CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of CWT International Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2020 with comparative figures for the six months ended 30 June 2019. These interim results have been reviewed by the Audit Committee of the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 – unaudited

		Six months ended 30 June	
		2020	2019
	NOTES	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*5*	**17,711,476**	22,158,540
Cost of sales		**(16,999,705)**	(21,382,305)
Gross profit		**711,771**	776,235
Other income		**103,812**	105,635
Other net (loss)/gain	*7*	**(31,229)**	6,269
Selling and distribution costs		**(191,168)**	(211,402)
Administrative expenses		**(381,660)**	(400,229)
Finance costs	*8*	**(242,760)**	(379,837)
Share of profits less losses of associates, net of tax		**8,194**	11,215
Share of profits less losses of joint ventures, net of tax		**606**	2,249
Loss before taxation	*9*	**(22,434)**	(89,865)
Income tax	*10*	**(48,063)**	(29,578)
Loss for the period from continuing operations		**(70,497)**	(119,443)
Discontinued operations			
Loss for the period from discontinued operations	*4*	**(16,005)**	(129,277)
Loss for the period		**(86,502)**	(248,720)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME − CONTINUED
For the six months ended 30 June 2020 − unaudited

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	**1,496**	(13,067)
Tax on other comprehensive income	**−**	1,254
	1,496	(11,813)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**77,149**	−
Exchange differences arising from translation of financial statements of overseas subsidiaries	**(63,287)**	(20,228)
Effective portion of changes in fair value of cash flow hedges	**(1,335)**	48
Share of other comprehensive income of associates and joint ventures	**5,128**	(7,863)
	17,655	(28,043)
Other comprehensive income for the period, net of tax	**19,151**	(39,856)
Total comprehensive income for the period	**(67,351)**	(288,576)

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

For the six months ended 30 June 2020 – unaudited

		Six months ended 30 June	
		2020	2019
	NOTE	***HK$'000***	*HK$'000*
			(Restated)
Loss for the period attributable to owners of the Company			
– from continuing operations		**(79,287)**	(133,267)
– from discontinued operations		**(15,837)**	(127,444)
Loss for the period attributable to owners of the Company		**(95,124)**	(260,711)
Profit/(loss) for the period attributable to non-controlling interests			
– from continuing operations		**8,790**	13,824
– from discontinued operations		**(168)**	(1,833)
Profit/(loss) for the period attributable to non-controlling interests		**8,622**	11,991
Loss for the period		**(86,502)**	(248,720)
Total comprehensive income attributable to:			
Owners of the Company		**(76,255)**	(301,084)
Non-controlling interests		**8,904**	12,508
		(67,351)	(288,576)
LOSS PER SHARE	*12*		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(0.83)**	(2.29)
From continuing operations			
Basic and diluted *(HK cents)*		**(0.70)**	(1.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020 – unaudited

	NOTE	**30 June 2020 HK$'000**	31 December 2019 HK$'000
Non-current assets			
Property, plant and equipment		**3,700,896**	3,931,375
Right-of-use assets		**3,065,218**	3,310,925
Intangible assets		**216,172**	292,652
Interest in associates		**186,742**	193,006
Interest in joint ventures		**259,346**	270,558
Other financial assets		**189,350**	170,723
Prepayments, deposits and other receivables		**26,472**	33,494
Other non-current assets		**19,182**	19,270
Derivative financial instruments		**–**	689
Deferred tax assets		**21,596**	25,084
		7,684,974	8,247,776
Current assets			
Other financial assets		**1,570,758**	991,618
Inventories		**2,328,550**	2,912,560
Trade receivables	*13*	**2,676,240**	3,279,513
Prepayments, deposits and other receivables		**5,943,340**	5,500,934
Contract assets		**83,025**	75,310
Warrantable LME commodities		**40,361**	21,303
Derivative financial instruments		**429,769**	270,782
Tax recoverable		**15,256**	13,746
Pledged bank deposits		**14,132**	145,999
Cash and cash equivalents		**1,086,315**	1,262,861
		14,187,746	14,474,626
Assets associated with a disposal group classified as held-for-sale		**–**	1,298,175
		14,187,746	15,772,801

