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CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that, on 8 March 2023 (after trading hours), Hainan Xuntong, an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Hainan Xuansong. Pursuant to the Joint Venture Agreement, the Parties agreed to establish Hainan Xuanqi to jointly cooperate on the procurement and sales of bulk commodities, to provide customers with supportive value-added services such as transportation, warehousing, and risk management, and to build an integrated comprehensive service system with bulk commodity trade as the core of the system.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of Hainan Xuanqi will be RMB100,000,000. Hainan Xuntong and Hainan Xuansong will contribute RMB10,000,000 and RMB90,000,000, and own 10% and 90% of the registered capital of the joint venture company, Hainan Xuanqi, respectively. As Hainan Xuntong will only hold 10% equity interest of Hainan Xuanqi, Hainan Xuanqi will not become a subsidiary of the Company after its establishment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hainan Xuansong is an indirect subsidiary of HNA Trust Management, which is a controlling Shareholder holding approximately 51.26% of the total issued Shares. Therefore, Hainan Xuansong is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Joint Venture Agreement and the formation of Hainan Xuanqi constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the entering into of the Joint Venture Agreement and the formation of Hainan Xuanqi exceeds 0.1% but is less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that, on 8 March 2023 (after trading hours), Hainan Xuntong entered into the Joint Venture Agreement with Hainan Xuansong. The principal terms of the Joint Venture Agreement are set out below.

Date

8 March 2023 (after trading hours)

Parties

- (1) Hainan Xuntong; and
- (2) Hainan Xuansong

Formation of the Joint venture

Hainan Xuanqi International Trade Co., Ltd.* (海南軒啓國際貿易有限公司) (final name subject to the approval by the relevant government authority) will be established to focus on the procurement and sales of bulk commodities, to provide customers with supporting value-added services such as transportation, warehousing, and risk management, and to build an integrated comprehensive service system with bulk commodity trade as the core of the system.

Capital contribution

Upon establishment of Hainan Xuanqi, the Parties will pay their respective contributions to the registered capital of Hainan Xuanqi in the following manner:

	Amount of contribution (RMB)	Interest in the joint venture (%)
Hainan Xuntong	10,000,000	10
Hainan Xuansong	<u>90,000,000</u>	<u>90</u>
Total	<u>100,000,000</u>	<u>100</u>

The Parties shall make their respective capital contributions in cash by transmitting the capital contribution amount to the designated bank account of Hainan Xuanqi. The Parties shall fulfill their capital contribution requirement in stages, and shall further agree on the time schedule for making capital contributions according to the actual capital requirement of Hainan Xuanqi.

The amount of the capital contribution under the Joint Venture Agreement was determined after arm's length negotiations between the Parties with reference to the initial capital requirement of Hainan Xuanqi. The Group intends to finance its capital contribution to the Hainan Xuanqi from its internal resources.

As Hainan Xuntong will only hold 10% equity interest of Hainan Xuanqi, Hainan Xuanqi will not become a subsidiary of the Company upon its establishment.

Corporate Governance

The Parties shall further agree on the corporate governance matters of Hainan Xuanqi and set out the same in the articles of association of Hainan Xuanqi.

Effective Date

The Joint Venture Agreement shall be effective upon satisfying the following conditions:

1. the Joint Venture Agreement having been duly executed by the Parties;
2. HNA Technology and the Company having obtained approval from their board of directors in relation to the entering into of the Joint Venture Agreement; and
3. HNA Technology and the Company having obtained all necessary approvals, authorisations, consents and permit and completed all relevant procedures in accordance with the Listing Rules, and other applicable laws and regulations in relation to the entering into of the Joint Venture Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE JOINT VENTURE AGREEMENT AND THE FORMATION OF HAINAN XUANQI

As the business strategies of HNA Technology and the Company are both focusing on the construction plan of Hainan Free Trade Port, both parties hope to take advantage of the “Hainan Free Trade Port” and the policy support of “Belt and Road Initiative” and set up Hainan Xuanqi to actively participate in the construction of international trade services in Hainan Free Trade Port.

