CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of CWT International Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018 with comparative figures for the year ended 31 December 2017. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	**2018** *HK$'000*	2017 *HK$'000*
Continuing operations			
Revenue	*6*	**71,383,936**	23,955,863
Cost of sales		**(69,653,306)**	(23,144,701)
Gross profit		**1,730,630**	811,162
Other income		**234,620**	77,513
Other net (loss)/gain	*8*	**(401,391)**	383,827
Selling and distribution costs		**(430,371)**	(177,186)
Administrative expenses		**(1,285,063)**	(548,997)
Finance costs	*9*	**(819,670)**	(383,659)
Share of profits less losses of associates, net of tax		**25,141**	13,006
Share of profits less losses of joint ventures, net of tax		**14,859**	4,020
(Loss)/profit before taxation	*10*	**(931,245)**	179,686
Income tax	*11*	**344,456**	(41,896)
(Loss)/profit for the year from continuing operations		**(586,789)**	137,790
Discontinued operations			
Profit for the year from discontinued operations	*5*	**–**	88,421
(Loss)/profit for the year		**(586,789)**	226,211

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

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 HK$'000	2017 HK$'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		**2,707**	1,063
Tax on other comprehensive income		**(287)**	(144)
		2,420	57,982
Items that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences arising from translation of financial statements of overseas subsidiaries		**(17,519)**	44,173
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**(8,839)**	23
Net change in fair value of available-for-sale financial assets		**–**	(4,242)
Effective portion of changes in fair value of cash flow hedges		**200**	–
Share of other comprehensive income of associates and joint ventures		**(8,879)**	(8,796)
		(35,037)	31,158
Other comprehensive income for the year		**(32,617)**	89,140
Total comprehensive income for the year		**(619,406)**	315,351

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

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	**2018** *HK$'000*	2017 *HK$'000*
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		**(557,289)**	115,621
– from discontinued operations		**–**	88,857
(Loss)/profit for the year attributable to owners of the Company		**(557,289)**	204,478
(Loss)/profit for the year attributable to non-controlling interests			
– from continuing operations		**(29,500)**	22,169
– from discontinued operations		**–**	(436)
(Loss)/profit for the year attributable to non-controlling interests		**(29,500)**	21,733
(Loss)/profit for the year		**(586,789)**	226,211
Total comprehensive income attributable to:			
Owners of the Company		**(567,138)**	263,284
Non-controlling interests		**(52,268)**	52,067
		(619,406)	315,351
(LOSS)/EARNINGS PER SHARE	*13*		
Basic and diluted *(HK cents)*		**(4.89)**	1.79
From continuing operations			
Basic and diluted *(HK cents)*		**(4.89)**	1.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTE	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**4,353,433**	8,589,127
Land use rights		**996,948**	1,095,395
Investment properties		**840,413**	2,486,202
Intangible assets		**335,159**	420,969
Interest in associates		**198,719**	202,135
Interest in joint ventures		**276,444**	311,334
Other financial assets		**153,050**	373,409
Prepayments, deposits and other receivables		**70,815**	77,745
Other non-current assets		**19,579**	23,038
Derivative financial instruments		**53,649**	–
Deferred tax assets		**26,331**	19,614
		7,324,540	13,598,968
Current assets			
Land use rights		**42,423**	44,710
Other financial assets		**1,648,843**	561,168
Inventories		**2,755,562**	4,349,064
Trade receivables	*14*	**4,910,431**	4,604,925
Prepayments, deposits and other receivables		**4,776,127**	5,303,592
Contract assets		**75,758**	–
Warrantable LME commodities		**67,322**	136,387
Derivative financial instruments		**1,255,379**	379,805
Tax recoverable		**10,161**	13,594
Pledged bank deposits		**13,119**	36,015
Cash and cash equivalents		**1,724,847**	2,137,858
		17,279,972	17,567,118
Non-current assets held-for-sale	*4*	**1,207,048**	15,617
		18,487,020	17,582,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 31 DECEMBER 2018