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

At 30 June 2020 – unaudited

	NOTE	**30 June 2020** **HK$'000**	31 December 2019 *HK$'000*
Current liabilities			
Contract liabilities		**98,843**	120,133
Trade and other payables	*14*	**8,322,285**	6,984,443
Loans and borrowings		**3,938,114**	5,787,293
Lease liabilities		**334,496**	373,173
Derivative financial instruments		**587,171**	540,667
Current tax payable		**56,629**	68,803
Provisions		**27,163**	27,510
		13,364,701	13,902,022
Liabilities associated with a disposal group classified as held-for-sale		**–**	896,035
		13,364,701	14,798,057
Net current assets		**823,045**	974,744
Total assets less current liabilities		**8,508,019**	9,222,520
Non-current liabilities			
Other non-current liabilities		**19,483**	20,058
Loans and borrowings		**1,087,741**	1,134,889
Lease liabilities		**2,844,487**	3,056,826
Derivative financial instruments		**20,662**	46,167
Employee benefits		**53,670**	54,094
Deferred tax liabilities		**276,517**	289,495
		4,302,560	4,601,529
Net assets		**4,205,459**	4,620,991

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

At 30 June 2020 – unaudited

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
Capital and reserves		
Share capital	**4,731,480**	4,731,480
Reserves	**(640,827)**	(564,598)
Equity attributable to owners of the Company	**4,090,653**	4,166,882
Non-controlling interests	**114,806**	454,109
Total equity	**4,205,459**	4,620,991

NOTES:

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 unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2020 but is extracted from the draft unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The draft interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The financial information relating to the financial year ended 31 December 2019 that is included in this preliminary announcement or the draft interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information related to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

On 3 April 2019, the Company failed to pay accrued interests and certain fees in a 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 the 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. During the six months ended 30 June 2020, the Group (i) disposed of its sports and leisure-related facilities business in the PRC (the "**PRC Operation**") and majority of the proceeds therefrom were used to repay the Extended Borrowing, and (ii) fully redeemed the medium term notes ("**MTN**") with its internal cash resources. As at 30 June 2020, the Group's total borrowing due for repayment in the next twelve months amounted to approximately HK$3,938,114,000. Except for revolving trading facilities of HK$2,816,968,000 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 the Extended Borrowing with an outstanding principal amount of approximately HK$655,497,000.

On 3 August 2020, the Company agreed in writing with the Lenders where the Lenders provided a further period of thirty days from the preceding maturity date under the Facility Agreement (as amended and supplemented) to 4 September 2020 (the "**Repayment Date**") for the repayment of the outstanding principal and interest accrued thereon up to the preceding maturity date under the Facility Agreement (as amended and supplemented) (the "**Loan Repayment Sum**"), on the basis that interest will continue to accrue on the Loan Repayment Sum at the rates of interest stipulated in the Facility Agreement (as amended and supplemented) and be payable on the date of actual payment of the Loan Repayment Sum, and that the Company may pay the whole or any part of the Loan Repayment Sum at any time prior to the Repayment Date without premium or penalty. The Lenders have agreed that the above arrangements will not constitute or result in any default under the Facility Agreement (as amended and supplemented).

The Group will be unable to repay the interest and outstanding principal of the Extended Borrowing in full when they fall due on the Repayment Date 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 on 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 different potential lenders for raising funds to the Group. The Group has been engaging in ongoing discussions with potential lenders on refinancing facility (the "**Refinancing Facility**") to be specifically used for the repayment of the outstanding principal and interest of the Extended Borrowing. As at the date of this announcement, negotiation with one of the lenders relating to the Refinancing Facility is in advanced stage. The Company will issue further announcement to provide updates as and when appropriate.

(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, if required, repay the outstanding debt of the Group, including the Extended Borrowing or Refinancing Facility (as applicable), and to optimise the Group's capital structure.

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 30 June 2020. 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 30 June 2020. Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis.

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

The Directors intend to authorise the 2020 interim financial report for issue after the Repayment Date and will reassess the appropriateness of preparing the 2020 interim financial information using the going concern basis when it is authorised for issue.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. DISCONTINUED OPERATIONS

The Group completed the disposals 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**") during the year ended 31 December 2019 and its sports and leisure-related facilities business (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", prior to the disposals.

In addition, the Group 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. Except for executing and completing the contracts entered prior to the cessation, no substantive economic activities were undertaken under the Energy and Refined Metals Trading Operation during the six months ended 30 June 2020.

