CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of CWT International Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2018. These interim results have been reviewed by the Company's Audit Committee and its auditor.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

		Six months ended 30 June	
		2018	2017
	NOTE	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*6*	**36,264,795**	134,124
Cost of sales		**(35,291,555)**	(65,027)
Gross profit		**973,240**	69,097
Other income		**102,721**	11,506
Other net (loss)/gain	*8*	**(350,415)**	23,010
Selling and distribution costs		**(209,491)**	(3,215)
Administrative expenses		**(624,734)**	(49,357)
Finance costs	*9*	**(451,505)**	(69,685)
Share of profits less losses of associates, net of tax		**10,918**	–
Share of profits less losses of joint ventures, net of tax		**10,853**	–
Loss before taxation	*10*	**(538,413)**	(18,644)
Income tax expense	*11*	**(34,966)**	(6,977)
Loss for the period from continuing operations		**(573,379)**	(25,621)
Discontinued operations			
Profit for the period from discontinued operations	*5*	**–**	88,421
(Loss)/profit for the period		**(573,379)**	62,800

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

FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'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
Defined benefit plan remeasurements	**6,459**	–
Tax on other comprehensive income	**(628)**	–
	5,831	57,063
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of overseas subsidiaries	**23,573**	28,532
Share of other comprehensive income of associates and joint ventures	**126**	–
	23,699	28,532
Other comprehensive income for the period, net of tax	**29,530**	85,595
Total comprehensive income for the period	**(543,849)**	148,395
(Loss)/profit for the period attributable to owners of the Company		
– from continuing operations	**(556,490)**	(21,821)
– from discontinued operations	**–**	88,857
(Loss)/profit for the period attributable to owners of the Company	**(556,490)**	67,036
Loss for the period attributable to non-controlling interests		
– from continuing operations	**(16,889)**	(3,800)
– from discontinued operations	**–**	(436)
Loss for the period attributable to non-controlling interests	**(16,889)**	(4,236)
	(573,379)	62,800

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

FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

		Six months ended 30 June	
		2018	2017
	NOTE	***HK$'000***	*HK$'000*
Total comprehensive income attributable to:			
Owners of the Company		**(520,382)**	140,479
Non-controlling interests		**(23,467)**	7,916
		(543,849)	148,395
(LOSS)/EARNINGS PER SHARE	*13*		
Basic *(HK cents)*		**(4.88)**	0.59
Diluted *(HK cents)*		**(4.88)**	0.59
From continuing operations			
Basic *(HK cents)*		**(4.88)**	(0.19)
Diluted *(HK cents)*		**(4.88)**	(0.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018 – UNAUDITED

	NOTE	30 June 2018 HK$'000	31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment		**4,348,977**	8,589,127
Land use rights		**1,059,544**	1,095,395
Investment properties		**938,803**	2,486,202
Intangible assets		**392,621**	420,969
Interest in associates		**203,496**	202,135
Interest in joint ventures		**280,883**	311,334
Derivative financial instruments		**49,264**	–
Prepayments, deposits and other receivables		**79,367**	77,745
Other financial assets		**346,104**	373,409
Other non-current assets		**23,112**	23,038
Deferred tax assets		**32,047**	19,614
		7,754,218	13,598,968
Current assets			
Land use rights		**44,148**	44,710
Inventories		**3,366,088**	4,349,064
Trade receivables	*14*	**4,082,940**	4,604,925
Prepayments, deposits and other receivables		**5,597,611**	5,303,592
Contract assets		**745,239**	–
Warrantable LME commodities		**94,249**	136,387
Other financial assets		**515,660**	561,168
Derivative financial instruments		**1,059,888**	379,805
Tax recoverable		**14,525**	13,594
Pledged bank deposits		**1,664**	36,015
Cash and cash equivalents		**1,792,188**	2,137,858
		17,314,200	17,567,118
Assets associated with disposal group classified as held-for-sale	*4*	**19,235**	–
Other non-current assets held-for-sale	*4*	**5,391,151**	15,617
		22,724,586	17,582,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AT 30 JUNE 2018 – UNAUDITED

