CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 with comparative figures for the year ended 31 December 2016. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	NOTES	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*5*	**23,955,863**	182,546
Cost of sales		**(23,144,701)**	(123,029)
Gross profit		**811,162**	59,517
Other income	*7*	**77,513**	21,422
Other gains, net	*8*	**383,827**	142,151
Selling and distribution costs		**(177,186)**	(6,152)
Administrative expenses		**(548,997)**	(124,815)
Finance costs	*9*	**(383,659)**	(113,071)
Share of profits less losses of associates, net of tax		**13,006**	–
Share of profits less losses of joint ventures, net of tax		**4,020**	–
Profit/(loss) before taxation	*10*	**179,686**	(20,948)
Income tax (expense)/credit	*11*	**(41,896)**	2,003
Profit/(loss) for the year from continuing operations		**137,790**	(18,945)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*4*	**88,421**	(40,895)
Profit/(loss) for the year		**226,211**	(59,840)

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising from translation of financial statements from functional currency to presentation currency		**57,063**	(157,711)
Defined benefit plan remeasurements		**1,063**	–
Tax on other comprehensive income		**(144)**	–
		57,982	(157,711)
Items that may be reclassified subsequently to profit or loss net of tax:			
Exchange differences arising from translation of financial statements of overseas subsidiaries		**44,173**	–
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**23**	–
Net change in fair value of available-for-sale financial assets		**(4,242)**	–
Share of other comprehensive income of associates and joint ventures		**(8,796)**	–
		31,158	–
Other comprehensive income for the year		**89,140**	(157,711)
Total comprehensive income for the year		**315,351**	(217,551)
Profit/(loss) for the year attributable to owners of the Company			
– from continuing operations		**115,621**	(8,322)
– from discontinued operations		**88,857**	(13,580)
Profit/(loss) for the year attributable to owners of the Company		**204,478**	(21,902)
Profit/(loss) for the year attributable to non-controlling interests			
– from continuing operations		**22,169**	(10,623)
– from discontinued operations		**(436)**	(27,315)
Profit/(loss) for the year attributable to non-controlling interests		**21,733**	(37,938)
Profit/(loss) for the year		**226,211**	(59,840)

	NOTES	**2017**	2016
		HK$'000	*HK$'000*
Total comprehensive income attributable to:			
Owners of the Company		**263,284**	(152,169)
Non-controlling interests		**52,067**	(65,382)
		315,351	(217,551)
EARNINGS/(LOSS) PER SHARE	*12*		
Basic *(HK cents)*		**1.79**	(0.19)
Diluted *(HK cents)*		**1.79**	(0.40)
From continuing operations			
Basic *(HK cents)*		**1.01**	(0.07)
Diluted *(HK cents)*		**1.01**	(0.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**8,589,127**	260,655
Land use rights		**1,095,395**	1,059,477
Investment properties		**2,486,202**	2,447,621
Intangible assets		**420,969**	–
Interest in associates		**202,135**	–
Interest in joint ventures		**311,334**	–
Prepayments, deposits and other receivables		**77,745**	2,500
Other financial assets		**373,409**	155,000
Other non-current assets		**23,038**	700
Deferred tax assets		**19,614**	–
		13,598,968	3,925,953
Current assets			
Land use rights		**44,710**	41,548
Inventories		**4,349,064**	6,916
Trade receivables	*13*	**4,604,925**	27,040
Prepayments, deposits and other receivables		**5,303,592**	919,253
Warrantable LME commodities		**136,387**	–
Other financial assets		**561,168**	–
Derivative financial instruments		**379,805**	–
Tax recoverable		**13,594**	–
Pledged bank deposits		**36,015**	27,890
Cash and cash equivalents		**2,137,858**	1,085,447
		17,567,118	2,108,094
Assets associated with disposal groups classified as held-for-sale	*4*	**–**	387,075
Other non-current assets held-for-sale	*4*	**15,617**	–
		17,582,735	2,495,169

	NOTES	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade and other payables	*14*	**7,845,311**	122,448
Loans and borrowings		**10,268,069**	55,163
Convertible bonds		**380,656**	–
Derivative financial instruments		**1,074,659**	–
Current tax payable		**128,906**	13,704
Deferred gains		**59,360**	49,489
Provisions		**19,649**	–
		19,776,610	240,804
Liabilities associated with disposal groups classified as held-for-sale	*4*	**–**	396,961
		19,776,610	637,765
Net current (liabilities)/assets		**(2,193,875)**	1,857,404
Total assets less current liabilities		**11,405,093**	5,783,357
Non-current liabilities			
Loans and borrowings		**4,079,350**	1,232,692
Derivative financial instruments		**567**	56,167
Convertible bonds		**–**	324,421
Employee benefits		**71,163**	–
Deferred gains		**195,386**	193,909
Deferred tax liabilities		**1,073,624**	237,406
Other non-current liabilities		**13,670**	–
		5,433,760	2,044,595
Net assets		**5,971,333**	3,738,762

