associates and joint ventures	(3,654)	(12,107)
	(101,203)	(46,798)
Other comprehensive income for the year	(76,028)	(44,061)
Total comprehensive income for the year	179,061	245,298

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

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		153,213	208,905
Non-controlling interests		<u>101,876</u>	<u>80,454</u>
Profit for the year		<u><u>255,089</u></u>	<u><u>289,359</u></u>
Total comprehensive income attributable to:			
Owners of the Company		92,697	170,233
Non-controlling interests		<u>86,364</u>	<u>75,065</u>
Total comprehensive income for the year		<u><u>179,061</u></u>	<u><u>245,298</u></u>
EARNINGS PER SHARE	<i>10</i>		
Basic and diluted (<i>HK cents</i>)		<u><u>1.34</u></u>	<u><u>1.83</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,483,141	3,655,490
Right-of-use assets		2,266,476	2,847,093
Intangible assets		159,583	184,349
Interest in associates		203,717	241,897
Interest in joint ventures		212,208	235,322
Other financial assets		196,682	213,170
Prepayments, deposits and other receivables		29,521	56,904
Other non-current assets		18,487	18,532
Derivative financial instruments		39,121	42,878
Deferred tax assets		57,165	38,926
		<u>6,666,101</u>	<u>7,534,561</u>
Current assets			
Other financial assets		1,412,592	2,358
Inventories		3,234,355	2,584,199
Trade receivables	<i>11</i>	12,392,161	3,361,786
Prepayments, deposits and other receivables		10,310,826	9,249,134
Contract assets		97,778	147,519
Warrantable LME commodities		–	66,456
Derivative financial instruments		598,484	431,944
Tax recoverable		13,089	14,983
Pledged bank deposits		87,457	24,797
Cash and cash equivalents		1,691,622	1,517,145
		<u>29,838,364</u>	<u>17,400,321</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Contract liabilities		173,763	178,669
Trade and other payables	<i>12</i>	22,163,537	10,736,856
Loans and borrowings		4,177,317	4,446,626
Lease liabilities		299,313	363,147
Derivative financial instruments		645,476	389,558
Current tax payable		63,496	86,005
		<u>27,522,902</u>	<u>16,200,861</u>
Net current assets		<u>2,315,462</u>	<u>1,199,460</u>
Total assets less current liabilities		<u>8,981,563</u>	<u>8,734,021</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Trade and other payables	12	107,504	22,196
Loans and borrowings		1,554,779	969,275
Lease liabilities		2,154,913	2,671,395
Derivative financial instruments		65,904	33,682
Defined benefit obligations		17,871	50,225
Deferred tax liabilities		249,390	263,939
		<u>4,150,361</u>	<u>4,010,712</u>
Net assets		<u>4,831,202</u>	<u>4,723,309</u>
Capital and reserves			
Share capital		4,731,480	4,731,480
Reserves		<u>(101,480)</u>	<u>(193,619)</u>
Equity attributable to owners of the Company		4,630,000	4,537,861
Non-controlling interests		<u>201,202</u>	<u>185,448</u>
Total equity		<u>4,831,202</u>	<u>4,723,309</u>

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

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 (the “**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 annual results set out in this announcement are extracted from the Group’s statutory financial statements for the year ended 31 December 2022.

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.

During the course of audit, the external auditors of the Company identified 140 transactions (the “**140 Transactions**”) that involved repeated transfers of titles of gold concentrates with the same group of counterparties within a short timeframe spanning from August 2022 to September 2022. The 140 Transactions were conducted by certain subsidiaries of the Company (“**Affected Subsidiaries**”) and their commercial substance was unclear.

The 140 Transactions resulted in a gross transaction sale value of US\$1,608,740,000 (approximately HK\$12,599,652,000) and gross transaction purchase value of US\$1,608,580,000 (approximately HK\$12,598,399,000). These amounts were recognised by the Company on a net basis, resulting in a net revenue of US\$160,000 (approximately HK\$1,253,000) in the consolidated statement of profit or loss and other comprehensive income. As a result of these transactions, the Group recorded a trade receivables balance of US\$1,256,801,000 (approximately HK\$9,793,370,000) and a trade payables balance of US\$1,236,565,000 (approximately HK\$9,635,685,000) as at 31 December 2022.