	NOTE	**30 June 2018 HK$'000**	31 December 2017 HK$'000
Current liabilities			
Trade and other payables	*15*	**7,928,170**	7,845,311
Contract liabilities		**126,080**	–
Loans and borrowings		**11,677,087**	10,268,069
Convertible bonds		**415,327**	380,656
Derivative financial instruments		**758,753**	1,074,659
Current tax payable		**104,368**	128,906
Deferred gains		**–**	59,360
Provisions		**14,283**	19,649
		21,024,068	19,776,610
Liabilities associated with disposal group classified as held-for-sale	*4*	**6,402**	–
		21,030,470	19,776,610
Net current assets/(liabilities)		**1,694,116**	(2,193,875)
Total assets less current liabilities		**9,448,334**	11,405,093
Non-current liabilities			
Loans and borrowings		**2,690,639**	4,079,350
Derivative financial instruments		**55,395**	567
Employee benefits		**63,921**	71,163
Deferred gains		**–**	195,386
Deferred tax liabilities		**1,044,649**	1,073,624
Contract liabilities		**162,776**	–
Other non-current liabilities		**22,280**	13,670
		4,039,660	5,433,760
Net assets		**5,408,674**	5,971,333
Capital and reserves			
Share capital		**4,731,480**	4,731,480
Reserves		**189,201**	712,653
Equity attributable to owners of the Company		**4,920,681**	5,444,133
Non-controlling interests		**487,993**	527,200
Total equity		**5,408,674**	5,971,333

NOTES:

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. HNA Group Co., Ltd. ("**HNA Group**"), a company registered in the People's Republic of China (the "**PRC**"), is an intermediate parent of the Company. Hainan Province Cihang Foundation, a foundation registered in the PRC, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2018 but is extracted from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 22 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information related to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

As at 30 June 2018, the Group had certain borrowings due in September 2018 (the "**Acquisition Borrowings**") with aggregate carrying amount of HK$4,400,027,000, which were raised in connection with the acquisition of CWT Pte. Limited ("**CWT SG**") in 2017. The Group will be unable to repay these Acquisition Borrowings in full when they fall due in September 2018 unless it is able to obtain sufficient cash sources through refinancing arrangements. These conditions continue to indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of the above, the Directors have taken the following refinancing measures to strengthen the Group's ability to repay the Acquisition Borrowings when they fall due.

(i) Active negotiations with commercial banks and financial institutions for raising funds from new facilities

The Directors have been actively negotiating with commercial banks and financial institutions for raising funds from new facilities to the Group, which include a facility agreement entered with certain lenders on 7 July 2018 for providing a one-year facility amounted to US$550,000,000 (equivalent to HK$4,290,000,000) to the Group. The drawdown of the facility is subject to fulfillment of certain conditions precedent, including obtaining the final internal approvals of the lenders. The Group expects to draw down the facility by September 2018, and funds raised therefrom will be used to repay the Acquisition Borrowings as they fall due. According to the facility agreement, the facility will become repayable on demand after six months from the drawdown date and the Group is also permitted to repay the facility in advance.

(ii) Disposal of warehouses properties

On 4 July 2018, the Group entered into sales and purchase agreements with an independent third party, pursuant to which, subject to fulfilment of certain conditions precedent, the Group will sell and lease back five warehouse properties located in Singapore (the "**Warehouse Properties**") (the "**Transaction**") at a total consideration of S$730,000,000 (equivalent to HK$4,307,000,000). Details of the Transaction are set out in the Company's announcement dated 4 July 2018 and the Company's circular dated 26 July 2018. The completion shall take place on the date falling four (4) weeks from the date of the general meeting approval, which took place on 16 August 2018, (or such other date as the purchaser and the vendor may mutually agree) (the "**Scheduled Completion Date**") provided always that completion shall take place no later than (i) 28 September 2018, or (ii) the date falling 15 days after the Scheduled Completion Date (whichever is later).

Accordingly, the Warehouse Properties are classified as "non-current assets held-for-sale" as at 30 June 2018 (see Note 4).

(iii) Disposal of other assets of the Group

The Group intends to dispose of certain properties and other assets, including but not limited to overseas properties and investments. The Group has also entered into non-binding term sheets with respect to the disposal.

Accordingly, certain non-current assets of the Group are classified as "non-current assets held-for-sale" as at 30 June 2018 (see Note 4).

Assuming the success of the above refinancing measures, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis. The interim financial report does 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.

3. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in Note 3(b) for HKFRS 9 and Note 3(c) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 31 December 2017 *HK$'000*	Impact on initial application of HKFRS 9 *(Note 3(b))* *HK$'000*	Impact on initial application of HKFRS 15 *(Note 3(c))* *HK$'000*	At 1 January 2018 *HK$'000*
Prepayments, deposits and other receivables	77,745	(382)	–	77,363
Deferred tax assets	19,614	549	–	20,163
Total non-current assets	13,598,968	167	–	13,599,135
Trade receivables	4,604,925	(3,237)	(348,993)	4,252,695
Prepayments, deposits and other receivables	5,303,592	–	(1,607)	5,301,985
Contract assets	–	–	350,600	350,600
Total current assets	17,582,735	(3,237)	–	17,579,498
Trade and other payables	7,845,311	–	(283,477)	7,561,834
Contract liabilities	–	–	342,837	342,837
Deferred gains	59,360	–	(59,360)	–
Total current liabilities	19,776,610	–	–	19,776,610
Net current liabilities	(2,193,875)	(3,237)	–	(2,197,112)
Total assets less current liabilities	11,405,093	(3,070)	–	11,402,023

	At 31 December 2017 *HK$'000*	Impact on initial application of HKFRS 9 *(Note 3(b))* *HK$'000*	Impact on initial application of HKFRS 15 *(Note 3(c))* *HK$'000*	At 1 January 2018 *HK$'000*
Other non-current liabilities	13,670	–	12,840	26,510
Contract liabilities	–	–	182,546	182,546
Deferred gains	195,386	–	(195,386)	–
Total non-current liabilities	5,433,760	–	–	5,433,760
Net assets	5,971,333	(3,070)	–	5,968,263
Reserves	712,653	(3,070)	–	709,583
Equity attributable to owners of the Company	5,444,133	(3,070)	–	5,441,063
Total equity	5,971,333	(3,070)	–	5,968,263

Further details of these changes are set out in sub-sections (b) and (c) of this note.

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 January 2018.

	HK$'000
Accumulated losses	
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	4,242
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	3,237
Related tax	(167)
Net increase in accumulated losses at 1 January 2018	7,312
Fair value reserve (recycling)	
Transferred to accumulated losses relating to financial assets now measured at FVPL	4,242
Net increase in fair value reserve (recycling) at 1 January 2018	4,242

(i) *Classification of financial assets and financial liabilities*

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 *HK$'000*	Reclassification *HK$'000*	Remeasurement *HK$'000*	HKFRS 9 carrying amount at 1 January 2018 *HK$'000*
Financial assets carried at amortised cost				
Cash and cash equivalents	2,137,858	–	–	2,137,858
Pledged bank deposits	36,015	–	–	36,015
Trade receivables *(Note (i))*	4,604,925	(348,993)	(3,237)	4,252,695
Deposits and other receivables *(Note (i))*	5,118,898	(1,607)	(382)	5,116,909
Held-to-maturity treasury securities – listed	560,680	–	–	560,680
	12,458,376	(350,600)	(3,619)	12,104,157
Financial assets carried at FVPL				
Financial assets carried at FVPL	–	373,897	–	373,897
Financial assets designated at fair value through profit or loss – listed	488	(488)	–	–
Derivative financial assets *(Note (ii))*	379,805	–	–	379,805
	380,293	373,409	–	753,702
Financial assets classified as available-for-sale under HKAS 39 ***(Notes (iii))***				
Available-for-sale financial assets – unlisted	155,234	(155,234)	–	–
Available-for-sale financial assets – listed	218,175	(218,175)	–	–
	373,409	(373,409)	–	–

Notes:

(i) Trade and other receivables of HK$348,993,000 and HK$1,607,000, respectively, were reclassified to contract assets at 1 January 2018 as a result of the initial application of HKFRS 15 (see Note 3(c)).

(ii) The Group's derivative financial assets were classified as financial assets at FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

(iii) Listed and unlisted available-for-sale financial assets under HKAS 39 are classified as at FVPL under HKFRS 9.

The measurement categories for all of the Group's financial liabilities remain the same and the carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables, deposits and other receivables and held-to-maturity treasury securities);

– contract assets as defined in HKFRS 15 (see Note 3(c)); and

– lease receivables.

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial assets, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to HK$3,619,000, which increased accumulated losses by HK$3,070,000 and increased gross deferred tax assets by HK$549,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	28,545
Additional credit loss recognised at 1 January 2018 on:	
– Trade receivables	3,237
– Deposits and other receivables	382
Loss allowance at 1 January 2018 under HKFRS 9	32,164

(iii) *Hedge accounting*

The Group has elected to adopt the new general hedge accounting model in HKFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39 to be applied, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the Group's financial statements in this regard.