	NOTES	**2017**	2016
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**4,731,480**	4,731,480
Reserves		**712,653**	(1,329,029)
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		**–**	(42,240)
Equity attributable to owners of the Company		**5,444,133**	3,360,211
Non-controlling interests		**527,200**	378,551
Total equity		**5,971,333**	3,738,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Hong Kong HNA Holding Group Co. Limited ("**Hong Kong HNA**"), a company incorporated in Hong Kong with limited liability, is the immediate parent of the Company. The address of the registered office and principal place of business of the Company is Suites 5811-5814, 58/F., Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

Pursuant to a special resolution passed on 29 November 2017, the Company changed the name from HNA Holding Group Co. Limited (海航實業集團股份有限公司) to CWT International Limited.

The Company is an investment holding company. During the year ended 31 December 2017, the Group completed the acquisition of CWT Pte. Limited (formerly known as CWT Limited) ("**CWT SG**"), which is principally engaged in commodity marketing activities, provision of logistics services, financial services and engineering services.

During the year ended 31 December 2017, the Directors of the Company changed the Company's functional currency from Renminbi to Hong Kong dollars ("**HK$**") in response to substantial changes in the primary economic environment and the capital structure of the Company. As the Company is listed on the Stock Exchange, for the convenience of the financial statements users, the results and financial position of the Group are expressed in HK$, which is the presentation currency for the consolidated financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The annual results set out in this announcement are extracted from the Group's draft statutory financial statements for the year ended 31 December 2017.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") (which include all applicable individual Hong Kong Financial Reporting Standard, Hong Kong Accounting Standards ("**HKAS**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance (the "**Companies Ordinance**"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

The unaudited financial information relating to the year ended 31 December 2017 and the financial information relating to the year ended 31 December 2016 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2016, 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 financial statements for the year ended 31 December 2017 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2016 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 predecessor auditor reported on these financial statements for the year ended 31 December 2016. The auditor's report was qualified; 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 sections 406(2), 407(2) or (3) of the Companies Ordinance.

As at 31 December 2017, the Group had net current liabilities of approximately HK$2,193.9 million, primarily as a result of certain borrowings totalling US$561 million (carrying amount as at 31 December 2017 of approximately HK$4,325.2 million) (the "**Acquisition Borrowings**") raised in connection with the acquisition of CWT SG which is detailed in Note 3. The Group is committed to repay the Acquisition Borrowings of US$300 million (carrying amount as at 31 December 2017 of approximately HK$2,312.9 million) in early May 2018 and US$261 million (carrying amount as at 31 December 2017 of approximately HK$2,012.3 million) in early September 2018. The Group will be unable to repay these Acquisition Borrowings in full when they fall due in May and September 2018 unless it is able to obtain sufficient cash sources through refinancing arrangements. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Assuming the success of the following measures, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis:

(i) The Acquisition Borrowings are guaranteed by HNA Group (International) Company Limited, a substantial shareholder of the Company, and HNA Group Co., Ltd, an intermediate holding company of the Company, both of which have confirmed their intention to provide adequate financial support to the Group so as to enable the Group to meet its liabilities as and when they fall due and to continue its operations for the period of at least twelve months from the end of the reporting period; and

(ii) The Directors have been actively negotiating with (i) overseas commercial banks and international financial institutions for raising funds from new facilities to the Group; and (ii) reputable real estate capital management companies for sales and lease back arrangements in respect of certain of the Group's warehouses located in Singapore. The Group has received a number of non-binding term sheets, letters of intent and expressions of interest regarding the mentioned negotiations, and it is expected that binding agreement(s) will be entered upon the completion of certain due diligence procedures and negotiation on terms.

The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. The adoption of the amendments has had no significant impact on the results and financial position of the Group. However, additional disclosure has been included in the consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7 *Statement of Cash Flows: Disclosure Initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new amendment that is not yet effective for the current accounting period.

3. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2017, the Group acquired CWT SG (the "**Acquisition**") by way of a voluntary general offer. CWT SG is incorporated in Singapore and its shares were previously listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). CWT SG and its subsidiaries (collectively referred to as the "**CWT SG Group**") is principally engaged in commodity marketing activities and provision of logistics services, financial services and engineering services.

On 9 April 2017, the Company made a public announcement that, subject to the fulfilment or waiver (as applicable) of certain pre-conditions ("**Pre-conditions**"), HNA Belt and Road Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, would make a voluntary conditional offer (the "**Offer**") to purchase all the issued and fully paid-up ordinary shares of CWT SG ("**CWT Shares**") at a cash consideration of 2.33 Singapore Dollars ("**S$**") per share.