	NOTE	**2018**	2017
		HK$'000	*HK$'000*
Current liabilities			
Contract liabilities		**148,797**	–
Trade and other payables	*15*	**8,870,232**	7,845,311
Loans and borrowings		**7,947,471**	10,268,069
Convertible bonds		**–**	380,656
Employee benefits		**13,253**	–
Derivative financial instruments		**693,003**	1,074,659
Current tax payable		**142,967**	128,906
Deferred gains		**17,707**	59,360
Provisions		**32,235**	19,649
		17,865,665	19,776,610
Net current assets/(liabilities)		**621,355**	(2,193,875)
Total assets less current liabilities		**7,945,895**	11,405,093
Non-current liabilities			
Contract liabilities		**140,650**	–
Other non-current liabilities	*15*	**6,120**	13,670
Loans and borrowings		**1,721,507**	4,079,350
Derivative financial instruments		**86,488**	567
Employee benefits		**43,425**	71,163
Deferred gains		**42,155**	195,386
Deferred tax liabilities		**590,599**	1,073,624
		2,630,944	5,433,760
Net assets		**5,314,951**	5,971,333
Capital and reserves			
Share capital		**4,731,480**	4,731,480
Reserves		**141,262**	712,653
Equity attributable to owners of the Company		**4,872,742**	5,444,133
Non-controlling interests		**442,209**	527,200
Total equity		**5,314,951**	5,971,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 annual results set out in this announcement are extracted from the Group's draft statutory financial statements for the year ended 31 December 2018.

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 ("**HKICPA**") accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance ("**Companies Ordinance**"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

The financial information relating to the years ended 31 December 2018 and 2017 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but 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 2017 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2018 in due course. The Company's auditor has reported on those financial statements. The auditor's reports were unqualified and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance, except our 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.

As at 31 December 2017, the Group was in a net current liability position of HK$2,193,875,000, which was primarily due to certain borrowings totalling US$561,000,000 (carrying amount as at 31 December 2017 of approximately HK$4,325,222,000) ("**the Acquisition Borrowings**") raised in connection with the acquisition of CWT Pte. Limited ("**CWT SG**") that were due for repayment in 2018. During the current year, the Directors have taken various measures in order to improve the liquidity and financial position of the Group and successfully repaid the Acquisition Borrowings in full with the funds raised through various refinancing measures, including proceeds from: (i) disposal of certain of the Group's warehouse properties located in Singapore at a consideration of S$730,000,000 (equivalent to approximately HK$4,240,716,000); and (ii) a new borrowing of HK$1,400,000,000 (the "**New Borrowing**"), which will be due in October 2019.

During the year ended 31 December 2018, the Group incurred a loss of HK$586,789,000. As at 31 December 2018, excluding the non-current assets held-for-sale of HK$1,207,048,000, the Group's current liabilities was in excess of current assets by HK$585,693,000, which was primarily due to the New Borrowing. The Group will be unable to repay the New Borrowing in full when it falls due in October 2019 unless it is able to obtain sufficient cash resources through refinancing arrangements. This condition continues 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 New Borrowing when it falls due.

(i) Disposal of properties and other assets of the Group

As disclosed in Note 4, the Group intends to dispose of one of the investment properties located in the United Kingdom ("**UK Property**") which is classified as non-current assets held-for-sale as at 31 December 2018. In addition to the UK Property, the Group may also dispose of certain other assets, including but not limited to overseas properties and equity investments. Some of these properties and equity investments are located (or are companies located) in the United Kingdom and the United States and, due to the recent geopolitical situations affecting these countries (including BREXIT and trade tensions between China and the United States), it has been a challenge identifying interested buyers for these assets. The Group has been searching for interested buyers for quite some time and, in negotiating the terms for undertaking such disposals, the Group would need to take in account the benefit of undertaking the disposals in the short term in view of the continuing, or even growing, uncertainties affecting these markets.

(ii) Fund-raising from financing activities

The Directors have been actively negotiating with commercial banks and financial institutions for reprofiling of the Group's existing borrowings as well as raising funds from new facilities to the Group. The Group also continues to explore alternative sources of funding and other options open to the Group.

Assuming the success of the above refinancing measures, 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 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:

(i) HKFRS 9, *Financial instruments*

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

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

The Group had 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.

(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. Other than classification of financial assets and liabilities, recognition and measurement of credit losses and hedge accounting as detailed below, adoption of HKFRS 9 has no other material impact to the Group's financial statements.

(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.

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 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;

– investment in debt securities measured at FVOCI (recycling);

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

– lease receivables.

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

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to HK$3,237,000, which increased accumulated losses by HK$3,070,000 and increased gross deferred tax assets by HK$167,000 at 1 January 2018.

(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 opening balances.

Under HKFRS 9, hedge accounting can be applied to components of non-financial items. Since 1 January 2018, the Group applied fair value hedge accounting for separately identifiable risk components (i.e. price risk of different metals) contained in certain commodity inventories at lower of cost and net realisable value, resulting in a fair value adjustment of these inventories in respect of each hedged risk component. The application of the new hedge accounting requirements therefore did not have any transition impact.

(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.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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.

(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 cargoes 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 accumulated losses.

(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.