(iv) *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group);

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial asset.

– All hedging relationships designated under HKAS 39 at 31 December 2017 met the criteria for hedge accounting under HKFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018. Other than timing of recognition of the Group's revenue from provision of certain logistics services and presentation of contract assets and liabilities as detailed below, adoption of HKFRS 15 has no other material impact to the Group's financial statements.

Details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group currently recognises revenue from provision of certain logistics services upon delivery to the carriers for export revenue and upon arrival of cargos for import revenue. Under HKFRS 15, these revenues will have to be recognised over the journey. However, in view that the journey normally takes a short time to complete, adoption of HKFRS 15 does not have material impact to the Group's opening retained earnings.

(ii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to un-invoiced sales and price adjustments to the provisional sales/purchase price of certain commodities were presented in the statement of financial position under "trade receivables", and construction contracts in progress were presented in the statement of financial position under "prepayments, deposits and other receivables" or "trade and other payables" respectively.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

a. "Accrued income", which was previously included in trade receivables, and "gross amounts due from customers for contract work", which was previously included in prepayments, deposits and other receivables, amounting to HK$348,993,000 and HK$1,607,000 respectively, are now included under contract assets;

b. "Advance billings" and "receipt in advance" amounting to HK$101,473,000 and HK$197,983,000 respectively, which were previously included in trade and other payables are now included under contract liabilities; and

c. "Deferred revenue" amounting to HK$225,927,000, which was previously included in deferred gains are now included under contract liabilities.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way.

4. DISPOSAL GROUP AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

	30 June 2018 *HK$'000*	31 December 2017 *HK$'000*
Assets associated with disposal group classified as held-for-sale	**19,235**	–
Other non-current assets held-for-sales		
Property, plant and equipment – Warehouse Properties	**4,109,153**	–
Investment property in the United Kingdom	**1,262,384**	–
Interest in a joint venture	**11,376**	–
Interest in an associate	**8,238**	15,617
	5,391,151	15,617
Liabilities associated with disposal group classified as held-for-sale	**(6,402)**	–

5. DISCONTINUED OPERATIONS

Profit from the discontinued operations for the six months ended 30 June 2017 is analysed as follows:

	Six months ended 30 June 2017 *HK$'000*
Discontinued operations	
Loss of Intelligent Information Business	(23,705)
Gain on sale of Intelligent Information Business	112,126
Profit for the period from discontinued operations	88,421
Profit for the period from discontinued operations attributable to:	
Owners of the Company	88,857
Non-controlling interests	(436)
	88,421

On 13 January 2016, the Company entered into the sale and purchase agreement with an independent third party in relation to the proposed disposal of entire issued share capital of Made Connection Limited ("**Made Connection**"), a subsidiary of the Company, after restructuring as required (the "**Intelligent Information Business Disposal Group**") at a cash consideration of RMB120,000,000 (the "**Intelligent Information Business Disposal**"). Pursuant to the sale and purchase agreement, immediately upon to the completion of the sale and purchase agreement, all intercompany balances between the Intelligent Information Business Disposal Group and the remaining Group entities should be irrevocably waived on a dollar-to-dollar basis. Details are set out in the Company's announcement dated 13 January 2016. Made Connection and its subsidiaries are mainly engaged in Intelligent Information Business. The Intelligent Information Business Disposal was approved by the shareholders of the Company on 22 February 2016 and completed on 28 April 2017. Accordingly, the results of Intelligent Information Business Disposal Group was presented as discontinued operations in the prior period.

6. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements (see also Note 5 for an operation that was discontinued during the prior reporting period). The Group's revenue is derived from contracts with customers.

Disaggregation of revenue

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of commodities	**33,175,644**	–
Rendering of services	**2,907,074**	–
Construction income	**39,338**	–
Operations of golf club	**61,564**	58,579
Hotel and leisure service	**18,804**	16,036
	36,202,424	74,615
Revenue from other sources		
Rental income	**62,371**	59,509
	36,264,795	134,124
Disaggregated by geographical location of customers		
Mainland China	**18,595,741**	74,615
Singapore	**3,393,388**	–
Malaysia	**843,359**	–
Taiwan	**41,977**	–
Other parts of the Asia Pacific Region	**10,451,770**	–
Europe	**1,763,793**	31,819
North America	**722,065**	27,690
South America	**192**	–
Africa Continent	**423,810**	–
Oceanic Continent	**28,700**	–
	36,264,795	134,124

7. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("**CODM**"), being the most senior executive management 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.