Arising from the identification of the 140 Transactions, the external auditors of the Company suggested the Board of Directors to appoint an Independent Professional Party (the “**IPP**”) to perform an investigation (the “**Investigation**”) of the 140 Transactions. All the independent non-executive directors of the Group formed the independent investigation committee (the “**IIC**”) to lead the investigation. The objectives of the Investigation were to (i) clarify the details of the 140 Transactions including their commercial substance, consider the executed approval procedures, and identify the root cause(s) and the personnel involved; (ii) review and identify if there were any similar irregularities in the commodity trades; and (iii) render appropriate assistance to the Company’s legal counsel(s) on identifying the potential criminal, civil and regulatory risks, if required.

Based on the findings and observations of the IPP, the 140 Transactions were of low profit margin of approximately 0.01%. In addition, the IPP observed that a commission of US\$310,000 (approximately HK\$2,428,000) was also paid to the same group of counterparties involved in the 140 Transactions. However, the IPP observed that it was unclear whether the commissions were related to the 140 Transactions. In view of the above findings, the commercial substance of the 140 Transactions remains unclear.

The Investigation concluded in September 2023 and the IPP concluded that there was no substantive evidence showing that the 140 transactions have posed criminal, civil and regulatory risk nor management integrity issue to the Group. The scope of the investigation is limited to the 140 Transactions and the Affected Subsidiaries; and other transactions with similar characteristics of the 140 Transactions conducted by two other subsidiaries of the Company (the “**Other Transactions**”). IPP concluded that the Other Transactions differed from the 140 Transactions. Based on the findings and observations of the IPP and legal advice, the IIC took the view that the Investigation has come to an end and the 140 Transactions and its control issues are confined to the Affected Subsidiaries. The Board of Directors has accepted and resolved to adopt the IIC’s view and has not extended the investigation to the Company and other unaffected subsidiaries.

The Board has accepted and resolved to adopt the IIC’s view and recommendation:

1. any transactions with similar characteristics to the 140 Transactions should not be conducted with immediate effect;
2. appropriate actions shall be taken against the individual relevant personnel; and
3. implement a series of measures to strengthen internal controls of the Company, including engaging an internal control consultant with respect to the business operations of Affected Subsidiaries for the avoidance of the recurrence of any similar transactions in the future.

The financial information relating to the years ended 31 December 2022 and 2021 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 relating 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 2021 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 2022 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 for the year ended 31 December 2021 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance. The auditor's report for the year ended 31 December 2022 was qualified; did not include an emphasis of matter; contained a statement under sections 407(2) and 407(3) of the Companies Ordinance; and did not contain a statement under section 406(2) of the Companies Ordinance. For details, please refer to sub-section under "**EXTRACT OF INDEPENDENT AUDITOR'S REPORT**".

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements 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 and loss. The amendments do not have a material impact on these 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 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

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregated by major products and service lines		
Freight services	5,737,638	5,998,828
Logistics services	1,543,084	1,577,095
Commodity trading and related services	35,101,037	46,435,574
Equipment and facility maintenance services	623,641	615,397
Design-and-build	3,065	27,609
Broking services	634,538	536,321
Others	256,452	258,004
	<u>43,899,455</u>	<u>55,448,828</u>

Revenue generated from commodity trading and related services includes US\$160,000 (approximately HK\$1,253,000) net revenue that relates to the 140 Transactions.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregated by geographical location of customers		
PRC	27,327,459	35,083,651
Singapore	6,189,335	10,996,725
Hong Kong Special Administrative Region of the PRC	72,337	1,810,273
Korea	1,272,158	1,226,686
Other Asia Pacific jurisdictions	2,991,719	3,463,984
Europe	5,389,695	1,453,945
North America	328,919	1,106,951
Africa continent	223,027	244,677
South America	104,806	61,936
	<u>43,899,455</u>	<u>55,448,828</u>

Revenue generated from Singapore and North America include US\$120,000 (approximately HK\$940,000) and US\$40,000 (approximately HK\$313,000) that relates to the 140 Transactions respectively.

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 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.

