CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FURTHER ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of CWT International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") dated 30 March 2020 in respect of the unaudited consolidated results of the Group for the year ended 31 December 2019 (the "**Final Results Announcement**").

This announcement is made pursuant to Rule 13.49(3)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

AUDITED CONSOLIDATED RESULTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the Company's auditor, KPMG, has completed its audit of the annual consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Final Results**") in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Save as disclosed below, the audited 2019 Final Results set out in this announcement remain materially the same as the unaudited 2019 Final Results contained in the Final Results Announcement.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this announcement (which are materially the same as those set out in the Final Results Announcement, other than the presentation of certain items as set out in Notes 7, 8 and 9 to enhance the relevant disclosures, and certain disclosures under the section headed "Management Discussion and Analysis – Liquidity, Financial Resources and Financing Activities" of this announcement, which do not constitute a material change) have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for such year. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

The audited 2019 Final Results together with comparative figures for the year ended 31 December 2018 have been reviewed by the Audit Committee of the Board and were approved by the Board both on 29 April 2020, details of which are set out below.

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

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000 (Restated)
Continuing operations			
Revenue	6	**40,747,512**	48,957,562
Cost of sales		**(39,211,369)**	(47,456,377)
Gross profit		**1,536,143**	1,501,185
Other income		**202,541**	203,644
Other net gain		**33,363**	33,085
Selling and distribution costs		**(399,205)**	(377,522)
Administrative expenses		**(851,308)**	(1,204,700)
Finance costs	8	**(763,922)**	(686,861)
Share of profits less losses of associates, net of tax		**23,253**	25,141
Share of profits less losses of joint ventures, net of tax		**2,332**	14,859
Loss before taxation		**(216,803)**	(491,169)
Income tax (expense)/credit	9	**(26,332)**	367,725
Loss for the year from continuing operations		**(243,135)**	(123,444)
Discontinued operations			
Loss for the year from discontinued operations	5	**(308,167)**	(463,345)
Loss for the year		**(551,302)**	(586,789)

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

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	**(9,506)**	2,707
Tax on other comprehensive income	**1,632**	(287)
	(7,874)	2,420
Items that may be reclassified subsequently to profit or loss, net of tax:		
Exchange differences arising from translation of financial statements of overseas subsidiaries	**(62,354)**	(17,519)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**4,240**	(8,839)
Effective portion of changes in fair value of cash flow hedges	**(205)**	200
Share of other comprehensive income of associates and joint ventures	**(10,014)**	(8,879)
	(68,333)	(35,037)
Other comprehensive income for the year	**(76,207)**	(32,617)
Total comprehensive income for the year	**(627,509)**	(619,406)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME − AUDITED (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	**2019** **HK$'000**	2018 *HK$'000* (Restated)
Loss for the year attributable to owners of the Company:			
− from continuing operations		**(287,191)**	(154,348)
− from discontinued operations		**(310,366)**	(402,941)
Loss for the year attributable to owners of the Company		**(597,557)**	(557,289)
Profit/(loss) for the year attributable to non-controlling interests:			
− from continuing operations		**44,056**	30,904
− from discontinued operations		**2,199**	(60,404)
Profit/(loss) for the year attributable to non-controlling interests		**46,255**	(29,500)
Loss for the year		**(551,302)**	(586,789)
Total comprehensive income attributable to:			
Owners of the Company		**(666,802)**	(567,138)
Non-controlling interests		**39,293**	(52,268)
		(627,509)	(619,406)
LOSS PER SHARE	*11*		
Basic and diluted *(HK cents)*		**(5.24)**	(4.89)
From continuing operations			
Basic and diluted *(HK cents)*		**(2.52)**	(1.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AUDITED

AS AT 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**3,931,375**	4,353,433
Right-of-use assets		**3,310,925**	–
Land use rights		**–**	996,948
Investment properties		**–**	840,413
Intangible assets		**292,652**	335,159
Interest in associates		**193,006**	198,719
Interest in joint ventures		**270,558**	276,444
Other financial assets		**170,723**	153,050
Prepayments, deposits and other receivables		**33,494**	70,815
Other non-current assets		**19,270**	19,579
Derivative financial instruments		**689**	53,649
Deferred tax assets		**25,084**	26,331
		8,247,776	7,324,540
Current assets			
Land use rights		**–**	42,423
Other financial assets		**991,618**	1,648,843
Inventories		**2,912,560**	2,755,562
Trade receivables	*12*	**3,279,513**	4,910,431
Prepayments, deposits and other receivables		**5,500,934**	4,776,127
Contract assets		**75,310**	75,758
Warrantable LME commodities		**21,303**	67,322
Derivative financial instruments		**270,782**	1,255,379
Tax recoverable		**13,746**	10,161
Pledged bank deposits		**145,999**	13,119
Cash and cash equivalents		**1,262,861**	1,724,847
		14,474,626	17,279,972
Assets associated with a disposal group and non-current assets classified as held-for-sale	*4*	**1,298,175**	1,207,048
		15,772,801	18,487,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AUDITED (CONTINUED)
AS AT 31 DECEMBER 2019

	NOTES	**2019** **HK$'000**	2018 *HK$'000*
Current liabilities			
Contract liabilities		**120,133**	148,797
Trade and other payables	*13*	**6,984,443**	8,870,232
Loans and borrowings		**5,787,293**	7,947,471
Lease liabilities		**373,173**	–
Employee benefits		**–**	13,253
Derivative financial instruments		**540,667**	693,003
Current tax payable		**68,803**	142,967
Deferred gains		**–**	17,707
Provisions		**27,510**	32,235
		13,902,022	17,865,665
Liabilities associated with a disposal group classified as held-for-sale	*4*	**896,035**	–
		14,798,057	17,865,665
Net current assets		**974,744**	621,355
Total assets less current liabilities		**9,222,520**	7,945,895

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AUDITED (CONTINUED)
AS AT 31 DECEMBER 2019