As at 7 September 2017, all of the Pre-conditions have been fulfilled or waived (as applicable), and certain shareholders of CWT SG, collectively holding 65.13% of the CWT Shares, have given irrevocable written undertakings to accept the Offer. In accordance with accounting policy of the Group, the Offer to the then holders of the remaining 34.87% of the CWT Shares is considered put option issued by the Group over such interests, which are deemed to have been acquired as if the put options had been exercised already on 7 September 2017. Consequently, CWT SG became a wholly-owned subsidiary of the Company on the same date.

Based on 600,304,650 CWT Shares in issue as at 7 September 2017, the consideration for the Acquisition is approximately S$1,398.7 million (equivalent to approximately HK$8,109.0 million). The Group completed the acquisition of all the CWT Shares on 15 December 2017 and CWT SG became delisted from the SGX-ST on 18 December 2017.

The Acquisition had the following effect on the Group's assets and liabilities on 7 September 2017, which is the date of acquisition:

	HK$'000
Non-current assets	
Property, plant and equipment	8,341,651
Investment properties	2,612
Intangible assets	431,274
Interest in associates	189,352
Interest in joint ventures	317,284
Prepayments, deposits and other receivables	55,678
Other financial assets	187,960
Other non-current assets	20,663
Deferred tax assets	27,526
	9,574,000
Current assets	
Inventories	2,655,582
Trade and other receivables	13,007,910
Other financial assets	671,697
Derivative financial instruments	411,348
Tax recoverable	15,758
Cash and cash equivalents	1,643,171
Other non-current assets held-for-sale	15,641
	18,421,107

	HK$'000
Current liabilities	
Trade and other payables	(9,281,123)
Loans and borrowings	(4,551,739)
Derivative financial instruments	(1,911,455)
Current tax payable	(109,862)
Deferred gains	(16,065)
Provisions	(13,427)
	(15,883,671)
Non-current liabilities	
Loans and borrowings	(2,643,919)
Derivative financial instruments	(690)
Employee benefits	(70,944)
Deferred gains	(21,729)
Deferred tax liabilities	(817,107)
Other non-current liabilities	(23,561)
	(3,577,950)
Fair value of net assets acquired	8,533,486
Gain on bargain purchase *(Note 8)*	(327,172)
Non-controlling interests arising from the Acquisition	(97,336)
	8,108,978
Total consideration	8,108,978
Less: cash acquired	(1,643,171)
Net cash outflow	6,465,807

The total revenue and profit for the period contributed by CWT SG Group from 7 September 2017 to 31 December 2017 were HK$23,624.7 million and HK$106.5 million, respectively.

If the Acquisition had occurred on 1 January 2017, the total revenue and profit for the year contributed by CWT SG Group would have been approximately HK$65,158.1 million and HK$369.0 million respectively, and the Group's total revenue and profit for the year would have been approximately HK$65,489.3 million and HK$488.7 million, respectively. These amounts have been calculated by adopting the Group's accounting policies and adjusting the results of relevant subsidiaries to reflect the additional amortisation and depreciation that would have been charged assuming the fair value adjustments to intangible assets and property, plant and equipment had been applied from 1 January 2017, together with the consequential tax effects. The Directors have assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition were occurred on 1 January 2017.

4. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

Profit/(loss) for the year from discontinued operations is analysed as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss of digital television technical solutions and equipment business ("**DTV Business**") and sales of light emitted diode business ("**LED Business**")	**–**	(102,926)
Loss of intellegence information business ("**Intelligent Information Business**")	**(23,705)**	(66,225)
Gain on disposal of DTV Business and LED Business	**–**	128,256
Gain on disposal of Intelligent Information Business	**112,126**	–
Profit/(loss) for the year from discontinued operations	**88,421**	(40,895)
Profit/(loss) for the year from discontinued operations attributable to:		
Owners of the Company	**88,857**	(13,580)
Non-controlling interests	**(436)**	(27,315)
	88,421	(40,895)

The assets and liabilities associated with discontinued operations are analysed as follows:

	2017	2016
	HK$'000	*HK$'000*
Assets associated with disposal group classified as held-for-sale		
Intelligent Information Business	**–**	387,075
Other non-current assets held-for-sales		
Interest in an associate, Westford Trade Services Ltd.	**15,617**	–
Liabilities associated with disposal groups classified as held-for-sale		
Intelligent Information Business	**–**	396,961
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		
Intelligent Information Business	**–**	(42,240)

5. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Sale of goods	**12,556**	–
Sale of commodities	**21,595,819**	–
Rendering of services	**1,987,612**	–
Construction income	**28,727**	–
Operations of golf club	**174,350**	117,817
Hotel and leisure service	**36,209**	30,922
Rental income	**120,590**	33,807
	23,955,863	182,546

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("**CODM**"), being the Chief Executive Officer of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

During the year ended 31 December 2017, the Group acquired CWT SG, which is engaged in four business segments, namely logistics services, commodity marketing, engineering services and financial services. The CODM reviewed the results of these four business segments of CWT SG and they have been regarded as additional reportable and operating segments of the Group during the year.

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 six reportable segments.