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 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	7,561,078	7,864,291	29,890,618	31,205,278	638,086	655,187	5,845,799*	15,766,617	(36,126)	(42,545)	43,899,455	55,448,828
Inter-segment revenue	<u>(34,653)</u>	<u>(42,053)</u>	-	-	<u>(631)</u>	<u>(492)</u>	<u>(842)</u>	-	<u>36,126</u>	<u>42,545</u>	-	-
Revenue from external customers	7,526,425	7,822,238	29,890,618	31,205,278	637,455	654,695	5,844,957	15,766,617	-	-	43,899,455	55,448,828
Revenue from external customers disaggregated by timing of revenue recognition												
Point in time	<u>2,642,325</u>	<u>3,161,890</u>	<u>29,726,050</u>	<u>31,069,231</u>	<u>129,619</u>	<u>98,925</u>	<u>5,844,957</u>	<u>15,766,617</u>	-	-	<u>38,342,951</u>	<u>50,096,663</u>
Over time	<u>4,884,100</u>	<u>4,660,348</u>	<u>164,568</u>	<u>136,047</u>	<u>507,836</u>	<u>555,770</u>	-	-	-	-	<u>5,556,504</u>	<u>5,352,165</u>
	<u>7,526,425</u>	<u>7,822,238</u>	<u>29,890,618</u>	<u>31,205,278</u>	<u>637,455</u>	<u>654,695</u>	<u>5,844,957</u>	<u>15,766,617</u>	-	-	<u>43,899,455</u>	<u>55,448,828</u>
Revenue from external customers disaggregated by major products and services lines												
Freight services	<u>5,737,638</u>	<u>5,998,828</u>	-	-	-	-	-	-	-	-	<u>5,737,638</u>	<u>5,998,828</u>
Logistics services	<u>1,543,084</u>	<u>1,577,095</u>	-	-	-	-	-	-	-	-	<u>1,543,084</u>	<u>1,577,095</u>
Commodity trading and related services	-	-	<u>29,890,618</u>	<u>31,205,278</u>	-	-	<u>5,210,419</u>	<u>15,230,296</u>	-	-	<u>35,101,037</u>	<u>46,435,574</u>
Equipment and facility maintenance services	-	-	-	-	<u>623,641</u>	<u>615,397</u>	-	-	-	-	<u>623,641</u>	<u>615,397</u>
Design-and-build	-	-	-	-	<u>3,065</u>	<u>27,609</u>	-	-	-	-	<u>3,065</u>	<u>27,609</u>
Broking services	-	-	-	-	-	-	<u>634,538</u>	<u>536,321</u>	-	-	<u>634,538</u>	<u>536,321</u>
Others	<u>245,703</u>	<u>246,315</u>	-	-	<u>10,749</u>	<u>11,689</u>	-	-	-	-	<u>256,452</u>	<u>258,004</u>
	<u>7,526,425</u>	<u>7,822,238</u>	<u>29,890,618</u>	<u>31,205,278</u>	<u>637,455</u>	<u>654,695</u>	<u>5,844,957</u>	<u>15,766,617</u>	-	-	<u>43,899,455</u>	<u>55,448,828</u>

* Revenue generated from financial services includes US\$160,000 (approximately HK\$1,253,000) net revenue that relates to the 140 Transactions.

	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
Results												
Interest income	6,253	5,567	19,894	15,132	438	694	114,798	18,211	(7,524)	(8,240)	133,859	31,364
Interest expense	(142,689)	(144,039)	(113,285)	(66,843)	(245)	(98)	(15,236)	(5,376)	8,787	8,929	(262,668)	(207,427)
Depreciation and amortisation	(559,360)	(572,821)	(32,582)	(41,595)	(8,272)	(9,699)	(6,597)	(6,783)	11,693	12,222	(595,118)	(618,676)
Share of profits less losses of associates and joint ventures, net of tax	65,260	66,835	-	-	2,144	2,662	-	-	-	-	67,404	69,497
Gain/(loss) on disposal of property, plant and equipment	3,088	2,153	-	(1,545)	17	29	(6)	-	-	-	3,099	637
Gain/(loss) on disposal of subsidiaries and associates	228	(6)	-	-	-	-	-	-	-	-	228	(6)
Impairment losses on right-of-use assets	(8,417)	(28,361)	-	-	-	-	-	-	-	-	(8,417)	(28,361)
Reversal of impairment losses on property, plant and equipment	-	-	-	1,748	-	-	-	-	-	-	-	1,748
Reversal/(recognition) of impairment losses on trade and other receivables	3,162	(10,897)	-	23	-	-	(31,058)	(14,768)	-	-	(27,896)	(25,642)
Provision for a legal case	-	-	-	-	-	-	(125,119)	(100,904)	-	-	(125,119)	(100,904)
Gain on bargain purchase	6,102	-	-	-	-	-	-	-	-	-	6,102	-
Gain/(loss) on lease modification	28,891	-	11	-	-	-	(51)	-	-	-	28,851	-
Reportable segment profit/(loss) before taxation	632,809	584,097	(141,949)	48,679	26,063	35,542	(12,142)	(60,351)	1,029	(3,067)	505,810	604,900
Reportable segment assets	7,851,953	8,849,566	6,659,290	6,143,490	494,686	540,969	21,281,853	9,371,230	(493,743)	(679,705)	35,794,039	24,225,550
Investments in associates and joint ventures	410,474	471,525	-	-	5,451	5,694	-	-	-	-	415,925	477,219
Capital expenditure	59,866	57,121	3,455	5,168	1,699	1,237	1,629	283	-	-	66,649	63,809
Reportable segment liabilities	4,958,029	6,320,594	5,479,427	4,832,289	288,841	298,225	20,323,837	8,312,037	(492,330)	(679,428)	30,557,804	19,083,717

