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CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

POSITIVE PROFIT ALERT FOR THE YEAR ENDED 31 DECEMBER 2021

This announcement is made by CWT International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company hereby informs its shareholders (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021, the Group is expected to record a profit after taxation of not less than HK\$250 million from its continuing operations (after taking into account the provision factors of the Case (as defined below)), representing a significant increase of not less than approximately 200% as compared to the prior year ended 31 December 2020, where a profit after taxation of approximately HK\$84 million was recognised from the continuing operations.

Based on the information presently available, the Board considers that the expected increase in the profitability of the Group from continuing operations during the year ended 31 December 2021 was mainly due to the following reasons:

- (i) the significant increase in the logistics service segment’s profit before taxation, which was mainly contributed by the increase in profit derived from freight logistics business, driven by exceptionally high demand for LCL (Less than Container Load) services and acute carriers space shortage situation. Careful management of the circumstances and the successful capitalisation of the market conditions drove margins to an exceptionally high level thereby boosting the Group’s gross profit; and

- (ii) the significant decrease in finance cost due to: (1) the repayment of the outstanding principal and interest due under the facility agreement entered into by the Company in September 2018; and (2) the entering into of a promissory note which is of a lower interest rate as compared to the facility agreement. For further details, please refer to the announcement of the Company dated 3 September 2020.

FINANCIAL IMPACT OF THE LITIGATION IN RELATION TO STRAITS (SINGAPORE) PTE. LTD. ON THE GROUP

Reference is made to the announcements of the Company dated 23 January 2022, 26 January 2022 and 17 February 2022 in connection with a litigation (the “**Case**”) relating to Straits (Singapore) Pte. Ltd. (“**SSPL**”), an indirect subsidiary of the Company. Based on the judgment (the “**Judgment**”) and the order of the court dated 16 February 2022, SSPL, together with four other defendants to the Case, would be liable to pay the plaintiff an amount of approximately US\$283 million. While the Company is considering the possible options (including but not limited to any appeal process) in response to the Judgment, after discussion with its legal advisors, it is expected that the provision to be made for the compensation amount under the Judgment will be limited to the net asset value of SSPL as at 31 December 2021. Pending any applications or appeal by SSPL, the Company will continue to monitor the development of the Case and assess the accounting treatment according to the requirements of relevant accounting standards.

The information contained in this announcement is only a preliminary assessment made by the Board based on the information presently available, including the unaudited consolidated management accounts of the Group for the year ended 31 December 2021, which have not been audited or reviewed by the Company’s auditor and have not been reviewed by the audit committee of the Board and may be subject to adjustments. Details of the audited consolidated final results of the Group will be disclosed in the results announcement of the Company for the year ended 31 December 2021, which will be published on or before 31 March 2022 as required under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
CWT INTERNATIONAL LIMITED
Zhang Can
Executive Director

Hong Kong, 17 February 2022

As at the date of this announcement, the Board comprises Mr. Zhang Can (Executive Director, Chairman and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Peng Biao (Executive Director), Mr. Wu Jinfeng (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).