Logistics services

Include warehousing, transportation, freight forwarding and cargo consolidation, supply chain management services.

Commodity marketing

Include physical trading and supply chain management of base metal non-ferrous concentrates with predominant focus on copper, lead, zinc and other minor metals and energy products like naphtha and distillates.

Engineering services

Include 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

Include financial brokerage services, structured trade services and assets management services.

Sports and leisure related facilities business

Include the operation of golf club and the provision of sports and leisure facilities.

Property investment business

The leasing of office properties and golf courses.

Segment profit/(loss) 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. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables and loans and borrowings.

The segment information reported below does not include any amounts for those discontinued operations, which is described in more detail in Note 4. Items not managed by or derived from the operations of reportable segments are classified as "unallocated" in the segment reconciliations.

Information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

For the year ended 31 December 2017

Continuing operations

	Logistics services *HK$'000*	**Commodity marketing** *HK$'000*	**Engineering services** *HK$'000*	**Financial services** *HK$'000*	**Sports and leisure related facilities business** *HK$'000*	**Property investment business** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
SEGMENT REVENUE								
External revenue	**1,685,428**	**19,819,439**	**199,537**	**1,920,310**	**210,559**	**120,590**	**–**	**23,955,863**
Inter-segment revenue	**8,518**	**–**	**942**	**–**	**–**	**–**	**(9,460)**	**–**
Reportable segment revenue	**1,693,946**	**19,819,439**	**200,479**	**1,920,310**	**210,559**	**120,590**	**(9,460)**	**23,955,863**
Results:								
Interest income	**5,871**	**23,503**	**763**	**12,142**	**6,151**	**–**	**(5,594)**	**42,836**
Interest expenses	**(29,352)**	**(43,874)**	**–**	**(6,334)**	**(40,215)**	**(14,689)**	**5,270**	**(129,194)**
Depreciation and amortisation	**(165,839)**	**(11,301)**	**(3,102)**	**(618)**	**(54,830)**	**–**	**–**	**(235,690)**
Share of profits of joint ventures and associates, net of tax	**13,334**	**–**	**855**	**2,837**	**–**	**–**	**–**	**17,026**
Other material non-cash item								
Gain/(loss) on disposal of property, plant and equipment	**102,375**	**–**	**–**	**–**	**(398)**	**–**	**–**	**101,977**
Reportable segment profit/(loss) before taxation	**86,022**	**30,805**	**28,908**	**26,803**	**24,245**	**(22,485)**	**–**	**174,298**

For the year ended 31 December 2016

Continuing operations

	Logistics services *HK$'000*	Commodity marketing *HK$'000*	Engineering services *HK$'000*	Financial services *HK$'000*	Sports and leisure related facilities business *HK$'000*	Property investment business *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
SEGMENT REVENUE								
External revenue	–	–	–	–	148,739	33,807	–	182,546
Reportable segment revenue	–	–	–	–	148,739	33,807	–	182,546
Results:								
Interest income	–	–	–	–	429	–	–	429
Interest expenses	–	–	–	–	(39,266)	(5,978)	–	(45,244)
Depreciation and amortisation	–	–	–	–	(56,052)	–	–	(56,052)
Other material non-cash item								
Loss on disposal of property, plant and equipment	–	–	–	–	(717)	–	–	(717)
Reportable segment profit/(loss) before taxation	–	–	–	–	(35,979)	21,344	–	(14,635)

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items

	2017	2016
	HK$'000	*HK$'000*
Reportable segment profit or loss		
Total profit/(loss) for reportable segments	**174,298**	(14,635)
Unallocated amounts:		
Gain on bargain purchase	**327,172**	–
Gain from derecognition of the derivative component of convertible bonds	**–**	11,996
Fair value gain on the derivative component of convertible bonds	**14,179**	61,191
Interest expenses	**(201,928)**	(54,392)
Unallocated income and gains	**86,807**	73,221
Unallocated expenses	**(237,868)**	(98,329)
Share of profits of associates and joint ventures	**17,026**	–
Profit/(loss) before taxation (continuing operations)	**179,686**	(20,948)
Reportable segment assets		
Continuing operations:		
Logistics services	**10,704,372**	–
Commodity marketing	**10,011,919**	–
Engineering services	**408,925**	–
Financial services	**5,507,193**	–
Sports and leisure related facilities business	**1,490,009**	1,397,788
Property investment business	**2,497,468**	2,449,925
Reportable segment assets	**30,619,886**	3,847,713
Elimination of inter-segment assets	**(477,320)**	–
Total reportable segment assets	**30,142,566**	3,847,713
Assets associated with disposal group classified as held-for-sale and other non-current assets held-for-sale *(Note 4)*		
– Interest in an associate, Westford Trade Services Ltd.	**15,617**	–
– Intelligent Information Business	**–**	387,075
	30,158,183	4,234,788
Unallocated assets:		
Investments in associates and joint ventures	**513,469**	–
Cash and cash equivalents	**256,525**	1,085,447
Pledged bank deposits	**36,015**	27,890
Other financial assets	**155,000**	155,000
Other unallocated assets	**62,511**	917,997
Consolidated total assets	**31,181,703**	6,421,122