	NOTE	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Contract liabilities		**–**	140,650
Other non-current liabilities	*13*	**20,058**	6,120
Loans and borrowings		**1,134,889**	1,721,507
Lease liabilities		**3,056,826**	–
Derivative financial instruments		**46,167**	86,488
Employee benefits		**54,094**	43,425
Deferred gains		**–**	42,155
Deferred tax liabilities		**289,495**	590,599
		4,601,529	2,630,944
Net assets		**4,620,991**	5,314,951
Capital and reserves			
Share capital		**4,731,480**	4,731,480
Reserves		**(564,598)**	141,262
Equity attributable to owners of the Company		**4,166,882**	4,872,742
Non-controlling interests		**454,109**	442,209
Total equity		**4,620,991**	5,314,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

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

2. BASIS OF PREPARATION

The annual results set out in this announcement are extracted from the Group's statutory financial statements for the year ended 31 December 2019.

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

The financial information relating to the years ended 31 December 2019 and 2018 included in this announcement of annual results does not constitute the Company's statutory annual financial statements for those years but such information is derived from those financial statements. Further information related to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The statutory financial statements for the year ended 31 December 2019 will be delivered to the Registrar of Companies in due course. The Company's auditor has reported on these financial statements.

In the auditor's report on the Company's financial statements for the year ended 31 December 2018 which was dated 3 June 2019, the independent auditor expressed a disclaimer of opinion because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the financial statements. Such auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis without further modifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The auditor's report on the Company's financial statements for the year ended 31 December 2019 which was dated 29 April 2020 was unqualified and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance, except the auditor drew attention to Note 2(b) to the consolidated financial statements that the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

On 3 April 2019, the Company failed to pay accrued interests and certain fees in the total amount of approximately HK$63,000,000 (the "**Default**") in relation to a borrowing with a principal amount of approximately HK$1,400,000,000 (the "**New Borrowing**"), which was drawn down pursuant to a facility agreement dated 29 September 2018 (the "**Facility Agreement**") entered into between the Company and certain lenders (the "**Lenders**"). The New Borrowing was with an original maturity date in October 2019 and was secured by certain charged assets (the "**Charged Assets**") which included the equity interests of the Company's subsidiaries that hold vast majority of the Group's total assets. As a result of the Default, the Lenders demanded immediate payment of the outstanding principal, accrued interest and all other amounts accrued or outstanding under the Facility Agreement and certain security in relation to the New Borrowing was enforced as the Group was unable to meet such demand. Consequently, the Lenders took possession of the Charged Assets and appointed receivers over the Charged Assets.

On 19 July 2019, the Company and the Lenders reached an agreement to enter into a supplemental agreement to amend and supplement the Facility Agreement (the "**Supplemental Agreement**"), pursuant to which, the Lenders agreed to increase the total commitment under the Facility Agreement and to extend the maturity date of the New Borrowing (the "**Loan Extension**"). The Loan Extension became effective on 5 August 2019, pursuant to which the principal amount of the New Borrowing increased to approximately HK$1,630,000,000 (the "**Extended Borrowing**") and the maturity date was extended to twelve months from 5 August 2019 with interest continuing to be paid quarterly. With the Loan Extension taking effect, the enforcement of the Charged Assets and the appointment of receivers were released and terminated.

During the year ended 31 December 2019, the Group disposed of its property investment businesses in the United States (the "**US Operation**") and the United Kingdom (the "**UK Operation**", together with the US Operation, the "**US and UK Operations**") and majority of the proceeds therefrom were used to repay the Extended Borrowing. As at 31 December 2019, the Group's total borrowing due for repayment in the next twelve months amounted to approximately HK$5,787,293,000. Except for revolving trading facilities of HK$3,980,553,000 which are fully secured with certain working capital of the Group's commodity marketing business, the remaining portion of the Group's total borrowing due for repayment in the next twelve months primarily comprises of medium term notes ("**MTN**") with a principal amount of S$100,000,000 (equivalent to approximately HK$579,040,000) due on 18 March 2020 and the Extended Borrowing with an outstanding principal amount of approximately HK$799,967,000 due on 4 August 2020.

Subsequent to 31 December 2019, the Group has further partially repaid the outstanding principal and interest of the Extended Borrowing with the proceeds from disposal of its sports and leisure-related facilities business (the "**PRC Operation**") and fully redeemed the MTN with its internal cash resources. As at the date of approval of these financial statements, the outstanding principal amount of the Extended Borrowing amounted to approximately HK$655,497,000 which is due on 4 August 2020 with the next interest payment due on 5 May 2020.

The Group will be unable to repay the interest and outstanding principal of the Extended Borrowing in full when they fall due on 4 August 2020 unless it is able to obtain sufficient cash resources through refinancing or other arrangements.

The inability to repay the interest and outstanding principal in full when they fall due may trigger the enforcement of the Charged Assets and the appointment of receivers, which could result in significant impacts to the Group's operations. 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.

In view of the above, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debt as and when they fall due. The Directors are undertaking a debt restructure plan (the "**Debt Restructure Plan**"), which includes the following plans and measures, so that the Group will be able to continue as a going concern:

(i) Fund-raising from financing activities

The Directors have been actively negotiating with commercial banks and financial institutions for raising funds to the Group. The Group has been engaging in ongoing discussions with an independent third party (the "**Potential Lender**") on a refinancing facility (the "**Refinancing Facility**"), specifically used for the repayment of the outstanding principal and interest of the Extended Borrowing. As at the date of approval of these financial statements, negotiations relating to initial terms of the Refinancing Facility have commenced with the Potential Lender, which is subject to the internal approval of the Potential Lender. The Directors expected such approval process will take up to several weeks from the date of approval of these financial statements.

(ii) Disposal plans of the Group

As disclosed above, the Group has completed the disposals of the US and UK Operations and the PRC Operation and used the majority of the proceeds to repay the outstanding debt of the Group including the Extended Borrowing.