All the operations disclosed above are classified as discontinued operations and their results for the six months ended 30 June 2020 and 2019 are as follows:

		30 June 2020	30 June 2019
		HK$'000	*HK$'000*
			(Restated)
Profit of US Operation		**–**	38,329
Loss of UK Operation		**–**	(151,401)
Loss of PRC Operation	*(a)*	**(479)**	(8,495)
Profit on disposal of PRC Operation	*(a)*	**20,150**	–
Loss of Energy and Refined Metals Trading Operation	*(b)*	**(35,676)**	(7,710)
Loss for the period from discontinued operations		**(16,005)**	(129,277)
Loss for the period from discontinued operations attributable to:			
Owners of the Company		**(15,837)**	(127,444)
Non-controlling interests		**(168)**	(1,833)
		(16,005)	(129,277)

(a) PRC Operation

Loss for the periods from the discontinued operation in respect of the PRC Operation is analysed as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Income	**5,766**	79,537
Expenses	**(6,236)**	(87,783)
Loss before taxation	**(470)**	(8,246)
Income tax expense	**(9)**	(249)
Loss for the period	**(479)**	(8,495)
Attributable to:		
Owners of the Company	**(311)**	(6,662)
Non-controlling interests	**(168)**	(1,833)
Loss for the period	**(479)**	(8,495)

Assets and liabilities associated with the PRC Operation have been classified as held-for-sale as at 31 December 2019. These assets and liabilities on the date of disposal (15 January 2020) and the reconciliation to profit on disposal are as follows:

	15 Jan 2020
	HK$'000
Property, plant and equipment	234,033
Right-of-use assets	1,005,735
Other non-current assets	1,356
Inventories	6,382
Trade receivables	32,137
Prepayments, deposits and other receivables	11,646
Amounts due from the Group	572,429
Pledged bank deposits	53
Cash and cash equivalents	17,644
Trade and other payables	(47,174)
Current tax payable	(14,558)
Contract liabilities	(148,237)
Loans and borrowings	(457,956)
Deferred tax liabilities	(236,534)
Less: Amounts due from the Group	(572,429)
Net assets of the PRC Operation disposed of	404,527
Less:	
Non-controlling interests disposed of	(341,968)
Cash consideration received/receivable	(164,564)
	(102,005)
Recycling from other comprehensive income	81,855
Profit on disposal of PRC Operation	(20,150)

Cash flows for the periods from the discontinued operation in respect of the PRC Operation are as follows:

	HK$'000
For the period from 1 January 2020 to 15 January 2020 (date of disposal)	
Net cash inflows generated from operating activities	**3,465**
Net cash outflows used in financing activities	**(3,376)**
Net cash inflows	**89**
For the six months ended 30 June 2019	
Net cash inflows generated from operating activities	9,373
Net cash outflows used in investing activities	(71)
Net cash outflows used in financing activities	(11,006)
Net cash outflows	(1,704)

(b) Energy and Refined Metals Trading Operation

Loss for the periods from the discontinued operation in respect of the Energy and Refined Metals Trading Operation is analysed as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Income	**657,762**	7,508,240
Expenses	**(694,798)**	(7,517,793)
Loss before taxation	**(37,036)**	(9,553)
Income tax credit	**1,360**	1,843
Loss for the period attributable to owners of the Company	**(35,676)**	(7,710)

Cash flows for the periods from the discontinued operation in respect of the Energy and Refined Metals Trading Operation are as follows:

	HK$'000
For the six months ended 30 June 2020	
Net cash inflows generated from operating activities	**285,727**
Net cash inflows generated from investing activities	**1,735**
Net cash outflows used in financing activities	**(352,929)**
Net cash outflows	**(65,467)**
For the six months ended 30 June 2019	
Net cash inflows generated from operating activities	488,644
Net cash inflows generated from investing activities	29,901
Net cash outflows used in financing activities	(477,629)
Net cash inflows	40,916

5. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

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

Continuing operations

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Disaggregated by major products and service lines		
Freight services	**1,334,837**	1,359,408
Logistics services	**794,913**	905,306
Commodity trading	**14,990,097**	19,082,828
Equipment and facility maintenance services	**226,961**	230,298
Design-and-build	**8,918**	169,676
Broking services	**284,647**	231,136
Others	**71,103**	179,888
	17,711,476	22,158,540

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Disaggregated by geographical location of customers		
Mainland China	**9,753,100**	12,627,687
Singapore	**1,576,558**	2,386,263
Malaysia	**96,105**	205,140
Taiwan	**156,174**	9,318
Other Asia Pacific jurisdictions	**1,064,440**	1,977,647
Hong Kong Special Administrative Region of the PRC	**3,183,144**	1,685,867
Korea	**382,209**	692,586
Europe	**529,061**	1,461,045
North America	**811,430**	526,191
South America	**665**	589
Africa Continent	**158,590**	573,244
Middle East	**–**	12,963
	17,711,476	22,158,540

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("**CODM**"), being the most senior executive management of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

Logistics services

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. This segment formerly includes the Energy and Refined Metals Trading Operation which was discontinued in 2019 (see Note 4(b)).