(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. NON-CURRENT ASSETS HELD-FOR-SALE

	2018	2017
	HK$'000	*HK$'000*
UK Property	**1,198,824**	–
Interest in an associate, Westford Trade Services Ltd.	**8,224**	15,617
	1,207,048	15,617

During the current year, the Group derived rental income of HK$67,028,000 from the UK Property (2017: HK$65,235,000). As at 31 December 2017, the UK Property was classified as investment property with a carrying amount of HK$1,394,290,000. As at 31 December 2018, the UK Property was pledged to secure a borrowing of HK$744,769,000 (2017: HK$787,457,000).

5. DISCONTINUED OPERATIONS

Profit from the discontinued operations for the year ended 31 December 2017 is analysed as follows:

	2017
	HK$'000
Discontinued operations	
Loss of Intelligent Information Business	(23,705)
Gain on sale of Intelligent Information Business	112,126
Profit for the year from discontinued operations	88,421
Profit for the year 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 then 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 is principally engaged in commodity marketing activities, provision of logistics services, financial services, engineering services, hotel and leisure services and operations of golf club.

Disaggregation of revenue

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

	2018	2017
	HK$'000	*HK$'000*
Disaggregated by major products and service lines		
Freight services	**2,842,686**	1,202,067
Logistics services	**1,839,181**	421,277
Commodity trading	**65,128,521**	21,616,269
Equipment and facility maintenance services	**445,676**	145,764
Design-and-build	**179,748**	28,727
Broking services	**404,826**	123,330
Operations of golf club	**125,029**	174,350
Hotel and leisure services	**36,470**	36,209
Rental income	**122,675**	120,590
Others	**259,124**	87,280
	71,383,936	23,955,863
Disaggregated by geographical location of customers		
Mainland China	**36,667,712**	15,685,634
Singapore	**6,885,581**	2,995,585
Malaysia	**1,420,861**	700,837
Taiwan	**151,103**	505,385
Other Asia Pacific jurisdictions	**19,975,045**	2,057,058
Europe	**3,805,225**	1,193,735
North America	**1,211,236**	614,624
Africa continent	**1,167,208**	183,570
South America	**99,965**	19,435
	71,383,936	23,955,863

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 equipments, 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 operations of golf club and the provision of sports and leisure facilities.

Property investment business

The leasing of office properties and golf courses.

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

Segment profit before taxation represents operating revenue less expenses. Segment assets represent 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.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's joint venture. Items not managed by or derived from the operations of reportable segments are classified as "unallocated" in the segment reconciliations. The segment information reported below does not include any amounts for those discontinued operations, which is described in more detail in Note 5.

The measure used for reporting segment profit is profit before taxation.

(a) Segment revenue and results

Disaggregation of revenue from contracts with customers by timing of revenue recognition as well as information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for years ended 31 December 2018 and 2017 is set out below:

	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	**2,307,048**	589,352	**51,334,378**	19,819,347	**120,599**	49,765	**14,198,858**	1,920,310	**–**	–	**–**	–	**–**	–	**67,960,883**	22,378,774
Over time	**2,588,039**	1,096,076	**111**	92	**550,730**	149,772	**–**	–	**161,498**	210,559	**122,675**	120,590	**–**	–	**3,423,053**	1,577,089
Revenue from external customers	**4,895,087**	1,685,428	**51,334,489**	19,819,439	**671,329**	199,537	**14,198,858**	1,920,310	**161,498**	210,559	**122,675**	120,590	**–**	–	**71,383,936**	23,955,863
Inter-segment revenue	**34,710**	8,518	**78,738**	–	**17,712**	942	**–**	–	**–**	–	**–**	–	**(131,160)**	(9,460)	**–**	–
Reportable segment revenue	**4,929,797**	1,693,946	**51,413,227**	19,819,439	**689,041**	200,479	**14,198,858**	1,920,310	**161,498**	210,559	**122,675**	120,590	**(131,160)**	(9,460)	**71,383,936**	23,955,863
Results:																
Interest income	**15,988**	5,871	**86,958**	23,503	**1,133**	763	**72,969**	12,142	**981**	6,151	**–**	–	**(9,556)**	(5,594)	**168,473**	42,836
Interest expense	**(95,800)**	(29,352)	**(157,609)**	(43,874)	**–**	–	**(16,911)**	(6,334)	**(60,281)**	(40,215)	**(17,920)**	(14,689)	**9,556**	5,270	**(338,965)**	(129,194)
Depreciation and amortisation	**(416,270)**	(165,839)	**(23,190)**	(11,301)	**(7,791)**	(3,102)	**(2,039)**	(618)	**(54,830)**	(54,830)	**–**	–	**–**	–	**(504,120)**	(235,690)
Share of profits of associates and joint ventures, net of taxation	**29,921**	13,334	**–**	–	**2,666**	855	**7,413**	2,837	**–**	–	**–**	–	**–**	–	**40,000**	17,026
(Loss)/gain on disposal of property, plant and equipment	**(34,077)**	102,375	**–**	–	**29**	–	**(203)**	–	**–**	(398)	**–**	–	**–**	–	**(34,251)**	101,977
Gain on disposal of subsidiaries, associates and joint ventures	**12,787**	–	**1,005**	–	**126,298**	–	**160,305**	–	**–**	–	**–**	–	**–**	–	**300,395**	–
Loss on disposal of financial assets through profit or loss	**(8,876)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(8,876)**	–
Impairment loss on property, plant and equipment	**(16,742)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(16,742)**	–
Impairment loss on intangible assets	**(35,053)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(35,053)**	–
Reportable segment (Loss)/profit before taxation	**(169,263)**	86,022	**(24,945)**	30,805	**172,259**	28,908	**215,132**	26,803	**(63,512)**	24,245	**(309,617)**	(22,485)	**–**	–	**(179,946)**	174,298