The Directors are committed to focus on the provision of logistic services to optimise the capital structure of the Group and maintain a stable operation. As a result, the Group also intends to dispose of certain operations other than those related to logistic services. The Group has received letters of intent or expressions of interest from potential buyers with respect to the disposal of these operations and the Directors have been actively negotiating with these potential buyers. The Group intends to use the proceeds from these disposals to repay the outstanding debt of the Group, including the Extended Borrowing or Refinancing Facility (as applicable), and to optimise the Group's capital structure.

If the Refinancing Facility cannot be obtained in time to repay the outstanding principal and interest of the Extended Borrowing, the Group may need to accelerate its disposal plans to repay the Extended Borrowing as and when it falls due.

The Directors have reviewed the Group's cash flow projections prepared by the management which cover a period of not less than twelve months from 31 December 2019. Based on such cash flow projections, the Directors consider that, assuming the success of the Debt Restructure Plan, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least twelve months from 31 December 2019. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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.

3. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of twelve months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as at 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16.

(ii) ***Lessee accounting***

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Lessor accounting

The Group leases out a number of items of machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(iv) Transactional impact

As at the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates as at 1 January 2019. The incremental borrowing rates used for determination of the present value of the remaining lease payments ranged from 3.57% to 7.72%, depending on various factors such as the length of the leases and jurisdiction in which the leased properties located.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within twelve months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

- payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as lease expenses in the consolidated statement of profit or loss and other comprehensive income; and

- in applying HKFRS 16 for the first time, the Group has accounted for operating leases with a remaining lease term of less than twelve months as at 1 January 2019 as short-term leases as permitted under the practical expedients in the standard.

There is no material impact on the Group's financial performance due to the adoption of this new accounting standard.

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “obligations under finance leases”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no significant impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in “other property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position. As at 1 January 2019, none of the Group’s right-of-use assets meet the definition of investment property.

The Group has been impacted by HKFRS 16 in relation to capitalisation of operating leases where the Group is lessee and classification of certain lease-related account balances. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 16 as an adjustment to the opening balances at 1 January 2019. Comparative information is not restated.

(v) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This will result in front load effect to the Group’s total expenses in early years of lease arrangement. The adoption of HKFRS 16 does not result in a significant impact on the reported loss from continuing operations in the Group’s consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. The capital element is classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

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

During the year ended 31 December 2019, the Group committed to disposing of the PRC Operation, which represented a reportable and operating segment, namely "sports and leisure-related facilities business", and commenced negotiation with Hillview Holdings Limited, a company incorporated in Hong Kong with limited liability. The PRC Operation was classified as a disposal group held-for-sale and included in a discontinued operation as at 31 December 2019 (see Note 5). The disposal of the PRC Operation was completed in January 2020 at a total consideration of approximately HK$744,000,000.

The assets and liabilities associated with the disposal group and non-current assets classified as held-for-sale as at 31 December 2019 and 2018 are as follows:

	2019	2018
	HK$'000	*HK$'000*
Assets associated with a disposal group classified as held-for-sale		
PRC Operation	**1,298,175**	–
Non-current assets held-for-sale		
Investment properties held by the UK Operation	**–**	1,198,824
Interest in an associate, Westford Trade Services Ltd.	**–**	8,224
	–	1,207,048
Liabilities associated with a disposal group classified as held-for-sale		
PRC Operation	**896,035**	–

5. DISCONTINUED OPERATIONS

As disclosed in Note 2, the Company's announcements dated 1, 15 and 22 November 2019, 11 and 20 December 2019, and 13 and 15 January 2020, and the Company's circulars dated 28 November 2019 and 24 January 2020, the Group has completed the disposals of the US and UK Operations during the year ended 31 December 2019 and the disposal of the PRC Operation in January 2020. The US Operation and the UK Operation together represented a reportable and operating segment, namely the "property investment business" and the PRC Operation represented a reportable and operating segment, namely "sports and leisure-related facilities business".

In addition, the Group has ceased its energy and refined metals trading business under the commodity marketing segment (the "**Energy and Refined Metals Trading Operation**"), which represented a separate major line of the Group's business, during the year ended 31 December 2019.

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) of US Operation	**59,683**	(243,828)
Loss on disposal of US Operation	**(258,237)**	–
Loss of UK Operation	**(68,971)**	(86,705)
Loss on disposal of UK Operation	**(5,684)**	–
Profit/(loss) of PRC Operation	**6,317**	(68,438)
Loss of Energy and Refined Metals Trading Operation	**(41,275)**	(64,374)
Loss for the year from discontinued operations	**(308,167)**	(463,345)
Profit/(loss) for the year from discontinued operations attributable to:		
Owners of the Company	**(310,366)**	(402,941)
Non-controlling interests	**2,199**	(60,404)
	(308,167)	(463,345)

6. REVENUE

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

Disaggregation of revenue

Continuing operations

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Disaggregated by major products and service lines		
Freight services	**2,673,031**	2,842,686
Logistics services	**1,812,828**	1,839,181
Commodity trading	**34,861,722**	42,986,320
Equipment and facility maintenance services	**473,125**	445,676
Design-and-build	**215,955**	179,748
Broking services	**448,985**	404,826
Others	**261,866**	259,125
	40,747,512	48,957,562
Disaggregated by geographical location of customers		
Mainland China	**24,435,251**	24,781,042
Singapore	**3,868,998**	3,120,691
Hong Kong Special Administrative Region of the PRC	**2,686,956**	9,490,101
Korea	**1,490,150**	1,148,085
Other Asia Pacific jurisdictions	**4,128,400**	4,585,522
Europe	**2,261,723**	3,525,538
North America	**969,307**	1,039,410
Africa continent	**904,854**	1,167,208
South America	**1,873**	99,965
	40,747,512	48,957,562

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 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. This segment formerly includes the Energy and Refined Metals Trading Operation which was discontinued in 2019 (see Note 5).