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.

The segment information reported below does not include any amounts for those discontinued operations, which is described in more details in Note 4, and the comparative figures in the segment information for the six months ended 30 June 2019 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 before taxation represents operating revenue less expenses. Segment assets represents assets directly managed by each segment, and primarily include inventories, receivables, property, plant and equipment and right-of-use assets. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables, loans and borrowings and lease liabilities.

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

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

(a) *Segment revenue and results*

Disaggregation of revenue from contracts with customers by timing of revenue recognition as well as information regarding the Group's reporting segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2020 and 2019 is set out below:

	Logistics services		Commodity marketing		Engineering services		Financial services		Elimination		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)				(Restated)		(Restated)
Disaggregated by timing of revenue recognition												
Point in time	**795,950**	951,503	**9,332,166**	14,574,220	**45,642**	94,000	**5,942,599**	4,739,743	**–**	–	**16,116,357**	20,359,466
Over time	**1,395,604**	1,445,043	**–**	–	**199,515**	354,031	**–**	–	**–**	–	**1,595,119**	1,799,074
Revenue from external customers	**2,191,554**	2,396,546	**9,332,166**	14,574,220	**245,157**	448,031	**5,942,599**	4,739,743	**–**	–	**17,711,476**	22,158,540
Inter-segment revenue	**20,163**	21,854	**–**	–	**111**	295	**–**	–	**(20,274)**	(22,149)	**–**	–
Reportable segment revenue	**2,211,717**	2,418,400	**9,332,166**	14,574,220	**245,268**	448,326	**5,942,599**	4,739,743	**(20,274)**	(22,149)	**17,711,476**	22,158,540
Reportable segment profit before taxation	**43,023**	3,268	**33,709**	53,548	**29,003**	19,251	**53,185**	50,599	**327**	312	**159,247**	126,978
As at 30 June/31 December												
Reportable segment assets	**7,950,316**	8,604,224	**4,927,259**	7,446,190	**423,953**	407,510	**7,365,415**	5,996,260	**(615,914)**	(495,867)	**20,051,029**	21,958,317
Reportable segment liabilities	**5,771,585**	6,690,739	**4,818,406**	5,913,796	**209,851**	207,880	**6,277,252**	4,959,750	**(615,914)**	(496,249)	**16,461,180**	17,275,916

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Total profit before taxation for reportable segments	**159,247**	126,978
Unallocated income and gains	**24,545**	430
Unallocated expenses	**(68,635)**	(80,337)
Net foreign exchange (loss)/gain	**(40,463)**	16,451
Finance costs	**(97,128)**	(153,387)
Loss before taxation (continuing operations)	**(22,434)**	(89,865)

(c) *Seasonality of operations*

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

7. OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Net gain on disposal of property, plant and equipment	**660**	72
Net foreign exchange (loss)/gain	**(53,066)**	10,563
Net gain/(loss) on financial instruments carried at fair value through profit or loss ("**FVPL**")	**21,801**	(2,563)
Impairment loss on trade receivables	**–**	(462)
Impairment loss on prepayments, deposit and other receivables	**(1,862)**	(2,091)
Gain on disposal of subsidiaries	**4,687**	–
Gain on disposal of associates	**–**	1,808
Others	**(3,449)**	(1,058)
	(31,229)	6,269

8. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Bank charges	**21,715**	33,205
Interest expense on:		
– Bank borrowings and other facilities	**138,788**	233,095
– Medium term notes	**5,903**	22,044
– Lease liabilities	**62,258**	70,939
Other finance cost	**14,096**	20,554
	242,760	379,837

9. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Depreciation of property, plant and equipment	**102,297**	119,408
Depreciation of right-of-use assets	**219,006**	230,954
Amortisation of intangible assets	**15,460**	16,795
Dividend income	**(155)**	(295)
Impairment loss on:		
– trade receivables	**–**	462
– prepayments, deposits and other receivables	**1,862**	2,091
Cost of inventories sold	**14,871,728**	18,640,857

10. INCOME TAX

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax – Outside Hong Kong		
Provision for the period	**34,930**	38,936
Under/(over)-provision in respect of prior years	**2,124**	(677)
	37,054	38,259
Deferred tax		
Origination and reversal of temporary differences	**8,997**	(8,849)
Withholding tax	**2,012**	168
Total income tax expense	**48,063**	29,578

For the six months ended 30 June 2020 and 2019, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods. Taxation outside Hong Kong is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdictions.