For the Company, the joint venture can help to diversify its product operations and significantly expand its product range. In addition, by conducting its business through Hainan Xuanqi, the Company will be primarily providing only management services to Hainan Xuanqi, which will significantly reduce capital risk and capital occupation rate of the Company. At the same time, the team in the PRC was mainly sales staff, which did not form effective branding and market penetration. Through the establishment of Hainan Xuanqi, the Company can expand into the PRC’s market at a lower cost and further drive the development and penetration of its own copper concentrate trading business in the PRC.

The Directors (including the independent non-executive Directors) are of view that, the Joint Venture Agreement is entered into in the ordinary and usual course of business of the Group and is on normal commercial terms or better, and the entering into of the Joint Venture Agreement and the formation of Hainan Xuanqi is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Wang Kan, Mr. Zhao Quan, Mr. Peng Biao and Ms. Yan Shen, the executive Directors, are currently serving as senior executives of, or are related to certain companies of, HNA Trust Management. Although not constituting a material conflict of interest in the Joint Venture Agreement and the transactions contemplated thereunder, they still voluntarily abstained from voting on the resolutions of the Board approving the above transactions accordingly.

INFORMATION OF THE PARTIES

The Company is a Hong Kong-based investment holding company principally engaged in integrated logistics services and related engineering services. The Company is also engaged in the affiliated business of commodity marketing and financial services.

Hainan Xuntong is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment activities and corporate headquarters management. It is also engaged in bulk commodity trade and international freight forwarding agent.

Hainan Xuansong is a company established in the PRC with limited liability. It is principally engaged in import and export agency and domestic and international shipping agency. Hainan Xuansong is an indirect wholly-owned subsidiary of HNA Technology, a company listed on the Shanghai Stock Exchange (stock code: 600751) and is principally engaged in technology development, technology transfer, technical consulting, technical services, computer system integration and software development, web design and production, computer software and hardware, sales of daily necessities and technology import and export business. HNA Technology is an indirect non-wholly-owned subsidiary of HNA Trust Management. It is owned indirectly as to approximately 29.47% by HNA Trust Management through several of its wholly-owned subsidiaries, namely HNA Technology Group Limited* (海航科技集團有限公司) (20.76%), Daxinhua Logistics Holdings (Group) Co., Ltd.* (大新華物流控股(集團)有限公司) (8.67%), HNA Technology Group (HK) Co., Limited (0.03%) and Shanghai Shangrong Supply Chain Management Co., Ltd.* (上海尚融供應鏈管理有限公司) (0.01%).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hainan Xuansong is an indirect subsidiary of HNA Trust Management which is a controlling Shareholder holding approximately 51.26% of the total issued Shares. Therefore, Hainan Xuansong is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Joint Venture Agreement and the formation of Hainan Xuanqi constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the entering into of the Joint Venture Agreement and the formation of Hainan Xuanqi exceeds 0.1% but is less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors of the Company
“Company”	CWT International Limited, a company incorporated in Hong Kong with limited liability
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hainan Xuanqi”	Hainan Xuanqi International Trade Co., Ltd.* (海南軒啓國際貿易有限公司), a company to be established in the PRC with limited liability pursuant to the Joint Venture Agreement
“Hainan Xuansong”	Hainan Xuansong Trading Co., Ltd.* (海南軒頌貿易有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of HNA Technology as at the date of this announcement
“Hainan Xuntong”	Hainan Xuntong International Logistics Co., Ltd.* (海南迅通國際物流有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“HNA Technology”	HNA Technology Co., Ltd.* (海航科技股份有限公司), a joint stock company incorporated in the PRC with limited liability and its shares listed on the Shanghai Stock Exchange (stock code: 600751)
“HNA Trust Management”	Hainan HNA No. 2 Trust Management Service Co., Ltd.* (海南海航二號信管服務有限公司), a limited liability company established in the PRC and a controlling Shareholder
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Joint Venture Agreement”	the joint venture agreement dated 8 March 2023 entered into between the Parties in relation to the establishment of Hainan Xuanqi
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Parties”	Hainan Xuntong and Hainan Xuansong
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
CWT INTERNATIONAL LIMITED
Wang Kan
Executive Director

Hong Kong, 8 March 2023

As at the date of this announcement, the Board comprises Mr. Wang Kan (Executive Director, Chairman and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Peng Biao (Executive Director), Ms. Yan Shen (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).

* *For identification purpose only*