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 operations of golf club and the operation of sports and leisure-related facilities which was discontinued in 2019 (see Note 5).

Property investment business

The leasing of office properties and golf courses which was discontinued in 2019 (see Note 5).

The segment information reported below does not include any amounts for the discontinued operations, which is described in more detail in Note 5, and the comparative figures in the segment information for the year ended 31 December 2018 have been restated.

Segment results, assets and liabilities

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

Segment profit/(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 and right-of-use assets. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables, loans and borrowings and lease liabilities.

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

The measure used for reportable segment profit/(loss) is profit/(loss) before taxation.

(a) Segment revenue and results

Disaggregation of revenue from contracts with customers by timing of revenue recognition as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

	Logistics services		Commodity marketing		Engineering services		Financial services		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Disaggregated by timing of revenue recognition												
Point in time	**1,719,441**	2,307,048	**27,129,770**	29,192,178	**191,798**	120,599	**8,057,175**	14,198,858	**–**	–	**37,098,184**	45,818,683
Over time	**2,941,753**	2,588,039	**123,803**	110	**583,772**	550,730	**–**	–	**–**	–	**3,649,328**	3,138,879
Revenue from external customers	**4,661,194**	4,895,087	**27,253,573**	29,192,288	**775,570**	671,329	**8,057,175**	14,198,858	**–**	–	**40,747,512**	48,957,562
Inter-segment revenue	**48,602**	34,710	**–**	–	**649**	17,712	**–**	–	**(49,251)**	(52,422)	**–**	–
Reportable segment revenue	**4,709,796**	4,929,797	**27,253,573**	29,192,288	**776,219**	689,041	**8,057,175**	14,198,858	**(49,251)**	(52,422)	**40,747,512**	48,957,562
Results:												
Interest income	**7,185**	15,958	**65,017**	57,104	**1,058**	1,133	**77,253**	72,969	**(6,489)**	(9,527)	**144,024**	137,637
Interest expense	**(208,580)**	(95,800)	**(118,015)**	(131,979)	**(92)**	–	**(16,070)**	(16,911)	**10,524**	9,527	**(332,233)**	(235,163)
Depreciation and amortisation	**(684,217)**	(411,471)	**(52,280)**	(22,551)	**(9,203)**	(7,791)	**(7,340)**	(2,039)	**12,369**	–	**(740,771)**	(443,852)
Share of profits of associates and joint ventures, net of taxation	**22,901**	29,921	**–**	–	**2,684**	2,666	**–**	7,413	**–**	–	**25,585**	40,000
Gain/(loss) on disposal of property, plant and equipment	**3,788**	(34,077)	**(816)**	–	**29**	29	**–**	(203)	**–**	–	**3,001**	(34,251)
(Loss)/gain on disposal of subsidiaries, associates and joint ventures	**(920)**	12,787	**–**	1,004	**–**	126,298	**–**	160,305	**–**	–	**(920)**	300,394
Loss on disposal of financial assets measured at amortised cost	**–**	(8,876)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(8,876)
Gain on disposal of assets held-for-sale	**1,902**	–	**6,587**	–	**–**	–	**–**	–	**–**	–	**8,489**	–
Impairment loss on property, plant and equipment	**(1,356)**	(16,742)	**–**	–	**–**	–	**–**	–	**–**	–	**(1,356)**	(16,742)
Impairment loss on intangible assets	**(2,236)**	(35,053)	**(9,041)**	–	**–**	–	**–**	–	**9,041**	–	**(2,236)**	(35,053)
Impairment loss on trade and other receivables	**(24,824)**	(2,783)	**(6,230)**	(8,505)	**–**	–	**(4,684)**	227	**–**	–	**(35,738)**	(11,061)
Reportable segment (loss)/profit before taxation	**(12,234)**	(125,223)	**91,600**	16,440	**34,800**	177,593	**76,765**	229,958	**9,639**	–	**200,570**	298,768

(b) Reconciliation of reportable segment profit or loss

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Total profit for reportable segments	**200,570**	298,768
Unallocated amounts:		
Gain on fair value change of the derivative components of convertible bonds	**–**	41,988
Gain/(loss) on fair value change of other financial assets	**17,948**	(2,288)
(Loss)/gain on disposal of property, plant and equipment	**(13)**	36,424
Net foreign exchange gain/(loss)	**73,265**	(173,852)
Depreciation of right-of-use assets	**(11,763)**	–
Unallocated income and gains	**10,400**	45,820
Unallocated expenses	**(161,707)**	(335,535)
Finance costs	**(345,503)**	(402,494)
Loss before tax (continuing operations)	**(216,803)**	(491,169)

(c) Segment assets and liabilities

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

		2019	2018
	NOTE	***HK$'000***	*HK$'000*
Reportable segment assets			
Continuing operations			
Logistics services		**8,604,224**	5,965,210
Commodity marketing		**7,446,190**	8,324,229
Engineering services		**407,510**	447,578
Financial services		**5,996,260**	7,166,157
Discountinued operations			
Sports and leisure-related facilities business		**–**	1,378,695
Property investment business		**–**	880,702
Elimination of inter-segment assets		**(495,867)**	(363,417)
Total reportable segment assets		**21,958,317**	23,799,154
Assets associated with a disposal group and non-current assets classified as held-for-sale	*4*	**1,298,175**	1,207,048
		23,256,492	25,006,202