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 logistics 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 tax 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 5. Items not managed by or derived from the operations of reportable segments are classified as "unallocated" in the segment reconciliations.

(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 reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for six months 30 June 2018 and 2017 is set out below:

For the six months ended 30 June	Logistics services		Commodity marketing		Engineering services		Financial services		Sports and leisure related facilities business		Property investment business		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition:																
Point in time	**77,968**	–	**26,068,652**	–	**68,440**	–	**7,310,496**	–	**–**	–	**–**	–	**–**	–	**33,525,556**	–
Over time	**2,377,215**	–	**–**	–	**219,285**	–	**–**	–	**80,368**	74,615	**62,371**	59,509	**–**	–	**2,739,239**	134,124
External revenue	**2,455,183**	–	**26,068,652**	–	**287,725**	–	**7,310,496**	–	**80,368**	74,615	**62,371**	59,509	**–**	–	**36,264,795**	134,124
Inter-segment revenue	**15,044**	–	**78,699**	–	**1,587**	–	**–**	–	**–**	–	**–**	–	**(95,330)**	–	**–**	–
Reportable segment revenue	**2,470,227**	–	**26,147,351**	–	**289,312**	–	**7,310,496**	–	**80,368**	74,615	**62,371**	59,509	**(95,330)**	–	**36,264,795**	134,124
Reportable segment profit/(loss) before taxation	**34,417**	–	**62,313**	–	**26,367**	–	**20,200**	–	**(13,970)**	(18,240)	**(223,047)**	60,858	**–**	–	**(93,720)**	42,618

(b) *Reconciliation of reportable segment profit or loss*

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Total (loss)/profit before tax for reportable segments	**(93,720)**	42,618
Unallocated income and gains	**7,850**	9,708
Unallocated expenses	**(134,836)**	(36,340)
Net foreign exchange loss	**(142,031)**	(1,828)
Gain on fair value change of the embedded derivatives components of convertible bonds	**41,975**	9,771
Finance costs	**(217,651)**	(42,573)
Loss before tax	**(538,413)**	(18,644)

(c) *Segment assets and liabilities*

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

	30 June	31 December
	2018	2017
	HK$'000	*HK$'000*
Reportable segment assets		
Continuing operations		
Logistics service	**8,862,289**	10,704,372
Commodity marketing	**9,664,553**	10,011,919
Engineering services	**354,804**	408,925
Financial services	**5,941,248**	5,507,193
Sports and leisure related facilities business	**1,451,555**	1,490,009
Property investment business	**2,228,083**	2,497,468
Elimination of inter-segment assets	**(365,720)**	(477,320)
	28,136,812	30,142,566
Reportable segment liabilities		
Continuing operations		
Logistics service	**4,845,069**	4,848,270
Commodity marketing	**8,110,801**	8,737,364
Engineering services	**193,922**	191,232
Financial services	**5,010,640**	4,564,496
Sports and leisure related facilities business	**500,548**	527,886
Property investment business	**39,370**	46,616
Elimination of inter-segment liabilities	**(365,720)**	(477,320)
	18,334,630	18,438,544

(d) *Seasonality of operations*

The Directors are of the opinion that the Group's business is not highly seasonal.

8. OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Gain on disposal of property, plant and equipment	**35,446**	297
Net foreign exchange loss	**(142,031)**	(1,828)
Fair value gain on embedded derivative component of convertible bonds	**41,975**	9,771
Fair value (loss)/gain on investment properties	**(268,162)**	15,428
Net realised and unrealised loss on financial assets carried at FVPL	**(24,138)**	–
Gain on disposal of subsidiaries	**16,758**	–
Others	**(10,263)**	(658)
	(350,415)	23,010

9. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Bank charges	**49,710**	–
Interest expense on:		
– Bank borrowings and other facilities	**132,548**	27,658
– Senior secured notes	**166,489**	–
– Convertible bonds	**50,854**	41,993
– Medium term notes	**26,312**	–
Other finance cost	**25,592**	34
	451,505	69,685

10. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

Loss before taxation from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Depreciation of property, plant and equipment	**245,623**	7,816
Dividend income	**(8,011)**	–
Impairment loss on:		
– trade receivables	**3,346**	–
– prepayments, deposits and other receivables	**2**	–
– other non-current assets	**5,404**	–
Cost of inventories sold	**33,311,299**	–

11. INCOME TAX EXPENSE

	Six months ended 30 June 2018 HK$'000	2017 HK$'000
Continuing operations		
Current tax – Outside Hong Kong		
Provision for the period	**58,858**	7,775
Over-provision in respect of prior years	**3,445**	(2,150)
	62,303	5,625
Deferred tax		
Origination and reversal of temporary differences	**(27,606)**	1,352
Withholding tax	**269**	–
Total income tax expense	**34,966**	6,977

For the six months ended 30 June 2018 and 2017, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods. Taxation outside Hong Kong is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdictions.