(b) Reconciliation of reportable segment profit or loss

	2018	2017
	HK$'000	*HK$'000*
Total (loss)/profit for reportable segments	**(179,946)**	174,298
Unallocated amounts:		
Gain on bargain purchase	**–**	327,172
Gain on fair value change of the derivative components of convertible bonds	**41,988**	14,179
Net foreign exchange (loss)/gain	**(174,242)**	68,440
Gain on disposal of property, plant and equipment	**36,424**	–
Unallocated income and gains	**3,101**	18,367
Unallocated expenses	**(364,934)**	(237,868)
Share of profits of associates and joint ventures	**40,000**	17,026
Interest expenses	**(333,636)**	(201,928)
(Loss)/profit before tax (continuing operations)	**(931,245)**	179,686

(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:

	NOTE	**2018** *HK$'000*	2017 *HK$'000*
Reportable segment assets			
Continuing operations			
Logistics services		**5,965,210**	10,704,372
Commodity marketing		**8,324,229**	10,011,919
Engineering services		**447,578**	408,925
Financial services		**7,166,157**	5,507,193
Sports and leisure related facilities business		**1,378,695**	1,490,009
Property investment business		**880,702**	2,497,468
Elimination of inter-segment assets		**(363,417)**	(477,320)
		23,799,154	30,142,566
Non-current assets held-for-sale			
– UK Property	*4*	**1,198,824**	–
– Interest in an associate, Westford Trade Services Ltd.	*4*	**8,224**	15,617
		25,006,202	30,158,183
Unallocated assets:			
Investments in associates and joint ventures		**475,163**	513,469
Cash and cash equivalents		**123,196**	256,525
Pledged bank deposits		**–**	36,015
Other financial assets		**152,797**	155,000
Other unallocated assets		**54,202**	62,511
Consolidated total assets		**25,811,560**	31,181,703
Reportable segment liabilities			
Continuing operations			
Logistics services		**3,903,870**	4,848,270
Commodity marketing		**6,790,397**	8,737,364
Engineering services		**277,105**	191,232
Financial services		**6,177,144**	4,564,496
Sports and leisure related facilities business		**461,888**	527,886
Property investment business		**24,597**	46,616
Elimination of inter-segment liabilities		**(366,102)**	(477,320)
		17,268,899	18,438,544
Unallocated liabilities:			
Loans and borrowings		**2,607,912**	1,371,487
Convertible bonds and related payables (including embedded derivative components)		**–**	422,644
Tax liabilities		**28,836**	–
Senior secured notes		**–**	4,325,222
Perpetual notes		**360,309**	359,182
Other unallocated liabilities		**230,653**	293,291
Consolidated total liabilities		**20,496,609**	25,210,370

(d) Seasonality of operations

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

(e) Geographic information

The logistics services and commodity marketing segments are managed on a worldwide basis and the Group operates principally in Mainland China, Singapore, Malaysia, other Asia Pacific jurisdictions, Europe, North America, Africa continent and South America. Engineering services are primarily in Singapore, Financial services operates mainly in Mainland China, Singapore and North America. Golf club and hotel business operates in Mainland China. Property investment business operates in Europe and North America.