	NOTE	2019 HK$'000	2018 HK$'000
Unallocated assets:			
Investments in associates and joint ventures		**463,564**	475,163
Cash and cash equivalents		**21,984**	123,196
Other financial assets		**170,468**	152,797
Other unallocated assets		**108,069**	54,202
Consolidated total assets		**24,020,577**	25,811,560
Reportable segment liabilities			
Continuing operations			
Logistics services		**6,690,739**	3,903,870
Commodity marketing		**5,913,796**	6,790,397
Engineering services		**207,880**	277,105
Financial services		**4,959,750**	6,177,144
Discontinued operations			
Sports and leisure-related facilities business		**–**	461,888
Property investment business		**–**	24,597
Elimination of inter-segment liabilities		**(496,249)**	(366,102)
		17,275,916	17,268,899
Liabilities associated with a disposal group classified as discontinued operations	*4*	**896,035**	–
		18,171,951	17,268,899
Unallocated liabilities:			
The Extended Borrowing/The New Borrowing		**768,334**	1,381,873
Other loans and borrowings		**–**	1,226,039
Tax liabilities		**2,080**	28,836
Perpetual notes		**358,492**	360,309
Other unallocated liabilities		**98,729**	230,653
Consolidated total liabilities		**19,399,586**	20,496,609

(d) Seasonality of operations

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

(e) *Geographic information*

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

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

	Specified non-current assets	
	2019	2018
	HK$'000	*HK$'000*
Mainland China	**70,533**	1,283,044
Singapore	**6,011,530**	3,367,340
Hong Kong Special Administrative Region of the PRC	**18,213**	4,463
Korea	**243**	201
Other Asia Pacific jurisdictions	**538,947**	274,822
Europe	**1,285,192**	1,216,513
North America	**20,446**	859,631
Africa continent	**69,219**	65,692
South America	**4,152**	2,638
	8,018,475	7,074,344

8. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interests expense on:		
– Bank borrowings and other facilities	**427,500**	237,111
– Senior secured notes	**–**	240,249
– Convertible bonds	**–**	56,269
– MTN	**36,371**	52,068
– Lease liabilities	**137,229**	720
– Others	**10,070**	5,960
Other finance costs	**90,327**	26,847
	701,497	619,224
Bank charges	**62,425**	67,637
	763,922	686,861

9. INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Current tax		
Provision for the year – Hong Kong Profits Tax	**42**	2,174
Provision for the year – Overseas income tax	**66,167**	138,706
Over-provision in respect of prior years	**(26,876)**	(19,969)
	39,333	120,911
Deferred tax		
Origination and reversal of temporary differences*	**(44,849)**	(469,288)
Withholding tax	**4,943**	3,921
Total income tax credit	**(573)**	(344,456)
Attributable to:		
Loss from continuing operations	**26,332**	(367,725)
Loss from discontinued operations	**(26,905)**	23,269

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

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

The figures disclosed above in this Note 9 account for both the continuing operations and the discontinued operations of the Group. These figures differ from the disclosure in the corresponding Note 9 in the Final Results Announcement which only accounted for the continuing operations of the Group.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2019 and 2018, nor has any dividend been proposed after the end of reporting period.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic losses per share amounts is based on the weighted average number of ordinary shares of 11,399,996,101 (2018: 11,399,996,101) in issue during the year and the loss for the year attributable to owners of the Company as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Loss attributable to owners of the Company		
– from continuing operations	**(287,191)**	(154,348)
– from discontinued operations	**(310,366)**	(402,941)
	(597,557)	(557,289)

(b) Diluted losses per share

No adjustment has been made to the basic losses per share amounts presented for the years ended 31 December 2019 and 2018 as share options subsisting during the years had an anti-dilutive effect on the basic loss per share amounts presented.

12. TRADE RECEIVABLES

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

	2019	2018
	HK$'000	*HK$'000*
0–90 days	**2,795,424**	4,433,626
91–180 days	**391,558**	316,368
181–365 days	**26,578**	127,728
1–2 years	**63,156**	10,351
Over 2 years	**2,797**	22,358
	3,279,513	4,910,431

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

13. TRADE AND OTHER PAYABLES

	NOTES	2019 HK$'000	2018 HK$'000
Trade and bills payables	*(a)*	**1,163,992**	1,708,488
Other payables, deposits received and accruals	*(b)*	**5,840,509**	7,167,864
		7,004,501	8,876,352
Less: non-current portion		**(20,058)**	(6,120)
		6,984,443	8,870,232

(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:

	2019 HK$'000	2018 HK$'000
0–90 days	**826,545**	1,531,369
91–180 days	**229,751**	78,795
181–365 days	**66,381**	42,712
1–2 years	**23,851**	16,778
Over 2 years	**17,464**	38,834
	1,163,992	1,708,488

(b) Other payables, deposits received and accruals

As at 31 December 2019, the balance of HK$4,353,542,000 (2018: HK$4,855,765,000) mainly represented the amounts segregated for customers.

14. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3.

The US Operation, the UK Operation, the PRC Operation and the Energy and Refined Metals Trading Operation have been included as discontinued operations during the year ended 31 December 2019 (see Note 5). Accordingly, certain comparative figures reflected in the Group's consolidated financial statements have been restated.

15. SUBSEQUENT EVENTS

(a) On 15 January 2020, the Group has successfully completed the disposal of the PRC Operation and used the disposal proceeds to further partially repay outstanding principal of the Extended Borrowing.

(b) On 18 March 2020, the Group has fully redeemed the MTN of S$100,000,000 with its internal cash resources.

(c) On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus ("**Covid-19**") outbreak a pandemic. The spread of Covid-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. The Group is taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the authorities in the respective countries the Group operates in.

The Covid-19 outbreak is expected to have a negative impact on the Group's operations and trading results, the extent of which will depend on how long the outbreak lasts. Management is proactively managing the Group's businesses, maintaining vigilance and will take the necessary actions to ensure their long-term sustainability.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Year 2019 was full of challenges as the Group experienced an extraordinarily difficult business and operational environment, where the worldwide economy had been fluctuating and full of uncertainties. Despite the Company having failed to pay accrued interests and certain fees in April 2019 pursuant to the Default, the Company successfully reached the Loan Extension with the Lenders in months following thereafter. Furthermore, with arduous efforts, the Group disposed of the property investment business in the second half of 2019 and the sports and leisure-related facilities business in January 2020.