	2017	2016
	HK$'000	*HK$'000*
Reportable segment liabilities		
Continuing operations:		
Logistics services	**4,848,270**	–
Commodity marketing	**8,737,364**	–
Engineering services	**191,232**	–
Financial services	**4,564,496**	–
Sports and leisure related facilities business	**527,886**	536,224
Property investment business	**46,616**	44,875
Reportable segment liabilities	**18,915,864**	581,099
Elimination of inter-segment liabilities	**(477,320)**	–
Total reportable segment liabilities	**18,438,544**	581,099
Liabilities associated with disposal group classified as held-for-sale and constituted discontinued operations *(Note 4)*		
– Intelligent Information Business	**–**	396,961
	18,438,544	978,060
Unallocated liabilities:		
Obligations under finance leases	**–**	2,271
Bank borrowings	**1,371,487**	1,285,584
Convertible bonds and related payables (including embedded derivative component)	**422,644**	380,588
Senior secured notes	**4,325,222**	–
Perpetual notes	**359,182**	–
Other unallocated liabilities	**293,291**	35,857
Consolidated total liabilities	**25,210,370**	2,682,360

Geographic information

The logistics services and commodity marketing segments are managed on a worldwide basis and the Group operates principally in Mainland China, Taiwan, Singapore, Malaysia and other parts of the Asia Pacific Region, Europe, Africa, North America and South America. Engineering services are primarily in Singapore, financial services operates mainly in Mainland China, Singapore and North America. Sports and leisure related facilities business operates in Mainland China. Property investment business operates in Europe 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.

	Revenue from External customers		Specified non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**15,685,634**	148,739	**1,402,793**	1,309,558
Singapore	**2,995,585**	–	**7,842,351**	–
Malaysia	**700,837**	–	**79,912**	–
Taiwan	**505,385**	–	**–**	–
Other parts of the Asia Pacific Region	**2,057,058**	–	**249,527**	11,274
Europe	**1,193,735**	31,548	**2,360,038**	1,340,668
North America	**614,624**	2,259	**1,111,742**	1,106,953
Africa	**183,570**	–	**78,383**	–
South America	**19,435**	–	**3,454**	–
	23,955,863	182,546	**13,128,200**	3,768,453

7. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Interest income from bank deposits	**26,264**	6,806
Other interest income	**20,342**	11,441
Dividend income from other financial assets	**3,895**	–
Others	**27,012**	3,175
	77,513	21,422

8. OTHER GAINS, NET

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Gain on bargain purchase	**327,172**	–
Gain/(loss) on disposal of property, plant and equipment	**101,977**	(717)
Net foreign exchange gain	**48,718**	63,241
Fair value gain on derivative component of convertible bonds	**14,179**	61,191
Gain from derecognition of derivative component of convertible bonds	**–**	11,996
Fair value (loss)/gain on the investment properties	**(107,558)**	6,610
Others	**(661)**	(170)
	383,827	142,151

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Bank charges	**29,461**	–
Interest expenses on:		
– Bank borrowings and other facilities	**105,815**	45,388
– Senior secured notes	**110,198**	–
– Convertible bonds	**89,666**	54,179
– Medium term notes	**24,249**	–
– Hire purchase and finance lease liabilities	**501**	69
– Others	**693**	–
Other finance cost	**23,076**	13,435
	383,659	113,071

10. PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit/(loss) before taxation from continuing operations has been arrived after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Staff costs, including Directors' remoluments		
– Salaries, wages and other benefits	**577,052**	87,520
– Retirement benefit scheme contributions	**29,710**	4,516
	606,762	92,036
Auditor's remuneration	**14,104**	1,744
Cost of inventories sold	**20,800,430**	29,309
Gross rental income from investment properties	**(120,590)**	(33,807)
Direct operating expenses arising from investment properties that generated rental income	**12,575**	156

11. INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Current tax – outside Hong Kong		
Provision for the year	**42,118**	–
Over-provision in respect of prior years	**(5,333)**	–
	36,785	–
Deferred tax – origination and reversal of temporary differences	**2,811**	(2,003)
Withholding tax	**2,300**	–
Total income tax expense/(credit)	**41,896**	(2,003)

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.