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

	Specified non-current assets	
	2018	2017
	HK$'000	*HK$'000*
Mainland China	**1,283,044**	1,402,793
Singapore	**3,367,340**	7,842,351
Malaysia	**78,172**	79,912
Other Asia Pacific jurisdictions	**201,314**	249,527
Europe	**1,216,513**	2,360,038
North America	**859,631**	1,111,742
Africa continent	**65,692**	78,383
South America	**2,638**	3,454
	7,074,344	13,128,200

8. OTHER NET (LOSS)/GAIN

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Gain on bargain purchase	**–**	327,172
Net gain on disposal of property, plant and equipment	**2,173**	101,977
Net foreign exchange (loss)/gain	**(182,560)**	48,718
Impairment loss on trade receivables	**(81,612)**	–
Impairment loss on property, plant and equipment	**(16,742)**	–
Impairment loss on intangible assets	**(35,053)**	–
Net gain on financial instruments carried at FVPL	**18,281**	14,179
Fair value loss on investment properties	**(382,429)**	(107,558)
Gain on disposal of subsidiaries	**140,084**	–
Gain on disposal of associates and joint ventures	**160,311**	–
Loss on disposal of financial assets	**(8,876)**	–
Others	**(14,968)**	(661)
	(401,391)	383,827

9. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Bank charges	**94,754**	29,461
Interests expense on:		
– Bank borrowings and other facilities	**315,517**	105,815
– Senior secured notes	**240,249**	110,198
– Convertible bonds	**56,269**	89,666
– Medium term notes	**52,068**	24,249
– Hire purchase and finance lease liabilities	**726**	501
– Others	**7,772**	693
Other finance costs	**52,315**	23,076
	819,670	383,659

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before taxation from continuing operations has been arrived after charging/(crediting):		
Continuing operations		
Staff costs, including Directors' emoluments		
– Salaries, wages and other benefits	**1,469,332**	577,052
– Retirement benefit scheme contributions	**96,609**	29,710
	1,565,941	606,762
Depreciation of property, plant and equipment	**400,504**	172,824
Amortisation of land use rights	**44,062**	43,101
Amortisation of intangible assets	**61,225**	16,398
Auditor's remuneration	**21,958**	8,356
Dividend income	**(12,223)**	–
Impairment loss on:		
– property, plant and equipment	**16,742**	–
– intangible assets	**35,053**	–
– trade receivables	**81,612**	1,294
Cost of inventories sold	**65,729,384**	20,800,430
Gross rental income from investment properties	**(122,675)**	(120,590)
Direct operating expenses arising from investment properties that generated rental income	**14,123**	12,575

11. INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Current tax – Hong Kong Profits Tax		
Provision for the year	**2,174**	–
	2,174	–
Current tax – outside Hong Kong		
Provision for the year	**138,706**	42,118
Over-provision in respect of prior years	**(19,969)**	(5,333)
	118,737	36,785
Deferred tax – outside Hong Kong		
Origination and reversal of temporary differences	**(469,073)**	2,811
Over-provision in respect of prior years	**(145)**	–
Change in tax rates	**(70)**	–
Withholding tax	**3,921**	2,300
Total income tax (credit)/expense	**(344,456)**	41,896

The provision for Hong Kong Profits Tax for 2018 is calculated at 8.25% of the first HK$2,000,000 and 16.5% of the remaining estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong Government of 75% of the tax payable for the assessment subject to a maximum reduction of HK$30,000. No provision for Hong Kong Profits Tax has been made for 2017 as the Group had no assessable profits arising in Hong Kong.

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

12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 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 the weighted average number of ordinary shares of 11,399,996,101 (2017: 11,399,996,101) in issue during the year and the loss for the period attributable to owners of the Company as follows:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company		
– from continuing operations	**(557,289)**	115,621
– from discontinued operations	**–**	88,857
	(557,289)	204,478

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the impact of the convertible bonds issued in 2016 and share options subsisting during the years had an anti-dilutive effect on the basic (loss)/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:

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**4,433,626**	4,279,536
91–180 days	**316,368**	242,857
181–365 days	**127,728**	36,587
1–2 years	**10,351**	45,572
Over 2 years	**22,358**	373
	4,910,431	4,604,925

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

15. TRADE AND OTHER PAYABLES

	NOTE	**2018**	2017
		HK$'000	*HK$'000*
Trade and bills payables	*(a)*	**1,708,488**	1,124,623
Other payables, deposits received and accruals	*(b)*	**7,167,864**	6,734,358
		8,876,352	7,858,981
Less: non-current portion		**(6,120)**	(13,670)
		8,870,232	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:

	2018	2017
	HK$'000	HK$'000
0–90 days	**1,531,369**	924,828
91–180 days	**78,795**	93,467
181–365 days	**42,712**	30,100
1–2 years	**16,778**	64,916
Over 2 years	**38,834**	11,312
	1,708,488	1,124,623

(b) Other payables, deposits received and accruals

As at 31 December 2018, included in the balance is an amount segregated for customers of HK$4,855,765,000 (2017: HK$4,014,955,000).