12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2018 and 2017, nor has any dividend been proposed after the end of reporting period.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share amounts is based on:

(i) the loss for the period attributable to owners of the Company

	Six months ended 30 June 2018 HK$'000	2017 HK$'000
(Loss)/profit attributable to owners of the Company		
– from continuing operations	**(556,490)**	(21,821)
– from discontinued operations	**–**	88,857
	(556,490)	67,036

(ii) the weighted average number of ordinary shares of 11,399,996,101 (six months ended 30 June 2017: 11,399,996,101) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2018 and 2017 in respect of a dilution as the impact of the outstanding convertible bonds issued in 2016 had an anti-dilutive effect on the basic earnings per share amounts presented.

14. 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:

	30 June 2018 *HK$'000*	31 December 2017 *HK$'000*
0–90 days	**3,681,435**	4,279,536
91–180 days	**279,461**	242,857
181–365 days	**67,007**	36,587
1–2 years	**54,098**	45,572
Over 2 years	**939**	373
Trade debtors and bill receivables, net of loss allowance	**4,082,940**	4,604,925

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

The Group's trade receivables at 31 December 2017 included accrued income of HK$932,350,000 which represents primarily sales made but yet to be invoiced and price adjustments to the provisional sales/purchase price of certain commodities. During the contractually agreed quotation period, the sales/purchase prices are not fixed and fluctuate based on the changes in the market prices of the underlying metals. The Group marks to market its provisional sales and purchases based on the forward price for the estimated month of settlement. In the consolidated statement of financial position, positive marked to market adjustments are included within accrued income whereas negative adjustments are included within accrued expenses. Upon completion of the quotation period, the prices are fixed based upon the spot price and metal contents and quantities upon receipt of the final assay and weight certificates. As detailed in Note 3(c) accrued income is included as contract assets with the initial adoption of HKFRS 15. As at 30 June 2018, accrued income included under contract assets amounted to HK$343,774,000.

As at 30 June 2018, trade receivables amounted to HK$12,274,000, HK$4,001,000 and HK$294,000 (31 December 2017: HK$10,970,000, HK$3,589,000 and HK$783,000), are due from the Group's associates, joint ventures and other related parties, respectively.

15. TRADE AND OTHER PAYABLES

	Note	**30 June 2018** *HK$'000*	31 December 2017 *HK$'000*
Trade and bills payables	*(a)*	**1,218,464**	1,124,623
Other payables, deposits received, receipt in advance and accruals	*(b)*	**6,709,706**	6,720,688
		7,928,170	7,845,311

(a) Trade and bills payables

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

	30 June 2018 *HK$'000*	31 December 2017 *HK$'000*
0–90 days	**1,021,087**	924,828
91–180 days	**92,239**	93,467
181–365 days	**27,533**	30,100
1–2 years	**61,166**	64,916
Over 2 years	**16,439**	11,312
	1,218,464	1,124,623

(b) Other payables, deposits received, receipt in advance and accruals

As at 30 June 2018, the balance of HK$6,709,706,000 (2017:HK$6,720,688,000) mainly represented the amounts segregated for customers, other taxes payables, rental income receipts in advance and accrued staff costs for continuing operations of the Group.

16. COMPARATIVE FIGURES

As a result of the acquisition of CWT SG completed in September 2017, certain comparative figures to profit or loss and cash flow items in this interim financial report have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in the current period.

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global business environment was full of uncertainties and challenges during the first half of 2018. The rising trade tensions and the uncertainty in interest rate policies brought significant uncertainty to the outlook of the global economy and led to increasing market volatility. The Group was unavoidably negatively affected under such unfavourable market conditions. Despite of these unfavourable factors during the period, the Group still made best endeavor to develop its principal businesses.