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 11,399,996,101 (2016: 11,399,996,101) in issue during the year.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2017 in respect of a dilution as the impact of the convertible bonds issued in 2016 and share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of the diluted loss per share for the year ended 31 December 2016 is based on the loss for the year attributable to owners of the Company, adjusted to reflect the interests and fair value changes of the convertible bonds issued in 2016, calculated as follows:

(i) Loss attributable to owners of the Company (diluted)

	2016 *HK$'000*
Loss attributable to owners of the Company, used in the basic earnings per share calculation:	
From continuing operations	(8,322)
From discontinued operations	(13,580)
	(21,902)
Interests expenses on the convertible bonds issued in 2016	36,179
Fair value gain on the derivative component of the convertible bonds issued in 2016	(61,191)
Loss attributable to owners of the Company (diluted)	(46,914)
Attributable to:	
Continuing operations	(33,334)
Discontinued operations	(13,580)

(ii) Weighted average number of ordinary shares (diluted)

	2016 *'000*
Weighted average number of ordinary shares at 31 December	11,399,996
Effect of conversion of the convertible bonds issued in 2016	459,979
Weighted average number of ordinary shares (diluted) at 31 December	11,859,975

The computation of diluted loss per share for the year ended 31 December 2016 does not assume exercise of (1) conversion of the convertible bonds issued in 2009 and repaid in 2016 because the assumed exercise of conversion thereof would result in decrease in loss per share from continuing operations and (2) share options because the exercise price of those options was higher than the average market price for shares.

13. TRADE RECEIVABLES

The following is an ageing analysis of the trade debtors and bills receivable as at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts:

	2017	2016
	HK$'000	*HK$'000*
0–90 days	**4,279,535**	20,171
91–180 days	**242,857**	543
181–365 days	**36,587**	6,326
1–2 years	**45,572**	–
Over 2 years	**374**	–
	4,604,925	27,040

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and bill payables	**1,124,623**	7,021
Amounts segregated for customers	**4,014,955**	–
Other payables and accruals	**2,548,367**	107,952
Advance billings and billings in excess of costs incurred and recognised profits	**156,183**	–
Amounts due to related parties	**1,819**	7,475
Loans from non-controlling interests	**13,034**	–
	7,858,981	122,448
Less: non-current portion	**(13,670)**	–
	7,845,311	122,448

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:

	2017	2016
	HK$'000	*HK$'000*
0–90 days	**924,828**	1,451
91–180 days	**93,467**	3,908
181–365 days	**30,100**	302
1–2 years	**64,917**	–
Over 2 years	**11,311**	1,360
	1,124,623	7,021

15. COMPARATIVE FIGURES

As a result of the Acquisition, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2017.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The year of 2017 continued to be a remarkable one for the Group in terms of its business development. The Group has been putting efforts in the disposal of loss-making businesses and acquiring businesses which deliver stable cash flows and offer great growth prospect over the years, in order to deliver value to our shareholders.

During the year, the Group made a voluntary general offer to purchase the entire issued and fully paid-up ordinary shares of CWT SG at an aggregate consideration of S$1,398.7 million (equivalent to HK$8,109.0 million). Our successful completion of acquisition of CWT SG Group enabled the Group to simultaneously enter into logistics, engineering and financial services and commodity marketing businesses with global presence, which provided a solid foundation for the Group's future business development, especially taking advantages of China's "Belt and Road Initiatives". On the other hand, following the entering into of the formal sale and purchase agreement on 13 January 2016 to dispose of the loss-making Intelligent Information Business, the Group successfully completed the disposal in April 2017 at a consideration of RMB120.0 million, with a gain on disposal of HK$112.1 million recognised during the year.

The Group's revenue for the year 2017 significantly increased to HK$23,955.9 million (2016: HK$182.5 million), and it generated profit attributable to owners amounted to HK$204.5 million (2016: loss attributable to owners of HK$21.9 million). The aforesaid turnaround from loss to profit was mainly attributable to (i) a gain on bargain purchase in the amount of HK$327.2 million recognised in the acquisition of the CWT SG Group in September 2017; and profit contribution of approximately HK$106.5 million from the CWT SG Group during the period from 7 September 2017 (date of the Acquisition) to 31 December 2017; and (ii) a disposal gain in the amount of approximately HK$112.1 million arising from the disposal of Intelligent Information Business which was completed in April 2017; which are partially offset by financing expenses and transaction costs incurred in relation to the Group's acquisition of CWT SG Group and the fair value adjustment of certain assets held by the Group.

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

Logistics services

In logistics business, value-adding regional distribution hub model is a key focus. We continue to actively pursue business opportunities in this space. Our regional distribution hub operations are supplemented by our logistics infrastructure which provides the fundamental competitive platform for our integrated logistics services. On that note, we have completed the warehouse construction of our Mega Integrated Logistics Hub ("**MLH**") in 2017. With approximately 2.4 million square feet of gross floor area, it is the largest integrated logistics facility in Singapore. Our continued investment in logistics infrastructure demonstrates our steadfast commitment to future business expansion.

Logistics services reported a revenue of HK$1,693.9 million and profit before tax of HK$86.0 million for the period from 7 September 2017 to 31 December 2017.