(b) **Reportable segment profit or loss**

	2022	2021
	HK\$'000	HK\$'000
Total profit for reportable segments	505,810	604,900
Unallocated amounts:		
Loss on disposal of property, plant and equipment	(355)	–
Net foreign exchange loss	(10,725)	(2,345)
Depreciation of right-of-use assets	(2,097)	(5,486)
Finance costs	(36,243)	(35,912)
Unallocated income and gains	667	388
Unallocated expenses	(81,883)	(96,033)
	<u>375,174</u>	<u>465,512</u>

(c) **Segment assets and liabilities**

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

	2022	2021
	HK\$'000	HK\$'000
Reportable segment assets		
Logistics services	7,851,953	8,849,566
Commodity marketing	6,659,290	6,143,490
Engineering services	494,686	540,969
Financial services	21,281,853	9,371,230
	<u>(493,743)</u>	<u>(679,705)</u>
Total reportable segment assets	35,794,039	24,225,550
Unallocated assets:		
Investments in associates and joint ventures	415,925	477,219
Cash and cash equivalents	94,971	8,042
Other financial assets	194,896	213,170
Other unallocated assets	4,634	10,901
	<u>36,504,465</u>	<u>24,934,882</u>
Consolidated total assets	<u>36,504,465</u>	<u>24,934,882</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment liabilities		
Logistics services	4,958,029	6,320,594
Commodity marketing	5,479,427	4,832,289
Engineering services	288,841	298,225
Financial services	20,323,837	8,312,037
Elimination of inter-segment liabilities	<u>(492,330)</u>	<u>(679,428)</u>
Total reportable segment liabilities	30,557,804	19,083,717
Unallocated liabilities:		
Perpetual Note	358,446	358,694
Promissory Note	716,000	716,000
Other unallocated liabilities	<u>41,013</u>	<u>53,162</u>
Consolidated total liabilities	<u><u>31,673,263</u></u>	<u><u>20,211,573</u></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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	111,541	92,832
Singapore	4,479,421	5,231,647
Hong Kong Special Administrative Region of the PRC	5,576	913
Korea	326	266
Other Asia Pacific jurisdictions	536,141	571,973
Europe	1,154,263	1,259,663
North America	23,543	24,023
Africa continent	59,671	62,642
South America	<u>12,251</u>	<u>9,931</u>
	<u><u>6,382,733</u></u>	<u><u>7,253,890</u></u>

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on financial assets measured at amortised cost	133,859	31,364
Dividend income from other financial assets	910	474
Government grants	12,757	37,979
Others	<u>86,445</u>	<u>50,728</u>
	<u>233,971</u>	<u>120,545</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests expense on:		
– Bank borrowings and other facilities	178,766	120,559
– Lease liabilities	107,297	120,998
– Others	12,847	1,586
Other finance costs	<u>20,685</u>	<u>7,176</u>
	319,595	250,319
Bank charges	<u>52,477</u>	<u>53,707</u>
	<u>372,072</u>	<u>304,026</u>

8. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Provision for the year – Overseas income tax	169,613	173,511
(Over)/under-provision in respect of prior years	<u>(23,625)</u>	<u>18,078</u>
	145,988	191,589
Deferred tax		
Origination and reversal of temporary differences	(37,073)	(19,284)
Withholding tax	<u>11,170</u>	<u>3,848</u>
	120,085	176,153

For the years ended 31 December 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 years.

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

In 2014, the Group was offered Land Intensified allowance (“**LIA**”) incentive from the Singapore Economic Development Board (“**EDB**”) for its warehouse situated in Singapore known as Mega Logistics Hub (“**MLH**”). The LIA incentive is a targeted scheme to promote the intensification of industrial land use towards more land-efficient and higher value-added activities. As at 31 December 2021, the Group claimed a total LIA incentive of S\$64,527,000 (approximately HK\$372,985,000) as capital allowances deducted against taxable incomes.