11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2020 and 2019, nor has any dividend been proposed after the end of reporting period.

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share amounts from continuing and discontinued operations is based on:

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss attributable to owners of the Company		
– from continuing operations	**(79,287)**	(133,267)
– from discontinued operations	**(15,837)**	(127,444)
	(95,124)	(260,711)

(ii) the weighted average number of ordinary shares of 11,399,996,101 (six months ended 30 June 2019: 11,399,996,101) in issue during the period.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2020 and 2019 in respect of a dilution as share options subsisting during the periods had an anti-dilutive effect on the basic loss per share amounts presented.

13. TRADE RECEIVABLES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
Trade debtors and bills receivables at amortised cost, net of loss allowance	**842,458**	1,217,570
Trade receivables containing provisional pricing features, measured at FVPL	**1,833,782**	2,061,943
	2,676,240	3,279,513

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

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
0–90 days	**2,333,511**	2,795,424
91–180 days	**181,306**	391,558
181–365 days	**158,942**	26,578
1–2 years	**–**	63,156
Over 2 years	**2,481**	2,797
Trade debtors and bill receivables, net of loss allowance	**2,676,240**	3,279,513

All of the trade receivables are expected to be recovered within one year.

As at 30 June 2020, trade receivables due from the Group's associates, joint ventures and other related parties amounted to HK$10,806,000, HK$3,448,000 and HK$3,220,000 (31 December 2019: HK$10,122,000, HK$2,860,000 and HK$2,061,000), respectively.

14. TRADE AND OTHER PAYABLES

	Notes	**30 June 2020** *HK$'000*	31 December 2019 *HK$'000*
Trade and bills payables			
– measured at amortised cost		**444,424**	114,476
– containing provisional pricing features and measured at FVPL		**729,473**	1,049,516
	(a)	**1,173,897**	1,163,992
Other payables, deposit received and accruals	*(b)*	**7,148,388**	5,820,451
		8,322,285	6,984,443

(a) Trade and bills payables

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
0–90 days	**926,340**	826,545
91–180 days	**45,550**	229,751
181–365 days	**143,887**	66,381
1–2 years	**40,033**	23,851
Over 2 years	**18,087**	17,464
	1,173,897	1,163,992

(b) Other payables, deposit received and accruals

As at 30 June 2020, included in the balance are amounts segregated for customers of HK$5,695,720,000 (31 December 2019: HK$4,353,542,000).

15. COMPARATIVE FIGURES

The Energy and Refined Metals Trading Operation has been included as discontinued operation since September 2019. The comparative figures have been restated to reflect the recognition of discontinued operation. For further details, see Note 4.

16. SUBSEQUENT EVENTS

On 3 August 2020, the Company agreed in writing with the Lenders where the Lenders provided a further period of thirty days from the preceding maturity date under the Facility Agreement (as amended and supplemented) to 4 September 2020 (the "**Repayment Date**") for the repayment of the outstanding principal and interest accrued thereon up to the preceding maturity date under the Facility Agreement (as amended and supplemented) (the "**Loan Repayment Sum**"), on the basis that interest will continue to accrue on the Loan Repayment Sum at the rates of interest stipulated in the Facility Agreement (as amended and supplemented) and be payable on the date of actual payment of the Loan Repayment Sum, and that the Company may pay the whole or any part of the Loan Repayment Sum at any time prior to the Repayment Date without premium or penalty. The Lenders have agreed that the above arrangements will not constitute or result in any default under the Facility Agreement (as amended and supplemented).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2020, global economy, trade and financial market was shipwrecked by the coronavirus pandemic. A geopolitical shift has created further tectonic change for the business community. The Group was weathering the storm, facing great difficulties and uncertainties in logistics, financial brokerage and commodity trading realms. With strong leadership from the management, the Group did great effort to stabilize customers and revenue, improve group and business line cost structure, and maintain commitment to debt servicing and deleveraging. Despite the above, the core logistics business delivered better performance compared with the first half of 2019, underpinned by the Group's strong execution capability.