Freight logistics performed well with higher gross profit and profit sharing from joint ventures and associates amid the growing challenges of logistics industry. In 2017, freight logistics contributed close to 50% and 40% of total logistics services revenue and profit before tax respectively. Commodity logistics was beginning to recover from its low in tandem with the commodity industry's gradual recovery. Warehousing & integrated logistics services were weakened by customers' slower trade volume and our start-up costs of MLH which was incurred following the temporary occupation permit of MLH obtained in phases in 2017. The construction of an automated container storage and retrieval infrastructure in MLH had commenced its foundation work in the fourth quarter of 2017.

Commodity marketing

MRI Holding Pte. Limited and its subsidiaries (the "**MRI Group**") were involved in the commodity marketing business of the Group, which contributed revenue of HK$19,819.4 million to the Group during for the period from 7 September 2017 to 31 December 2017, which was mainly driven by significantly higher commodity prices due to strong demand and supply constraints. Commodity marketing returned profit before tax of HK$30.8 million attributed to fewer deals finalised and higher unrealised mark-to-market losses recognised for the period from 7 September 2017 to 31 December 2017.

The MRI Group returned a very satisfactory result in 2017.

The primary markets in which the MRI Group operates saw an improvement in fundamental supply/demand balances during the year with an associated increase in commodity prices which accounted for the gross revenue increase.

Looking forward to 2018, the business retains a respectable order book particularly in the concentrates space. We believe that commodity prices will remain firm which should assist the overall health of the business for this coming year.

Competition however continues to remain intense in both the non-ferrous metals and energy market place with ongoing pressure on margins and the recent interest rate increases likely to have potential negative impact.

The MRI Group is pursuing new avenues of growth that fit logically alongside the existing business and that utilise the knowledge base and experience of our key personnel/core competences.

Financial services

Straits Financial Group Pte. Ltd and its subsidiaries ("**Straits Financial Group**") were involved in the provision of financial brokerage services, structured trade services and assets management services. For the period from 7 September 2017 to 31 December 2017, financial services generated a revenue of HK$1,920.3 million and profit before tax of HK$26.8 million. Derivatives business continued to deliver consistent performance as lower business volume in the US market was mitigated by the increased activity from existing and new clients in the Asian market. Trade services performance weakened as a result of less trade services opportunities.

Global economies saw an accelerated growth in 2017 as compared to previous years, underpinned by more benign global conditions. Commodity prices rebalanced from the previous lows, but was largely driven by sectorial factors rather than a general uptrend across the board. Nonetheless, it was a challenging year for the derivatives industry which tested our resilience.

During the year, Straits Financial Group received its highest accolade since its beginnings 7 years ago, the FOW Asia Capital Markets Awards 2017 Broker of the Year (Commodities) in recognising the tangible innovations and growth in our commodities business. The award is an affirmation to the Straits Financial Group's continuous commitment and determination in being customer-centric in our business and delivering unique brokerage service to our clients.

Straits Financial Group expanded its self-clearing memberships by adding the CBOE/Nasdaq to our existing Clearing Membership in the CME Group of Exchanges. In keeping up with the Cryptocurrency frenzy, Straits Financial Group also added the Bitcoin Futures to our spectrum of product suite. The market reaction has been well received with clientele trading the product outright or using the futures as a hedge against physical positions. Straits Financial Group also expanded its individual managed futures offerings and Premier Fund I, a professionally managed commodity pool, which completed its first full year of operation returning 14.55% to its investors.

2017 was also a year of challenges for the Straits Financial Group. The industry continues to compete on fees and commissions which put a strain on revenue margins. The lack of market volatility in the second half of the year has seen a slowdown in trading volumes across some of our product classes. Major banks have also reduced their business focus and exposure on collateralised financing, which continues to limit credit flow throughout 2017. Our collateral financing business was consequently affected by this adverse shift. Despite all these challenges, Straits Financial Group was able to generate positive revenue growth within certain market segments – revenues from the OTC broking business grew by approximately 50% for the group.

Looking ahead to 2018, Straits Financial Group continues to expand and innovate with our product offerings to remain relevant in this service industry and to stay ahead of our competition.

Engineering services

Engineering services continued to deliver consistent results generating revenue of HK$200.5 million and profit before tax of HK$28.9 million for the period from 7 September 2017 to 31 December 2017 as majority of its revenue was secured by contracts and recognised on a consistent basis over the contract period.

Engineering services result in 2017 was boosted by finalisation of a design & build ("**D&B**") project. Going forward, engineering maintenance & property management will remain steady, D&B would soften amidst construction industry weakness.

Sports and leisure related facilities business

The Group operates sports and leisure related facilities business in Dongguan. Revenue for this business segment is mainly contributed by green fees and related accommodation income, followed by club membership income, as a result, weather conditions directly affects most of the revenue contributors in this business segment. During the year, the Group made more sales of short-term membership cards, and the golf courses were only closed for 135 hours due to bad weather, as compared to 426.5 hours in the prior year, which significantly improved revenue by 41.6%, and the sports and leisure related facilities business segment generated profit before tax of HK$24.2 million during the year (2016: loss of HK$36.0 million).