In 2021, the Inland Revenue Authority of Singapore (“**IRAS**”) had issued a revised tax assessment to disallow an LIA incentive claim of S\$47,791,000 (approximately HK\$276,557,000) for the year of assessment 2017. On 24 June 2022, the Group received a confirmation from EDB that the Group can continue to be qualified for claiming LIA incentive.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2022 and 2021, nor has any dividend been proposed after the end of reporting period.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the weighted average number of ordinary shares of 11,399,996,101 (2021: 11,399,996,101) in issue during the year and the profit for the year attributable to owners of the Company as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u>153,213</u>	<u>208,905</u>

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 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 presented.

11. 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-90 days	2,443,275	3,308,197
91-180 days	9,933,051	19,162
181-365 days	14,043	10,451
1-2 years	1,792	23,976
	<u>12,392,161</u>	<u>3,361,786</u>

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

Trade receivables include US\$1,256,801,000 (approximately HK\$9,793,370,000) that relate to the 140 Transactions and was fully settled on 29 August 2023.

12. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>NOTES</i>	
Trade and bills payables	<i>(a)</i> 10,662,907	1,541,741
Other payables, deposits received and accruals	<i>(b)</i> 11,419,928	9,116,407
Provision for a legal case	<i>(c)</i> 188,206	100,904
	22,271,041	10,759,052
Less: non-current portion	(107,504)	(22,196)
	<u>22,163,537</u>	<u>10,736,856</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	956,329	1,387,730
91–180 days	9,668,149	65,485
181–365 days	16,684	39,844
1–2 years	16,062	41,971
Over 2 years	5,683	6,711
	<u>10,662,907</u>	<u>1,541,741</u>

Trade payables include US\$1,236,565,000 (approximately HK\$9,635,685,000) that relate to the 140 Transactions and was fully settled on 29 August 2023.

(b) **Other payables, deposits received and accruals**

As at 31 December 2022, included in the balance are amounts segregated for customers of HK\$9,921,541,000 (31 December 2021: HK\$7,653,077,000).

(c) **Provision for a legal case**

As at 31 December 2022, a provision of HK\$188,206,000 (2021: HK\$100,904,000) was made by Straits (Singapore) Pte. Ltd. (“SSPL”) and Straits Financial Group Pte. Ltd. (“SFG”), indirect subsidiaries of the Group, in connection with a litigation (the “Case”) which involved certain repurchase agreements. The provision is recognised as “other net loss” during 2022 and 2021.

On 16 February 2022, the judgment was handed down in favour of the plaintiff. By an order of Court dated 16 February 2022, a stay of execution of the judgment against SSPL was granted until 4 March 2022. By an order of Court dated 4 March 2022, the stay of execution of the judgment as against SSPL was extended further until the latest of (i) 26 March 2022, or (ii) dismissal or withdrawal of the SSPL’s application to the Court of Appeal for permission to appeal where such an application is made before 26 March 2022, or (iii) determination by the Court of Appeal of the SSPL’s appeal, where application has been made before 26 March 2022 and permission to appeal was granted. The Court of Appeal heard the Case on 13–14 December 2022. However, the appeal was dismissed on 21 December 2022. In February 2023, SSPL sought a further appeal to the United Kingdom Supreme Court, but this was dismissed by the Supreme Court in June 2023.

In July 2022, the plaintiff commenced a second claim against the SSPL’s immediate holding company and intermediate holding company, in connection with the above litigation. The defendants have challenged the jurisdiction of the English Courts to hear the further claim.

In March 2023, the plaintiff met with management with a view to have the matter settled out-of-court. After many months of negotiation, parties were able to reach a consensus for full and final settlement of all liabilities under the judgment, as well as all claims and proceedings in the second suit in August 2023. As a result, management has made an additional provision of HK\$125,119,000 for the year ended 31 December 2022, on top of the net asset value of the subsidiary that was provided in the previous year, to reflect the agreed settlement sum.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The global economy faces sluggish growth as the economies around the world grappled with a multitude of shocks. The Russo-Ukrainian war, tensed relations between the PRC and USA, and the PRC's persistent zero-COVID measures have sent inflation soaring and reduced economic activities. Amid high inflation, aggressive monetary tightening and heightened uncertainties, the current downturn has slowed the pace of economic recovery from the COVID-19 crisis. The prospect of recession in 2023 also looms large for several developed and developing countries.