16. COMPARATIVE FIGURES

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.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

International trade and manufacturing activity have softened during the period under review. Trade tensions remain elevated. Some large emerging markets, including China, one of our key markets, have experienced substantial financial pressures. Our business performance in 2018 was generally compromised by slowing industrial demand, rising borrowing costs and geopolitical uncertainties. Considering the challenging market conditions and to unlock the value of our investments, the Group had completed several material assets disposals to provide additional flexibility to its operation and enhance its cash flow.

Following the completion of the acquisition of CWT Pte. Limited ("**CWT SG**") in September 2017, the Group's revenue for the year ended 31 December 2018 significantly increased to HK$71,383,936,000 (2017: HK$23,955,863,000); while loss attributable to owners amounted to HK$557,289,000 (2017: profit attributable to owners of HK$204,478,000) was recorded. The aforesaid turnaround from profit to loss was mainly attributable to revaluation losses on investment properties of the Group resulting from continuing unfavourable market conditions in the countries where the investment properties are located; additional rental expenses resulted from sales and leaseback of certain warehouse properties; the Group continues to incur financing expenses and depreciation and amortisation charges in relation to the Group's acquisition of CWT SG and its subsidiaries in 2017, which offset the profits contribution to owners of the Company from CWT SG, the deferred tax credit arisen from the reversal of temporary differences in relation to certain assets that were sold during the year and savings on depreciation expenses after the sales and leaseback of warehouse properties. Despite the Group recorded a loss attributable to owners of the Company in the current year, EBITDA of the Group for the year ended 31 December 2018 recorded as HK$394,210,000 (2017: HK$883,109,000).

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

LOGISTICS SERVICES

Warehousing & Integrated Logistics ("**WIL**"), Freight Logistics and Commodity Logistics make up our Logistics Services business which generated a total revenue of HK$4,929,797,000 and a loss before tax of HK$169,263,000 (including the non-recurring items, such as impairment loss on property, plant and equipment of HK$16,742,000 impairment loss on intangible assets of HK$35,053,000 and net loss of disposal of property, plant and equipment of HK$34,077,000). Our performance was compromised by general trends in softer warehousing rates amidst new supply entering the market, the slowing of general trade flow and uncertainties created by the ongoing trade tension, which are likely to continue into 2019. Despite the above headwinds, we continue to deliver effective business solutions, reliability and productivity to customers in key market verticals where we have a solid proven track record backed by our logistics capabilities, global freight network and warehouse infrastructure.

For WIL, our regional distribution model has served us well. Amongst the massive warehouse space that we manage worldwide, our latest 2.4 million-square foot Mega Integrated Logistics Hub is the largest in Singapore and Southeast Asia, offering largest floor plates that enable optimal operational efficiency. In the pipeline is a productive container storage retrieval system attached to this warehouse.

Freight Logistics performed well in 2018 despite slower trade flow and much uncertainty in the market resulting from the China/USA trade tensions and slowing Euro Zone. We also felt the strong impact of the currency volatility in 2018 which disrupted our cost and revenue structure. However, we were able to make timely changes and capitalise on the right window of change to our benefits. Our wide network of global footprint helps us mitigate the shifting trade patterns and changing cargo base. Strategic and timely changes made in our network propel us to advance and fortify our market leadership, particularly in the emerging markets. Due to strong network presence coupled with dynamic pricing strategies, we were able to perform well during the year under review. We will continue to stay agile and watchful over the changing climate and remain cautiously optimistic going into 2019.

Commodity Logistics faced very unfavourable market conditions and business inefficiencies in 2018, but has since undergone purposeful rationalisation in the second half of the year to regain strength and bolster up. With a leaner and more cohesive team, the business unit is now better positioned to capitalise on growth opportunities riding into 2019.

COMMODITY MARKETING

MRI Group is our commodity marketing business arm focused on the trading of base metals concentrates (Concentrates), energy products and refined metals.

2018 was a very challenging year for Commodity Marketing ("**CM**"), notably the Concentrates market. Our Concentrates trading business was hit by various unforeseen events including smelter closures, slowdown in China, trade tensions and unusual lack of mine supply disruption which resulted in the market softening from second half 2018 onwards. Additionally, the effect of increased LIBOR rates had a negative impact on inventory financing costs that were further aggravated by the slowdown in China, our principal consuming market.

Our Energy trade business did fairly well in a generally difficult year for trading in this sector. Our Refined Metals business unit was rationalised amidst the reduction in available trade finance banking facilities. Performance was also weighed down by non performing receivables.

Overall, the CM Segment reported a loss before tax of HK$24,945,000 and revenue of HK$51,413,227,000 for 2018.