Following the completion of the acquisition of CWT Pte. Limited ("**CWT SG**") in September 2017, the Group's revenue for the six months ended 30 June 2018 significantly increased to HK$36,264,795,000 (six months ended 30 June 2017: HK$134,124,000); while loss attributable to owners amounted to HK$556,490,000 (six months ended 30 June 2017: profit attributable to owners of HK$67,036,000) was recorded. The aforesaid turnaround from profit to loss was mainly attributable to revaluation losses on investment properties of the Group; financing expenses and additional depreciation and amortisation charges incurred in relation to the Company's acquisition of CWT SG and its subsidiaries in the prior year; and loss on foreign exchange, which offset the additional profits contribution to owners of the Company from CWT SG during the six months ended 30 June 2018 (which the Company did not have during the same period last year). Despite the Group recorded a loss attributable to owners of the Company in the current period, EBITDA of the Group for the six months ended 30 June 2018 increased to HK$214,921,000 (six months ended 30 June 2017: HK$168,292,000).

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

Logistics

Logistics services remained the core business segment of the Group. CWT SG's Mega Integrated Logistics Hub ("**MLH**"), the largest integrated logistics facility in Singapore obtained full temporary occupation permit for its warehouse in November 2017. The construction of the automated container storage and retrieval system commenced in the fourth quarter 2017 and is scheduled for completion in 2019. As at the time of reporting, most of the MLH warehouse has been contracted/committed by customers. Certain big customers take longer time to fit out the space hence commencement is progressive.

Logistics services reported revenue of HK$2,470,227,000 during the six months ended 30 June 2018. Profit before tax from logistics services amounted to HK$34,417,000 during the six months ended 30 June 2018.

Commodity marketing

Commodity marketing under the brand name of MRI reported revenue of HK$26,147,351,000 for the six months ended 30 June 2018 and profit before tax amounted to HK$62,313,000.

Our commodity marketing segment continues to be one of the leaders in trading of metals, minerals and petroleum products, and commodity freight and storage solutions upon its market intelligence over 20 years of success.

Financial services

Financial services' revenue grew to HK$7,310,496,000 for the six months ended 30 June 2018, which was mainly due to consistent performance from derivatives business and increased trade services deals. Profit before tax amounted to HK$20,200,000.

Derivatives business continued to deliver consistent performance for both the Asian and the United States (the "**US**") market due to the volatility in the market. In May 2018, Straits Financial Group ("**Straits**") became a clearing member of Asia Pacific Exchange ("**APEX**"). Being a clearing member of APEX, Straits is able to clear futures and options contracts from APEX, thus expanding the range of broking and clearing services offered to customers. This will further enhance the Group as a one-stop solution for broking and clearing services.

Engineering services

Engineering services recorded revenue of HK$289,312,000 and profit before tax of HK$26,367,000 for the six months ended 30 June 2018.

During the period, engineering maintenance and property management services remained steady while less Design and Build projects were undertaken due to the slowdown in the construction industry for logistics facilities in Singapore.

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 relating accommodation income, followed by club membership income. During the period, revenue slightly increased to HK$80,368,000 (six months ended 30 June 2017: HK$74,615,000) and loss before tax reduced to HK$13,970,000 (six months ended 30 June 2017: HK$18,240,000), which was mainly resulting from more golf related competitions and events organised. Despite the Sports and leisure related facilities business recorded a loss in the current period, EBITDA of this segment for the six months ended 30 June 2018 increased to HK$39,137,000 (six months ended 30 June 2017: HK$34,280,000).

Property investment

The Group has property investments in a Grade-A office building in London, the United Kingdom (the "**UK**") and a portfolio of golf courses in Seattle, the US. These investment properties generated stable lease income amounted to HK$62,371,000 during the six months ended 30 June 2018 (six months ended 30 June 2017: HK$59,509,000). However, due to the less favourable market conditions in the UK and the US, including the uncertain Brexit negotiation results and the interest rate rise, the property investment segment reported a loss before tax of HK$223,047,000 for the current period (six months ended 30 June 2017: profit of HK$60,858,000) mainly resulting from revaluation losses.

Liquidity, Financial Resources and Financing Activities

The Group had certain borrowings due in September 2018 (the "**Acquisition Borrowings**") with aggregate carrying amount of HK$4,400,027,000, which were raised in connection with the acquisition of CWT SG in 2017. In view of the above, the Directors have taken the following refinancing measures to endeavor the Group's ability to repay the Acquisition Borrowings when they fall due.