The disruption in global supply chain, high inflation and unfavourable PRC's market for copper concentrates and the slowdown in freight forwarding market contributed to a weaker performance of the Group resulting in a 15.2% decrease in profit before taxation excluding COVID-19 relief to HK\$362,417,000 and a 20.8% decrease in revenue to HK\$43,899,455,000 for the year ended 31 December 2022. Although financial services delivered an improved performance, the Group's profit before taxation was weighed down by losses from commodity marketing.

For the year ended 31 December 2022, the Group's revenue decreased by 20.8% from HK\$55,448,828,000 to HK\$43,899,455,000 mainly due to lower trading volume of derivatives sub-segment of financial services segment. The Group's net profit decreased by 11.8% from HK\$289,359,000 to HK\$255,089,000 mainly due to unfavourable commodity trading market disruption, market surplus for copper concentrates and persistent backwardation market.

Logistics Services

Warehousing and Integrated Logistics (“WIL”)

WIL is primarily focused in serving the Singapore market, which has experienced a further softening of external demand outlook since August 2022 due to geopolitical, COVID-19 and global supply chain disruption challenges.

Amid the tough environment which significantly affected the chemical sector, many chemical companies are placing higher importance on digitalisation and sustainable development. As a major logistics provider for the chemical industry, we continue to step up our digitalisation and green efforts to better support our chemical customers. With technology, our transport operations are able to optimise route planning which increases vehicle efficiency while eliminating unnecessary fuel consumption. We also use solar energy and sensor motion detectors in our warehouses as well as deploy electric forklifts and top lifters in our operations to reduce carbon footprint.

Food and beverages sector performed well in 2022 due to new cargo from North Asia relocating to Singapore and increased food buffer stock from the authorities. Businesses, however, continued to deal with high costs arising from oil, utilities and a tight labour market. With the PRC's economy opening up, we anticipate an upturn in demand and a better year ahead.

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. This has led to an increase in warehousing rates. We expect this trend to continue but with slower growth in the foreseeable future. Our warehouses in Singapore are nearly 100% utilised, and it is expected to maintain at similar level for the next 12 months.

Freight Logistics

We continue to be affected by COVID-19, first in the rise in consumer demand and then in the fall in consumer demand as COVID-19 restrictions were eased or lifted in many countries and the reopening of international borders changing the market dynamics. We also felt the impact of global inflation, which was exacerbated by the Russo-Ukrainian conflict and ensuing energy crisis. The lower demand and the shift in supply chain moderated the seasonal cargo flow at year end.

For ocean freight, the robust market trend from 2021 continued into 2022. However, with the easing of capacity from new builds and port congestion, ocean freight rates took a nosedive. Rates started to fall in the third quarter of 2022 and fell off a cliff in September 2022. Despite the measures taken by the shipping industry, the drop in market demand put pressure on freight volume and freight rates. We expect 2023 to be a very difficult year.

To mitigate the situation, we are actively managing our procurement strategy to remain cost effective by working with reliable carriers and fine-tuning our sales and marketing efforts. We remain confident, strong and resilient as a tight-knit network to evolve our models for the current market conditions and overcome the challenges, with a focus to maintain or improve our market share. We remain cautiously optimistic that we can navigate the storm and stay ahead.

Commodity Logistics

Our commodity logistics business delivered a resilient performance in spite of a challenging economic backdrop and rising geopolitical uncertainties weighing on the overall market sentiment.

Our year-on-year revenue and profit increased on the back of robust performance in the soft commodity warehousing and logistics business, clearly reflecting our ability to adapt, adjust and achieve in the face of evolving market condition.

Going forward, we remain focused in strengthening our foundation in the commodity logistics business while pursuing new avenues for both organic and inorganic business growth.

Despite operational challenges from high inflation and global supply chain disruption, our logistics services remained resilient to the unfavorable economic environment and continued to deliver stable performance returning 8.3% increase in profit before taxation to HK\$632,809,000 while revenue decreased by 3.8% to HK\$7,526,425,000 mainly due to lower LCL (less than container load) volume from freight logistics.

Commodity Marketing (“CM”)

CM provides global supply chain management services and specialises in the marketing of mainly non-ferrous concentrates and refined metals for smelters, processing industries and trading companies. For the year ended 31 December 2022, CM’s revenue decreased by 4.2% to HK\$29,890,618,000 while loss before tax stood at HK\$141,949,000.