Looking forward to 2019, and specific to Concentrates trading, we will maintain physical concentrates business with our best endeavor. Amidst ongoing market uncertainties, our present strategy is to trade prudently. Our Refined Metals business unit will continue to operate at moderate levels commensurate with availability of finance lines. Our Energy business unit is well placed to continue to contribute to the group's performance.

FINANCIAL SERVICES

Although global growth momentum was sustained in 2018, growth sentiments and future expectations in the market remained gloomy due to concerns over changing trade policies and rising interest rates. The oil prices marked a stunning fall in the last quarter of 2018 after an upward trend till October and commodity prices remained uncertain due to risks in policy changes. However, our financial services business operated under Straits Financial Group thrives on such market volatility, where market users of derivatives tend to have a greater need for hedging to lock in certainty.

We closed 2018 with total revenue of HK$14,198,858,000 and a profit before tax of HK$215,132,000 (including the non-recurring item of gain on disposal of associate of HK$160,305,000). The result was due to a marked increase in our Futures & Options clearing business, offset by compressed commission rates for brokerage of over-the-counter ("**OTC**") products and lower OTC clearing volumes across exchanges. Many China-based brokerage houses have expanded their presence into the international markets to compete, putting further downward pressures on commission rates.

The Chinese futures market has been opening up for foreign participation during the year under review, with Shanghai International Energy Exchange's (INE's) crude oil futures in March, Dalian Commodity Exchange's (DCE's) iron ore futures in May and Zhengzhou Commodity Exchange's (ZCE's) Purified Terephthalic Acid (PTA) futures in November. We took advantage of these growth opportunities by consistently brokering or clearing the first trades for all these three contracts. We also added Asia Pacific Exchange to our list of global clearing memberships and played a significant role in its successful launch of the Palm Olein futures contracts in Singapore.

In 2018 and for the second consecutive year, we received the Futures & Options World ("**FOW**") and Global Investor Asia Capital Markets Awards for Non-Bank Future Commission Merchant ("**FCM**") of the Year in recognition of our readiness and ambition to explore new frontiers in developing markets and broadening our suite of products and services.

Looking ahead, we will be rolling out a full suite of Forex product offering from spot, forwards, Non-deliverable Forwards (NDFs), swaps, options, and deliverable forex. We plan to add sales resources to deepen market penetration into financial derivatives and expand our customer base to include more financial institutions and funds. Finally, we are exploring possibilities and opportunities in the crypto-space in anticipation of wide acceptance of cryptocurrencies as a new asset class in near future.

ENGINEERING SERVICES

We operated our Engineering Services ("**ES**") business primarily under Indeco Engineers with two business focus areas: Engineering Maintenance ("**EM**") and Design & Build ("**DB**"). The ES segment returned a revenue of HK$689,041,000 and profit before tax of HK$172,259,000 (including the non-recurring item of gain on disposal of subsidiary of HK$126,298,000) for 2018.

EM deals in essential engineering maintenance works and the target market is stable to growing, though competitive. The business performed well in 2018 and is expected to remain steady in 2019.

DB offers design & build solutions to customers in the industrial and logistics industry, riding on our industry domain knowledge. Demand for new build of industrial and logistics facilities remained weak in 2018 and this trend is likely to continue into 2019. To sustain the business, we performed building consultancy services and smaller Addition & Alteration (A&A) projects for our logistics customers.

SPORTS AND LEISURE RELATED FACILITIES BUSINESS

The Group operates a segment of sports and leisure related facilities business in Dongguan. The segment revenue is mainly contributed by green fees and relating accommodation income, followed by club membership income. During the year, revenue recorded as HK$161,498,000 (2017: HK$210,559,000) and loss before tax of HK$63,512,000 (2017: profit before tax of HK$24,245,000), which was mainly resulting from reduce in promotions of short term membership cards, and the total consumption per consumer was RMB408, as compared to RMB450 in the prior year which directly decrease the revenue by 23%.

PROPERTY INVESTMENT

During the year under review, the Property Investment segment primarily comprised of the properties rental businesses in a Grade-A office building in London, the United Kingdom (the "**UK**") and a portfolio of golf courses in Seattle. This segment generated stable lease income amounted to HK$122,675,000 (2017: HK$120,590,000) during the year ended 31 December 2018. In compliance with accounting policies, the Group engaged independent third parties to revalue its investment properties, a revaluation loss of HK$382,429,000 (2017: HK$107,558,000) was booked in the year based on the latest valuation. The property investment segment reported a loss before tax of HK$309,617,000 for the current year (2017: loss before tax of HK$22,485,000) due to unclear global trade prospects, uncertain Brexit negotiation results, increased in market capitalisation rate and interest rate.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