For the six months ended 30 June 2020, the Group's revenue amounted to HK$17,711,476,000 (six months ended 30 June 2019: HK$22,158,540,000 (restated)); while the loss attributable to owners amounted to HK$95,124,000 (six months ended 30 June 2019: HK$260,711,000). For the six months ended 30 June 2020, the Group recorded a loss of HK$16,005,000 from its discontinued operations (six months ended 30 June 2019: HK$129,277,000 (restated)) and incurred a loss of HK$70,497,000 from the continuing operations (six months ended 30 June 2019: HK$119,443,000 (restated)). Notwithstanding various challenges faced by the Group for the six months ended 30 June 2020, the performance of its continuing operations turned better, primarily as a result of an increase in government grant received by the Group and a decrease in finance costs and in staff costs, which were partially offset by the decrease in gross profit. Although the Group recorded a loss attributable to owners of the Company in the current period, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for the six months ended 30 June 2020 was recorded as HK$597,459,000 (six months ended 30 June 2019: HK$602,810,000 (restated)).

The operations of the four business segments of the Group during the six months ended 30 June 2020 are summarised as follows:

Logistics Services

The Group's Logistics Services segment comprise Warehousing & Integrated Logistics, Freight Logistics and Commodity Logistics. The global logistics market was significantly disrupted by the Covid-19 pandemic. The lockdown and border closures in China and many countries across the world had severely disrupted the manufacturing operations and restricted the movement of goods. With the breakdown in supply chain, the logistics industry was negatively impacted. The supply chain disruption is expected to have far-reaching effects as businesses across the globe either collapsed or are making a slow and painful recovery.

Logistics business reported a total revenue of HK$2,211,717,000 (six months ended 30 June 2019: HK$2,418,400,000) and a profit before tax of HK$43,023,000 (six months ended 30 June 2019: HK$3,268,000 (restated)) for the period ended 30 June 2020. The revenue fell mainly due to disruption of freight logistics business and integrated logistics business by the Covid-19 pandemic and the expiry of certain leased warehouses. The decline in revenue was partly cushioned by higher warehousing revenue from Mega Logistics Hub ("**MLH**") and improved warehouse occupancy in Singapore. Despite the drop in revenue, profit before tax increased mainly due to the better performance by warehousing and commodity logistics primarily as a result of government grant received during the six months ended 30 June 2020.

Warehousing & Integrated Logistics ("WIL")

For the six months ended 30 June 2020, the Covid-19 pandemic had brought mixed fortunes to WIL business. On one hand, the Singapore warehousing industry witnessed a higher demand in April to June 2020. This was due to stockpiling of essential items in relation to Covid-19-related measures. As a result, our overall warehouse utilisation rate stood at 99.5% at 30 June 2020. With the tight supply situation, warehousing rates are expected to hold steady if not firmer in the interim period.

However, integrated logistics performance was compromised in the midst of ongoing trade tensions and the outbreak of the Covid-19 pandemic. Travel restrictions and lockdowns had been imposed in many countries, badly disrupting supply chains across the region and resulting in a slowdown of the manufacturing industry. In Singapore, where we primarily operate, most manufacturers had cut down production output or shut down plants to comply with Covid-19-related measures. Major trade events, shows and exhibitions were also cancelled. Under the tough circumstances, the volume of logistics services requirements was significantly reduced. We are actively tracking the developments and streamlining our operations to better position ourselves during the market fallout and for future market recovery.

Freight Logistics

The first half of the year was a tumultuous period for the freight industry in general. Travel restrictions and lockdowns by multiple countries to contain the spread of the Covid-19 pandemic significantly disrupted cargo movement and trade flow. Additionally, carriers had introduced blank sailing to control the space supply, driving freight rates up. The overall situation did not allow us to pass the rising cost of freight to our customers. As a result, margins were highly compromised despite mitigation by local support schemes introduced by various governments. However, we were able to maintain our market share with a slight drop in volume due to the overall market volume decline. In the near future, we anticipate continued volatility and market challenges from the ongoing pandemic. We are closely monitoring the situation and pace of recovery, while capitalising on our strong market position to plug the gaps and stay ahead of the recovery curve.

Commodity Logistics

Commodity logistics business maintained its profit growth in the first half of 2020 despite the challenging environment resulting from the global pandemic. The growth was driven by the increase in soft commodities logistics and improved efficiency. In view of the economic headwinds, we are stepping up our efforts to refine our business focus while strengthening our core expertise in commodity warehousing and logistics services.

Commodity Marketing ("CM")

Amidst global trade tensions and the pandemic, CM maintained a reasonable performance, notably in the concentrates market. Due to the Covid-19 pandemic, the volume of concentrates traded dropped. Such drop and the fall in copper prices led to a decline in turnover for the concentrates section. Meanwhile, there were increased finance periods and warehousing costs, which were partly offset by lower interest rates and lower travel activity.