A host of disruptions to commodity trading markets adversely impacted the CM business in 2022. The abrupt liquidity crunch experienced by a few notable the PRC’s consumers of copper concentrates unexpectedly resulted in a market surplus, distressing several cargoes and putting pressure on spot sale terms with much higher treatment and refining charges and reducing the liquidity of blends. In addition, port congestion and delays in the PRC resulted in increased costs related to our refined metals business. Meanwhile, global interest rate hikes push up our trade financing cost. Persistent backwardation of the copper market structure further added to the cost of storing inventory. Overall, CM’s total traded volume was stable at approximately 3.2% less than 2021 while revenue was down by approximately 4.2% due to slightly lower commodity prices. As a result of the aforementioned factors, CM posted a loss in 2022.

Looking ahead, we anticipate a relatively balanced copper concentrates market in 2023. We are optimistic about buoyed demand from the PRC's post-pandemic re-opening, and foresee probable supply risks caused by socio-political shifts in key producing Latin American countries. With respect to bolstering our core business, we remain focused on developing and maintaining stable long-term supply prospects, making strategic choices around qualities and reinforcing our geographical positioning. Additionally, we intend to rapidly grow the CM business in other commodity segments by restarting our energy trading activities with an initial focus on oil products as well as broadening our presence across a wider array of metals.

Financial Services

We continue to grow our total customer asset under management under the derivatives segment, which has increased about 30% from year-to-date. This translates to higher trading volumes from a wider customer base and increased interest income. Since rolling out over-the-counter (“OTC”) structured products in 2021, we have established phenomenal growth, attracting a new segment of customers and contributing to about 7% of total derivatives revenues.

Looking ahead, we plan to set up new revenue pillars focusing on asset management, equities and green energy products. We are also exploring geographical expansion to key financial centres and emerging markets. Having established significant clearing volumes on several major global exchanges, we are taking the next step in clearing our own trades as Direct Members of some these exchanges. In addition, we continue to invest resources to automate and achieve higher productivity as well as digitise touchpoints that enhance our customers' on-boarding and trading experience. Our digitalisation efforts will support and expand our reach into the retail markets in general. Further, we have decided to cease the services and operations of our trading business, a department that provides trade facilitation, due to a lack of external sources of funding over the last few years and shrinking volumes. The cessation of the abovementioned operations is not expected to have a material impact on the performance of the Group.

In terms of market outlook, we expect high market volatility to persist for the year, which generally bodes well with increased trading activity for the derivatives business.

Financial services reported a 62.9% decrease in revenue to HK\$5,844,957,000 for the year ended 31 December 2022. Loss before tax reduced 79.9% to HK\$12,142,000. The decrease in loss was mainly contributed by derivative business arising from its OTC structured products coupled with higher interest income resulting from rising interest rate, however, additional provision for the full settlement of a legal case offset the improvement in operation.

Engineering Services (“ES”)

ES consists of two focus areas: engineering maintenance (“EM”) and design & build (“DB”). The ES segment returned a revenue of HK\$637,455,000 and profit before taxation of HK\$26,063,000 for the year ended 31 December 2022.

EM facility maintenance and vehicle maintenance businesses continue to remain stable despite the competitive market. The business performed well in 2022 and should continue to remain steady as Singapore recovers from COVID-19. During the year under review, EM managed to re-secure a number of key contracts which ensure consistent recurring revenue for the next few years. Although the economic outlook remains uncertain, we do not expect EM's performance to be compromised as the business substantially provides essential services to the Singapore Government.

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

With an experienced and committed team, ES managed to maintain comparable revenue and profit against previous financial year despite greater competition and higher labour costs.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

As at 31 December 2022, the Group had cash and cash equivalents of HK\$1,691,622,000 (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\$5,732,096,000 (31 December 2021: HK\$5,415,901,000), of which an aggregated amount of HK\$4,177,317,000 (31 December 2021: HK\$4,446,626,000) was repayable within one year, including revolving trading facilities of HK\$3,684,329,000 (31 December 2021: HK\$3,219,472,000) at the interest rate with 5.88% to 7.31% (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. As at 31 December 2022, the Group's loan and borrowings amounted to HK\$4,657,563,000 (31 December 2021: HK\$4,340,785,000) were secured by property, plant and equipment, bank deposits, trade and other receivables and inventories with an amount of HK\$5,742,652,000 (as at 31 December 2021: HK\$6,073,158,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the year ended 31 December 2022, the Company did not have any material acquisitions and disposals of subsidiaries and associated companies.