For the year ended 31 December 2019, the Group's revenue amounted to HK$40,747,512,000 (restated 2018: HK$48,957,562,000); while the loss attributable to owners amounted to HK$597,557,000 (2018: loss attributable to owners of HK$557,289,000). For the year ended 31 December 2019, the Group incurred a loss of HK$308,167,000 from its discontinued operations (restated 2018: HK$463,345,000) and a loss of HK$243,135,000 from the continuing operations (restated 2018: HK$123,444,000). Notwithstanding various challenges faced by the Group for the year ended 31 December 2019, the performance of its continuing operations turned better, primarily as a result of a decrease in staff costs and decrease in legal and professional fees, which were partially offset by the increase in finance cost mainly as a result of the Default and the new accounting standard HKFRS 16 Leases. Although the Group recorded a loss attributable to owners of the Company in 2019, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for the year ended 31 December 2019 was recorded as HK$1,129,513,000 (2018: HK$394,210,000).

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

Logistics Services

For the year under review, the logistics industry in Singapore experienced stiff competition and low demand as manufacturing plants reduced their output significantly, which in turn led to lesser logistics requirements. Additionally, trade flows were not forthcoming, diluting the import and export flows of distribution hubs in Singapore. Amidst the tough environment, we remained focused on optimising our integrated logistics operations whilst maintaining market competitiveness with our class leading solutions. Consequently, Logistics Services business reported a total revenue of HK$4,709,796,000 and a loss before tax of HK$12,234,000. The decrease in loss was attributable to non-recurring items such as expenses in relation to the disposal of property, plant and equipment and impairment losses recognised in 2018.

For Warehouse & Integrated Logistics business, our multi-product warehouses continued to be highly utilised and achieved better yield than the industrial average. Meanwhile, we are on track in getting our mega logistics hub's integrated container depot operationally-ready by the second half of 2019. This added development will result in higher operating efficiency to better serve our customers while improving land productivity for land-scarce Singapore. Furthermore, to supplement our primary Singapore logistics infrastructure, we are also expanding our warehouse footprint in Malaysia from current fully-occupied warehouse space of 340,000 sq. ft. to 560,000 sq. ft. by end of 2020.

Simultaneously, our measured efforts to cushion the impact of the ongoing difficult conditions with respect to the freight forwarding industry have enabled us to maintain our freight market share. In 2020, we anticipate new disruptions such as Low Sulphur Surcharge (LSS) recovery, India's new ruling on local collections, and political tensions unsettling the Middle East region, which give rise to a fairly uncertain market. Given this context, our freight business continues to consolidate its position and exercise prudent cost control to ride out the storm.

With regard to commodity logistics, we delivered operating profit growth alongside further margin progression amidst the macroeconomic headwinds. The business unit's operating earnings largely increased, which was driven by contributions from soft commodities and improved operating efficiency. Moving forward, we will continue to refine our business focus and strengthen our core expertise in the soft commodities warehousing and logistics services business for long-term growth.

Commodity Marketing

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

Year 2019 recorded an improved performance from the CM segment, notably the concentrates market. Global trade tensions remained and Europe showed limited signs of improved activity. Financing costs also remained elevated but with a small decrease towards the end of 2019. However, the supply/demand balance for copper concentrates tightened during 2019 due to the lack of new mines and expansion of smelter production capability in Greater China. The business segment returned to operating profitability whilst taking a more prudent stance than during 2018 by taking advantage of moderate physical positions to benefit from the tighter market. Part of the refined metals business was constrained by the significantly reduced trade lines. In the fourth quarter of 2019, we discontinued our energy and refined metals trading business in Singapore to channel our resources into growing our core base metals concentrates trading business (see Note 5 to the financial information for details).

In 2019, the CM segment reported a total revenue of HK$27,253,573,000 (restated 2018: HK$29,192,288,000). Despite the drop in revenue, the CM segment achieved a profit before tax of HK$91,600,000 in 2019 compared to a profit before tax of HK$16,440,000 in 2018. The significant improvement in profit before tax over 2018 was mainly contributed by substantial finalisation of copper concentrates deals in 2019 in contrast to the market disruption in 2018.

Financial Services

In 2019, our Financial Services segment achieved several milestones against the backdrop of a demanding market. We successfully executed the first trade orders for the Asia Pacific Exchange (APEX) 380cst fuel oil futures, Singapore Exchange (SGX) TSR20 rubber options and Shanghai International Energy Exchange (INE) TSR20 futures; obtained regulatory approval for the expanded scope of our Capital Markets Services (CMS) licence to conduct leveraged foreign-exchange trading; and set up of a new FX desk to provide 24-hour coverage whilst rolling out of a full suite of FX leverage products.

During the year under review, we experienced an exit of fund-type customers but were able to sign up more corporate-type customers to maintain our Assets Under Management (AUM). We also observed a drop in trading volumes from higher yielding products which compromised our commissions collected for the year in general. Our interest income rose as higher general average interest rates in 2019 compared to 2018 (more than the decline in overnight USD LIBOR in second half of 2019). Looking ahead, we will build on our demonstrated capabilities to provide quick marketplace access for newly launched products to our clients while remaining focused on rebuilding brand equity, regaining client confidence and strengthening client relationships.

Financial Services segment reported a total revenue of HK$8,057,175,000 and a profit before tax of HK$76,765,000. The drop in profit before tax as compared to 2018 was due to drop in trading volumes and the disposal of an associate in 2018.

Engineering Services

We operated our Engineering Services ("**ES**") segment primarily under Indeco Engineers with two business focus areas: Engineering Maintenance ("**EM**") and Design & Build ("**DB**").

EM deals in essential facility engineering maintenance and management works and services as well as vehicle and equipment maintenance. The target market is stable, though competitive for facility maintenance. The business performed well in 2019 and is expected to remain steady in 2020 with growth in new areas.