The market demand in China was reduced and sales processes were delayed at beginning of the year, but improved in the second quarter of 2020. During the second quarter, the purchase side was adversely affected by lockdowns and export restrictions. For refined metals, business activity was reduced due to cessation of trading business in Singapore, although part of this business was transferred to the Swiss entity.

Overall, the CM segment reported a total revenue of HK$9,332,166,000 (six months ended 30 June 2019: HK$14,574,220,000 (restated)) and a profit before tax of HK$33,709,000 (six months ended 30 June 2019: HK$53,548,000 (restated)). The CM segment recorded a lower profit before tax when compared to the same corresponding period mainly as a result of narrowed gross profit margin due to decrease in average commodity prices during the current period.

Financial Services

As the pandemic started to spread globally, the financial markets reacted with high and sustained market volatility. Large price fluctuations in the crude oil markets further fueled market volatility. The high market volatility has helped to push trading volumes up in general across the products we offer. Customer equity has grown since January 2020. The Federal Reserve has also progressively cut down interest rates to nearly zero, and this has significantly impacted our interest income. For the remaining period of 2020, we expect the global economy and financial markets to accept a "new normal" and market volatility to reduce and stabilise. This will consequently lead to a normalised trading volume. While we will remain profitable for the rest of 2020, we will continue to build new businesses, seize opportunities, and adapt to new business practices to remain relevant in the new working normal.

Financial Services reported a total revenue of HK$5,942,599,000 (six months ended 30 June 2019: HK$4,739,743,000) and a profit before tax of HK$53,185,000 (six months ended 30 June 2019: HK$50,599,000). Profit before tax improved as compared to the same corresponding period in 2019 despite a lower interest income mainly due to stronger performance from derivative business as a result of higher market volatility.

Engineering Services

Engineering Services consists of two focus areas: Engineering Maintenance ("**EM**") and Design & Build ("**DB**").

EM provides engineering maintenance and management works for facilities and vehicles. The target market is stable, though competitive. The business has performed well so far in 2020 and is expected to remain steady for the rest of the year. In April 2020, EM secured a key contract to provide military vehicle training for military drivers. This milestone marked an expansion into new growth areas in the training market. The impact from the Covid-19 pandemic comes mainly from the aviation sector, but this is mitigated by cost reduction as well as government subsidies. Overall, the Covid-19 pandemic is unlikely to impact the profit margins for EM this year as a significant portion of the business provides essential services which are required even with the ongoing pandemic.

DB offers design-and-build infrastructure solutions to customers in the logistics industry, riding on our specific logistics domain knowledge. For new build of logistics facilities, the weak demand in 2019 continued during the first half of this year. The industry downtrend was worsened by the impact of the global pandemic, as companies struggle to adjust and review their strategic infrastructure and building design decisions to cater to a post Covid-19 world. However, competition for logistic space to cater to disrupted supply chains and stockpiling of essential goods and food contributed to a spurt of Fit Out works from our existing clients and warehouse clientele.

Engineering services reported a total revenue of HK$245,268,000 (six months ended 30 June 2019: HK$448,326,000) which decreased compared with same corresponding period in 2019. The decrease was mainly due to lower progress billings of DB projects as projects are near completion and the completion of a turnkey equipment supply project in the third quarter of 2019. Consequently, Engineering Services reported a profit before tax of HK$29,003,000 (six months ended 30 June 2019: HK$19,251,000 (restated)) in the first half of this year.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

On 3 April 2019, the Company failed to pay accrued interests and certain fees in a 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 the 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. During the six months ended 30 June 2020, the Group (i) disposed of its sports and leisure-related facilities business in the PRC (the "**PRC Operation**") and majority of the proceeds therefrom were used to repay the Extended Borrowing, and (ii) fully redeemed the medium term notes ("**MTN**") with its internal cash resources. As at 30 June 2020, the Group's total borrowing due for repayment in the next twelve months amounted to approximately HK$3,938,114,000. Except for revolving trading facilities of HK$2,816,968,000 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 the Extended Borrowing with an outstanding principal amount of approximately HK$655,497,000.

On 3 August 2020, the Company agreed in writing with the Lenders where the Lenders provided a further period of thirty days from the preceding maturity date under the Facility Agreement (as amended and supplemented) to 4 September 2020 (the "**Repayment Date**") for the repayment of the outstanding principal and interest accrued thereon up to the preceding maturity date under the Facility Agreement (as amended and supplemented) (the "**Loan Repayment Sum**"), on the basis that interest will continue to accrue on the Loan Repayment Sum at the rates of interest stipulated in the Facility Agreement (as amended and supplemented) and be payable on the date of actual payment of the Loan Repayment Sum, and that the Company may pay the whole or any part of the Loan Repayment Sum at any time prior to the Repayment Date without premium or penalty. The Lenders have agreed that the above arrangements will not constitute or result in any default under the Facility Agreement (as amended and supplemented).