As at 31 December 2017, the Group was in a net current liability position of HK$2,193,875,000, which was primarily due to certain borrowings totalling US$561,000,000 (carrying amount as at 31 December 2017 of approximately HK$4,325,222,000) ("**the Acquisition Borrowings**") raised in connection with the acquisition of CWT Pte. Limited ("**CWT SG**") that were due for repayment in 2018. During the current year, the Directors have taken various measures in order to improve the liquidity and financial position of the Group and successfully repaid the Acquisition Borrowings in full with the funds raised through various refinancing measures, including proceeds from: (i) disposal of certain of the Group's warehouse properties located in Singapore at a consideration of S$730,000,000 (equivalent to approximately HK$4,240,716,000); and (ii) a new borrowing of HK$1,400,000,000 (the "**New Borrowing**"), which will be due in October 2019.

During the year ended 31 December 2018, the Group incurred a loss of HK$586,789,000. As at 31 December 2018, excluding the non-current assets held-for-sale of HK$1,207,048,000, the Group's current liabilities was in excess of current assets by HK$585,693,000, which was primarily due to the New Borrowing. The Group will be unable to repay the New Borrowing in full when it falls due in October 2019 unless it is able to obtain sufficient cash resources through refinancing arrangements. This condition continues 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 New Borrowing when it falls due.

(i) Disposal of properties and other assets of the Group

As disclosed in Note 4, the Group intends to dispose of one of the investment properties located in the United Kingdom ("**UK Property**") which is classified as non-current assets held-for-sale as at 31 December 2018. In addition to the UK Property, the Group may also dispose of certain other assets, including but not limited to overseas properties (such as golf courses) and equity instruments. Some of these properties and equity investments are located (or are companies located) in the United Kingdom and the United States and, due to the recent geopolitical situations affecting these countries (including BREXIT and trade tensions between China and the United States), it has been a challenge identifying interested buyers for these assets. In addition, as the operations of golf courses in China have in general been suffering from unfavourable market conditions due to the negative impact of the national government policy in 2017 to reshape this industry, the Group has also been actively searching for opportunities and options (including potential divestments) to reduce its exposure and risk in this regard. The Group has been searching for interested buyers for quite some time and, in negotiating the terms for undertaking such disposals, the Group would need to take in account the benefit of undertaking the disposals in the short term in view of the continuing, or even growing, uncertainties affecting these markets.

(ii) Fund-raising from financing activities

The Directors have been actively negotiating with commercial banks and financial institutions for reprofiling of the Group's existing borrowings as well as raising funds from new facilities to the Group. The Group also continues to explore alternative sources of funding and other options open to the Group.

BUSINESS PROSPECTS

The pace of economic expansion across the world is expected to ease from 2018. International trade and investment have softened, trade tensions remain elevated, and some large emerging market and developing economies have experienced substantial financial market pressures. Softening global trade and tighter financing conditions will result in a more challenging external environment for our business activities in the recent years.

While the downside risks have become more acute, the Singapore economy is expected to grow relatively steadily. Being a leading logistical player in the Asia Pacific region, Singapore is pursuing for a further development in logistics sectors by more effective resource allocation and leveraging of technology. Despite of the challenging economic environment, we will keep on exploiting opportunities and be brave to bring forth new ideas.

Commodity prices have been driven by a number of factors this year, including commodity-specific supply disruptions, rising U.S. interest rates, an appreciation of the U.S. dollar, growing trade tensions between major economies, and financial market pressures in some emerging market and developing economies. We are in view of that a more stable general trend of price will assist the overall steady of the business in the coming year. In the meanwhile, we will keep a close monitor on the situation of the metal markets as of uncertainty and intense competition.

We are aware of the difficulties in the general environment, however, we remain positive and confident in both China and Singapore markets and will keep exploiting opportunities to maximise our shareholders' interests.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the external auditors 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 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2(b) to the consolidated financial statements which describes that the Group is committed to repay a borrowing of HK$1,400,000,000 in October 2019 and the Group's ability to meet this liquidity requirement depends on its ability to obtain sufficient cash resources through refinancing arrangements. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the financial year ended 31 December 2018, except for the following deviation:

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 acts 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 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.

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.

APPRECIATION

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

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

Hong Kong, 27 March 2019

As at the date of this announcement, the Board comprises Mr. Xu Haohao (Executive Director and Co-Chairman), Mr. Mung Kin Keung (Executive Director and Co-Chairman), Mr. Li Tongshuang (Executive Director and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Ding Lei (Executive Director), Mr. Mung Bun Man, Alan (Non-executive Director), Mr. Leung Shun Sang, Tony (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).