DB offers design-and-build infrastructure solutions to customers in the logistics industry, riding on our specific logistics domain knowledge. Demand for new build of logistics facilities remained weak in 2019 and this trend is likely to continue in 2020. To complement the business, we performed or accepted more building consultancy services contracts and smaller Addition & Alteration (A&A) projects for our regular logistics customers and referral clients.

The ES segment reported a total revenue of HK$776,219,000 mainly contributed by a built-to-suit equipment supply contract and some contribution from A&A projects. Profit before tax decreased to HK$34,800,000, which was mainly due to the disposal of a subsidiary in 2018.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

On 3 April 2019, the Company failed to pay accrued interests and certain fees in the total amount of approximately HK$63,000,000 in relation to a borrowing with a principal amount of approximately HK$1,400,000,000, which was drawn down pursuant to a facility agreement dated 29 September 2018 entered into between the Company and the Lenders. The New Borrowing was with an original maturity date in October 2019 and was secured by the Charged Assets which included the equity interests of the Company's subsidiaries that hold vast majority of the Group's total assets. As a result of the Default, the Lenders demanded immediate payment of the outstanding principal, accrued interest and all other amounts accrued or outstanding under the Facility Agreement and certain security in relation to the New Borrowing was enforced as the Group was unable to meet such demand. Consequently, the Lenders took possession of the Charged Assets and appointed receivers over the Charged Assets.

On 19 July 2019, the Company and the Lenders reached an agreement to enter into a supplemental agreement to amend and supplement the Facility Agreement, pursuant to which, the Lenders agreed to increase the total commitment under the Facility Agreement and to extend the maturity date of the New Borrowing. The Loan Extension became effective on 5 August 2019, pursuant to which the principal amount of the New Borrowing increased to approximately HK$1,630,000,000 and the maturity date was extended to twelve months from 5 August 2019 with interest continuing to be paid quarterly. With the Loan Extension taking effect, the enforcement of the Charged Assets and the appointment of receivers were released and terminated.

During the year ended 31 December 2019, the Group disposed of its property investment businesses in the United States and the United Kingdom and majority of the proceeds therefrom were used to repay the Extended Borrowing. As at 31 December 2019, the Group's total borrowing due for repayment in the next twelve months amounted to approximately HK$5,787,293,000. Except for revolving trading facilities of HK$3,980,553,000 which are fully secured with certain working capital of the Group's commodity marketing business, the remaining portion of the Group's total borrowing due for repayment in the next twelve months primarily comprises of MTN with a principal amount of S$100,000,000 (equivalent to approximately HK$579,040,000) due on 18 March 2020 and the Extended Borrowing with an outstanding principal amount of approximately HK$799,967,000 due on 4 August 2020.

Subsequent to 31 December 2019, the Group has further partially repaid the outstanding principal and interest of the Extended Borrowing with the proceeds from disposal of its sports and leisure-related facilities business and fully redeemed the MTN with its internal cash resources. As at the date of approval of these financial statements, the outstanding principal amount of the Extended Borrowing amounted to approximately HK$655,497,000 which is due on 4 August 2020 with the next interest payment due on 5 May 2020.

The Group will be unable to repay the interest and outstanding principal of the Extended Borrowing in full when they fall due on 4 August 2020 unless it is able to obtain sufficient cash resources through refinancing or other arrangements.

The inability to repay the interest and outstanding principal in full when they fall due may trigger the enforcement of the Charged Assets and the appointment of receivers, which could result in significant impacts to the Group's operations. 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.

In view of the above, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debt as and when they fall due. The Directors are undertaking the Debt Restructure Plan, which includes the following plans and measures, so that the Group will be able to continue as a going concern:

(i) Fund-raising from financing activities

The Directors have been actively negotiating with commercial banks and financial institutions for raising funds to the Group. The Group has been engaging in ongoing discussions with an independent third party on the Refinancing Facility, specifically used for the repayment of the outstanding principal and interest of the Extended Borrowing. As at the date of approval of these financial statements, negotiations relating to initial terms of the Refinancing Facility have commenced with the Potential Lender, which is subject to the internal approval of the Potential Lender. The Directors expected such approval process will take up to several weeks from the date of approval of these financial statements.

(ii) Disposal plans of the Group

As disclosed above, the Group has completed the disposals of the US and UK Operations and the PRC Operation and used the majority of the proceeds to repay the outstanding debt of the Group including the Extended Borrowing.

The Directors are committed to focus on the provision of logistic services to optimise the capital structure of the Group and maintain a stable operation. As a result, the Group also intends to dispose of certain operations other than those related to logistic services. The Group has received letters of intent or expressions of interest from potential buyers with respect to the disposal of these operations and the Directors have been actively negotiating with these potential buyers. The Group intends to use the proceeds from these disposals to repay the outstanding debt of the Group, including the Extended Borrowing or Refinancing Facility (as applicable), and to optimise the Group's capital structure.

If the Refinancing Facility cannot be obtained in time to repay the outstanding principal and interest of the Extended Borrowing, the Group may need to accelerate its disposal plans to repay the Extended Borrowing as and when it falls due.

The Directors have reviewed the Group's cash flow projections prepared by the management which cover a period of not less than twelve months from 31 December 2019. Based on such cash flow projections, the Directors consider that, assuming the success of the Debt Restructure Plan, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least twelve months from 31 December 2019. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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.

Certain non-current assets of the Group are classified as "assets associated with a disposal group and non-current assets classified as held-for-sale" as at 31 December 2019. As at 31 December 2019, the Group had cash and cash equivalents of HK$1,262,861,000 (2018: HK$1,724,847,000). Cash and bank balances are mostly held in Hong Kong dollar, United States dollar, Singapore dollar, Euro and Renminbi and deposited in leading banks with maturity dates falling within one year. Correspondingly, the Group had loans and borrowings of HK$6,922,182,000 (2018: HK$9,668,978,000), of which an aggregated amount of HK$5,787,293,000 (2018: HK$7,947,471,000) was repayable within one year.