Property investment business

In the prior year, the Group successfully acquired a Grade A office building, known as "17 Columbus Courtyard" situated in Canary Wharf ("**London Office Premises**"), London in July 2016; and a portfolio of eight golf courses in Seattle, Washington State, the United States of America (the "**US**") in December 2016. These two acquisitions generated stable lease income amounted to HK$120.6 million during the year, while due to the less favourable market conditions in the UK and US, including the uncertain Brexit negotiation results and the US interest rate rise, revaluation loss of GBP8.0 million (equivalent to HK$81.2 million) and US$3.4 million (equivalent to HK$26.3 million) have been recorded for the London Office Premises and US Golf Courses, respectively. As a result of these revaluation adjustments, the property investment segment reported a loss before tax of HK$22.8 million for the current year (2016: profit of HK$21.3 million).

BUSINESS PROSPECTS

Looking forward to 2018

The close integration of China's "Belt and Road Initiative" and the "going global" industrial layout are expected to create new business momentum within modern logistics industry in mainland China. We will explore opportunities in the growing China market to build a stronger engine for the further development of the Company.

Under logistics services in Singapore, value-adding regional distribution hub model is a key focus. With approximately 2.4 million square feet of gross floor area, it is one of the largest integrated logistics facilities in Singapore. We will continue our steadfast commitment to future business expansion.

Under commodity marketing, the business retains a respectable order book. We believe that commodity prices will remain firm which should assist the overall health of the business for this coming year. Competition however continues to remain intense in both the non-ferrous metals and energy market place with ongoing pressure on margins and the recent interest rate increases likely to have potential negative impact. We are pursuing new avenues of growth that fit logically alongside the existing business and that utilize the knowledge base and experience of our core competences.

Under financial services, the Group will continue to expand and innovate with our product offerings to remain resilient in this service industry and to stay ahead of our competition.

Global economy in 2018 and future investment strategy

After a generally strong global market in 2017, we remain positive about the global economy for 2018 and beyond. We are keeping an active watch on the developments of China's "Belt and Road Initiative", which we believe will be a key driver of future global economy.

In 2018 and beyond we will focus on the ongoing integration of the CWT SG business and in identifying and exploiting potential synergies and opportunities with the Group. We will also continue to explore the market for potential opportunities to complement our existing businesses, especially as they relate to positioning ourselves to take advantage of China's "Belt and Road Initiative".

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 2017 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft 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 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.

EXTRACT OF THE DRAFT INDEPENDENT AUDITOR'S REPORT

As disclosed in further detail in Note 2 to the consolidated financial statements reported in this announcement, as at the date of this announcement, the Group's ability to repay the Acquisition Borrowings totaling HK$4,325.2 million as they fall due is dependent upon the Group's ability to obtain sufficient cash sources through refinancing arrangements. These borrowings are due for repayment in May and September 2018. Subsequent to 31 December 2017, the Group has received a number of non-binding term sheets, letters of intent and expression of interest from certain overseas commercial banks, international financial institutions and reputable real estate capital management companies. The directors have been actively negotiating the terms with these parties and evaluating various refinancing arrangement options that is most beneficial to the Group. However, these negotiations are still in progress as at the date of this announcement, indicating at this time the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Company's auditor has indicated to the Company that, if the refinancing arrangements cannot be successfully concluded before the date of approval of the Group's statutory financial statements, and if the conditions at that time continue to indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, then it expects to draw attention to this matter in the auditor's report in the form set out below:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 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.

Material uncertainty related to going concern

We draw attention to Note 2(b) to the consolidated financial statements which describes that the Group is committed to repay certain borrowings totalling US$561 million (carrying amount as at 31 December 2017 of approximately HK$4,325.2 million) for the purpose of the acquisition of CWT Pte. Limited (formerly known as CWT Limited) ("**CWT SG**") within one year and that the Group's ability to meet these liquidity requirements depends on its ability to obtain sufficient cash sources through refinancing arrangements. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the financial year ended 31 December 2017, except for the following deviation:

– Under the first part of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

  Mr. Zhao Quan, a Co-Chairman of the Board of the Company, was not able to attend the annual general meeting of the Company held on 23 June 2017 (the "**2017 AGM**") as he had another business engagement. Mr. Wang Shuang, the other Co-Chairman of the Board took the chair of the 2017 AGM, and other members of the Board together with the chairman of the Audit and Remuneration Committees and all other members of each of the Audit, Remuneration and Nomination Committees attended the 2017 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2017 AGM were of sufficient calibre and knowledge for answering questions at the 2017 AGM.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
CWT INTERNATIONAL LIMITED
Xu Haohao
Executive Director

Hong Kong, 29 March 2018

As at the date of this announcement, the Board comprises Mr. Guo Ke (Executive Director and Co-Chairman), Mr. Xu Haohao (Executive Director and Co-Chairman) Mr. Zhu Chunjie (Executive Director), Mr. Zhao Quan (Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Mung Bun Man, Alan (Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).