(i) Active negotiations with commercial banks and financial institutions for raising funds from new facilities

The Directors have been actively negotiating with commercial banks and financial institutions for raising funds from new facilities to the Group, which includes a facility agreement entered with certain lenders on 7 July 2018 for providing a one-year facility amounted to US$550,000,000 (equivalent to HK$4,290,000,000) to the Group. The drawdown of the facility is subject to fulfillment of certain conditions precedent, including obtaining the final internal approvals of the lenders. The Group expects to draw down the facility by September 2018, and funds raised therefrom will be used to repay the Acquisition Borrowings as they fall due.

(ii) Disposal of warehouse properties

On 4 July 2018, the Group entered into sale and purchase agreements with an independent third party, pursuant to which, subject to fulfilment of certain conditions precedent, the Group will sell and lease back five warehouse properties located in Singapore (the "**Warehouse Properties**") (the "**Transaction**") at a total consideration of S$730,000,000 (equivalent to HK$4,307,000,000). Details of the Transaction are set out in the Company's announcement dated 4 July 2018 and the Company's circular dated 26 July 2018. The completion shall take place on the date falling four (4) weeks from the date of the general meeting approval, which took place on 16 August 2018, (or such other date as the purchaser and the vendor may mutually agree) (the "**Scheduled Completion Date**") provided always that completion shall take place no later than (i) 28 September 2018, or (ii) the date falling 15 days after the Scheduled Completion Date (whichever is later). Accordingly, the Warehouse Properties are classified as "non-current assets held-for-sale" as at 30 June 2018.

(iii) Disposal of other assets of the Group

The Group intends to dispose of certain properties and other assets, including but not limited to overseas properties and equity investments. The Group has also entered into non-binding term sheets with respect to the disposal.

Accordingly, certain non-current assets of the Group are classified as "non-current assets held-for-sale" as at 30 June 2018.

Material Disposals

Following the series of acquisitions made over the years, the Group now has a mixed business portfolio comprising totally six business segments. It is a high time for the Group to streamline its operation and commit the available resources to business that provide a better return to the shareholders of the Company.

During the first half of 2018, the Group has entered into share purchase agreements to dispose of its equity interests held in ARA-CWT Trust Management (Cache) Limited and Cache Property Management Pte. Ltd. at an aggregate consideration of HK$300,000,000, and the disposals were subsequently completed in July 2018. The Group is also in the process of completing a sales and leaseback transaction involving 5 warehouse properties located in Singapore at a consideration of S$730,000,000 (equivalent to HK$4,307,000,000).

BUSINESS PROSPECTS

We are aware of the trend that uncertainties and downside risks in the global economy have been accumulated. Recent trade actions and tariff measures by the US government have increased the risk of an escalation of global trade tensions. In general, we are facing a much more challenging and volatile global market for this year.

Although inevitably affected by the negative impacts from the macroenvironment, we will still focus on the ongoing integration of the CWT SG business, keep identifying, and exploiting potential synergies and opportunities within the Group. It will be one of major tasks to continue our optimization on the capital structure and business adjustment, in order to face the market challenges and maximize our shareholders' interests.

We will keep exploring opportunities, especially those closely relate to "Belt and Road Initiative", in the China and Singapore markets. The pace of growth in the Singapore economy is expected to remain firm. We are of the view that the prices and rentals of industrial space remains relatively stable in Singapore in the near future. On the other hand, "Belt and Road Initiative" and the full support from China central government to build up trade pilot zone and free trade port in Hainan province represent new and strong business momentums in the mainland China market. We remain positive and confident in our development in these markets in the long term.

EXTRACT OF THE REVIEW REPORT

As disclosed in further detail in Note 2 to the interim financial report reported in this announcement, as at the date of this announcement, the Group's ability to repay the Acquisition Borrowings totaling HK$4,400,027,000 as they fall due is dependent upon the Group's ability to obtain sufficient cash sources through certain refinancing arrangements. However, these refinancing arrangements are subject to fulfillment of certain conditions precedent as at the date of this announcement, indicating at this time the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The Company's auditor draws attention to this matter in the review report in the form set out below:

"Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2018 is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standards 34, *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 to the interim financial report which describes that the Group is committed to repay certain borrowings of HK$4,400,027,000 in September 2018 and the Group's ability to meet these liquidity requirements depends on its ability to obtain sufficient cash sources through refinancing arrangements. These facts and conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter."

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the period under review.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2018.

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 period.

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

Hong Kong, 22 August 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. Ding Lei (Executive Director and Chief Executive Officer), 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).