MATERIAL DISPOSALS

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

During the second half of 2019, the Group has entered into the sale and purchase agreement with Magic Radiance Limited in relation to the disposal of golf courses in the United States through the disposal of a subsidiary (HNA International Recreational Property (BVI) Company Limited) and the unsecured shareholder's loan granted to such subsidiary at a total consideration of US$86,500,000, and the disposal of the US Operation was completed in November 2019. Please refer to the announcements of the Company dated 1, 15 and 22 November 2019 and the circular of the Company dated 28 November 2019 for details.

During the second half of 2019, the Group also entered into the share purchase agreement with Isabella Properties Limited in relation to the disposal of a property of the Group located in the United Kingdom through the disposal of a subsidiary (HNA International Property Investment Company Three Limited) at an agreed consideration, and the disposal of the UK Operation was completed in December 2019. Please refer to the announcements of the Company dated 11 and 20 December 2019 for details.

BUSINESS PROSPECTS

As we entered into the year of 2020, the global outbreak of Covid-19 has increased the risk of global economic slowdown. We thereby are adopting a conservative approach towards the performance of global logistics, financial and commodity markets. The uncertainty and lethality of the global pandemic virus will jeopardise the confidence in all industries worldwide, and current economic climate remains challenging. With the increased threat of a recession, we will closely monitor the global economic situation and do our best to minimise its impact on the Group and maintain stable operations during this downturn.

The Group is still facing serious challenges in many aspects, such as the potential short-term liquidity issue to repay its outstanding debt and interests due in the coming year. The management of the Group is actively taking other financing measures, including but not limited to maintaining good relationship with the current finance providers, and negotiating with the financial institutions in the markets to obtain adequate funding support. Meanwhile, the Group intends to continue the disposals of certain business operations to optimise the capital structure of the Group and maintain a stable operation.

Despite the aforesaid difficulties which we have overcome, we believe the Group is on its way to a brighter future with our best endeavours, efforts and cautions.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year ended 31 December 2019.

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 2019, except for the following deviation:

1. Pursuant to code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Xu Haohao was the Chief Executive Officer of the Company during the period from 9 November 2018 to 20 February 2019, and he also acted as the Co-Chairman of the Board. The Board believes that vesting the roles of both Co-Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient on overall strategic planning for the Group. In addition, Mr. Guo Ke, as the Co-Chairman of the Board, shared the role and responsibilities as chairman of the Board with Mr. Xu Haohao over the relevant period. The Board considers this structure enables the Company to make and implement decisions more promptly and effectively at the relevant time. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a sufficient number thereof being Independent Non-executive Directors.

   Note: Mr. Xu Haohao ceased to be the Chief Executive Officer of the Company and Mr. Li Tongshuang was appointed as Chief Executive Officer of the Company, with effect from 20 February 2019.

2. Pursuant to code provision E.1.3 of the CG Code, the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting. On 6 June 2019, a notice convening the annual general meeting on 28 June 2019 was announced and despatched to the shareholders of the Company. Given that the 2018 annual report, which should have been released by the end of April 2019, was finally released by the Company on 6 June 2019 in order to provide shareholders with more updated information on the latest developments with respect to the Group's defaulted loan, and the auditors' disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2018, the notice convening the general meeting was released on the same day as the annual report. Although such notice was given less than 20 clear business days before the annual general meeting, it nevertheless fulfilled the requirements for giving at least 21 days' notice in accordance with the Companies Ordinance.

3. Pursuant to code provision of F.1.2 of the CG Code, a board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The Board decided to approve the appointment of the Company Secretary on 8 October 2019 by a written resolution as Mr. Cheung Kwok Kuen, Alan ("**Mr. Cheung**") has been supporting the management team in daily operations since he joined the Company as General Counsel in October 2018. The Board believes that Mr. Cheung's professional qualification as a solicitor admitted in Hong Kong and extensive experience involving corporate governance and compliance issues with the Company enable him to take up the role and responsibilities as the Company Secretary of the Company. In addition, as at the date of the appointment of Mr. Cheung, the Board is familiar with him as he has been supporting the Board by giving advice on corporate governance and compliance issues, amongst other legal matters, for more than one year. The Board believes that he can fulfil his duties as the Company Secretary properly.

4. Same as item 1, Mr. Ding Lei was appointed as the Chief Executive Officer of the Company on 12 December 2019, and he also acts as a Co-Chairman of the Board. The Board believes that vesting the roles of both Co-Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient on overall strategic planning for the Group. In addition, Mr. Zhu Weijun, as the Co-Chairman of the Board, shares the role and responsibilities as chairman of the Board with Mr. Ding Lei. The Board considers this structure enables the Company to make and implement decisions more promptly and effectively. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a sufficient number thereof being Independent Non-executive Directors.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the Independent Auditor's Report from the auditor of the Company, KPMG:

> "**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 2019 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 required to repay a borrowing with outstanding principal amount of HK$799,967,000 as at 31 December 2019 in August 2020 and the Group's ability to meet this liquidity requirement depends on its ability to obtain sufficient cash resources through refinancing or other 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."

APPRECIATION

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

CONTINUED SUSPENSION OF TRADING

References are made to the announcements of the Company dated 10 April 2019, 6 June 2019, 9 July 2019, 19 July 2019, 5 August 2019, 9 October 2019, 8 January 2020 and 9 April 2020. At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 2:32 p.m. on 10 April 2019. The shares of the Company will remain suspended until the materialization of the disposal plans of the Group gearing towards the repayment of the amounts due and payable under the Facility Agreement and the approval of the resumption proposal of the Company by the Stock Exchange.

By order of the Board
CWT INTERNATIONAL LIMITED
Ding Lei
Executive Director

Hong Kong, 29 April 2020

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