The Group will be unable to repay the interest and outstanding principal of the Extended Borrowing in full when they fall due on the Repayment Date 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 on 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 different potential lenders for raising funds to the Group. The Group has been engaging in ongoing discussions with potential lenders on a refinancing facility (the "**Refinancing Facility**") to be specifically used for the repayment of the outstanding principal and interest of the Extended Borrowing. As at the date of this announcement, negotiation with one of the lenders relating to the Refinancing Facility is in advanced stage. The Company will issue further announcement to provide updates as and when appropriate.

(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, if required, repay the outstanding debt of the Group, including the Extended Borrowing or Refinancing Facility (as applicable), and to optimise the Group's capital structure.

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 30 June 2020. 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 30 June 2020. Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis.

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

The Directors intend to authorise the 2020 interim financial report for issue after the Repayment Date and will reassess the appropriateness of preparing the 2020 interim financial information using the going concern basis when it is authorised for issue.

As at 30 June 2020, the Group had cash and cash equivalents of HK$1,086,315,000 (31 December 2019: HK$1,262,861,000). Cash and bank balances are mostly held in Hong Kong dollar, United States dollar, Singapore dollar, Euro and Renminbi and deposited in leading banks with maturity dates falling within one year. On the other hand, the Group had loans and borrowings of HK$5,025,855,000 (31 December 2019: HK$6,922,182,000), of which an aggregated amount of HK$3,938,114,000 (31 December 2019: HK$5,787,293,000) 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 first half of 2020, the Group entered into the share transfer agreement with Hillview Holdings Limited in relation to the disposal of interest in certain operating golf courses in the PRC through the disposal of a subsidiary, Hillview Golf Development Company Limited, at an agreed consideration, and the disposal of the PRC Operation was completed on 15 January 2020. Please refer to the announcements of the Company dated 13 and 15 January 2020 and the circular of the Company dated 24 January 2020 for further details.

LOOKING FORWARD AND OUR STRATEGIES

Having entered into the second half of year of 2020, the global outbreak of the Covid-19 pandemic has continued to increase the risk of global economic turmoil. Geopolitical tensions also add uncertainty to the global trade and growth perspective.

We thereby will continue to adopt a conservative approach towards the performance of global logistics, financial and commodity markets. The uncertainty and lethality of the global pandemic will still jeopardize the confidence in all industries worldwide, and the current economic climate remains challenging. With the increased threat of a prolonged recession, we will closely monitor the global economic situation and do our best to minimize its impacts on the Group and maintain stable operations during this downturn. In addition, we are committed to focusing on the provision of logistics services to optimize the capital structure of the Group and maintain a stable operation.

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 future. The management of the Group is actively taking other financing measures, including but not limited to maintaining a good relationship with the current finance providers, and negotiating with the potential lenders to obtain adequate funding support. Meanwhile, the Group will evaluate the potential disposals of certain business operations to optimize the capital structure of the Group and maintain a stable operation.

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

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange for the reporting period from 1 January 2020 to 30 June 2020, except the following deviations:

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. Ding Lei was the Chief Executive Officer of the Company and the Co-Chairman of the Board during the period from 12 December 2019 to 17 June 2020, and Mr. Li Neng has been the Chief Executive Officer of the Company and the Co-Chairman of the Board since 26 June 2020.

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, has shared the role and responsibilities as chairman of the Board with the other Co-Chairman over the relevant periods.

The Board considers this structure continues to enable the Company to make and implement decisions promptly and effectively at the relevant periods. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a sufficient number of Independent Non-executive Directors.

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 period.

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, 9 April 2020, 9 July 2020 and 3 August 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 repayment of the amounts due and payable under the Facility Agreement (as amended and supplemented) and the approval of the resumption proposal of the Company by the Stock Exchange.

By order of the Board
CWT INTERNATIONAL LIMITED
Li Neng
Executive Director

Hong Kong, 31 August 2020

As at the date of this announcement, the Board comprises Mr. Zhu Weijun (Executive Director and Co-Chairman), Mr. Li Neng (Executive Director, Co-Chairman and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Chen Chao (Executive Director), Mr. Zhang Can (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).