SUBSEQUENT EVENTS

Except as disclosed in notes 11, 12(a) and 12(c) to this announcement, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

BUSINESS PROSPECTS

In 2022, many countries witnessed highest inflation rates in decades. In response, the Federal Reserve increased the fed fund rates dramatically, bringing the world economy into an era of high interest rate. Meanwhile, the adverse impact of COVID-19 on global travel is gradually receding, especially with the removal of mandatory quarantine for inbound travellers by the PRC since 8 January 2023. Looking forward, many uncertainties including global inflation and geopolitical situations still persist. International Monetary Fund has lowered the global growth from 3.4% in 2022 to 2.9% in 2023.

Under these circumstances, we consider it necessary to focus on core industries, enhancing our core competence and seeking for business opportunities in developing countries for risk diversification reasons. Hainan Free Trade Port has been one of the ports with the highest levels 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 south of the PRC. We are planning to explore business opportunities with potential business partners in Hainan Free Trade Port and Southeast Asian countries by leveraging on our strengths, and expanding business that is advantageous to the growth of our business. We endeavor to learn from our experience and copy the success in Singapore and other global regions.

In conclusion, apart from operating traditional business with caution, we will seize the unusual opportunity in Hainan, the PRC to maximise the shareholders' interests and earn a brighter future.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The Company’s external auditor, KPMG, has issued a qualified opinion on the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2022. An extract from the independent auditor’s report is as follows:

Qualified opinion

We have audited the consolidated financial statements of CWT International Limited and its subsidiaries (“**the Group**”) set out on pages 74 to 241 in 2022 annual report, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for qualified opinion

During our audit of the consolidated financial statements for the year ended 31 December 2022, we identified 140 transactions (“**140 Transactions**”) that involved repeated transfers of titles of gold concentrates with the same group of counterparties within a short timeframe spanning from August 2022 to September 2022. The 140 Transactions were conducted by certain subsidiaries of the Company and their commercial substance was unclear.

The 140 Transactions resulted in a gross transaction sale value of US\$1,608,740,000 (approximately HK\$12,599,652,000) and gross transaction purchase value of US\$1,608,580,000 (approximately HK\$12,598,399,000). These amounts were recognised by the Company on a net basis, resulting in a net revenue of US\$160,000 (approximately HK\$1,253,000) in the consolidated statement of profit or loss and other comprehensive income. As a result of these transactions, the Group recorded a trade receivables balance of US\$1,256,801,000 (approximately HK\$9,793,370,000) and a trade payables balance of US\$1,236,565,000 (approximately HK\$9,635,685,000) as at 31 December 2022.

In April 2023, the Group established an independent investigation committee and engaged an independent professional party to conduct investigation, among other things, into these transactions (“**Investigation**”). During the Investigation, it was observed that, among other findings, commissions (“**Commissions**”) amounting to US\$310,000 (approximately HK\$2,428,000) were paid to the same group of counterparties involved in the 140 Transactions. These Commissions were recognised in the cost of sales, but it was unclear whether they were related to the 140 Transactions.

The Investigation concluded in September 2023 and the findings indicated that the commercial substance of the 140 Transactions remains unclear. As stated in the Company’s announcement on 11 August 2023, the Investigation is subject to limitations, including the inability to conduct interviews of certain counterparties and inconsistencies between statements from interviewees and reviewed documents.

We requested management to provide explanations and supporting documentation to substantiate the commercial substance of the 140 Transactions, the Commissions, and the relationship with the counterparties. However, the audit evidence we obtained was insufficient to substantiate and ascertain these matters. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether the effects of the 140 Transactions and the Commissions have been properly accounted for and disclosed, including the accuracy and completeness of related party transaction disclosures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 2022 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 2022.

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 Part 2 of Appendix 14 to the Listing Rules for the financial year ended 31 December 2022, except the following deviation:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive 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 of the CG Code are appropriate in such circumstance.

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 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 our management and staff for their tireless efforts, diligence and dedication throughout the year.

CONTINUED SUSPENSION OF TRADING IN SHARES

At the request of the Company, trading in the shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited has been suspended since 9:00 a.m. on 3 April 2023 and will continue to be suspended until further notice.

The shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

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

Hong Kong, 17 September 2023

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), Mr. Xu Xu (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*