



华滋国际海洋股份有限公司

Watts International Maritime Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2258

2025

Interim Report



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Corporate Information

Directors

Executive Directors

Mr. Wang Xiuchun (王秀春) (*Chairman*)
Ms. Wan Yun (萬雲) (*Chief executive officer*)
Mr. Wang Lijiang (王利江)
(*concurrently as joint company secretary*)
Mr. Wang Likai (王利凱)

Non-executive Director

Mr. Wang Shizhong (王士忠)

Independent non-executive Directors

Mr. Wang Hongwei (王洪衛)
Mr. Sun Dajian (孫大建)
Mr. How Sze Ming (侯思明)

Audit committee

Mr. Sun Dajian (孫大建) (*Chairman*)
Mr. How Sze Ming (侯思明)
Mr. Wang Hongwei (王洪衛)

Remuneration committee

Mr. How Sze Ming (侯思明) (*Chairman*)
Mr. Sun Dajian (孫大建)
Mr. Wang Hongwei (王洪衛)

Nomination committee

Mr. Wang Hongwei (王洪衛) (*Chairman*)
Mr. Sun Dajian (孫大建)
Mr. How Sze Ming (侯思明)

Joint company secretaries

Mr. Wang Lijiang (王利江)
Ms. Zhang Xiao (張瀟) (*ACG, HKACG*)

Authorised representatives

Ms. Wan Yun (萬雲)
Ms. Zhang Xiao (張瀟)

Registered address in the Cayman Islands

4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Principal place of business and headquarters in the PRC

5/F, Tower 17
2816 Yixian Road
Baoshan District,
Shanghai, the PRC

Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Auditor

PricewaterhouseCoopers

Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building, Central, Hong Kong

Legal adviser as to Hong Kong law

Dorsey & Whitney

Room 2802, 28/F, Alexandra House
18 Chater Road
Central, Hong Kong

Principal share registrar and transfer office

Harneys Fiduciary (Cayman) Limited

4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Hong Kong share registrar

Computershare Hong Kong Investor Services Limited

Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal banks

Bank of Communications,
Shanghai Sanmenlu Sub-branch
Bank of Communications Co., Ltd.
Hong Kong Branch

Company's website

www.shbt-china.com

Stock code

02258



Management Discussion and Analysis

The Company is a leading port, waterway, marine engineering and municipal public engineering services provider in the PRC and is committed to the services of (i) port infrastructure, (ii) waterway engineering, (iii) construction of public infrastructure within cities, (iv) urban greening and (v) construction of buildings.

Business Review

In the first half of 2025, despite the adverse impact of fierce market competition and shrinking demand, the Group continued to strengthen project management and achieved a slight rebound in revenue.

The following table sets forth a breakdown of the Group's revenue by segment for the six months ended 30 June 2025:

	Revenue recognised during the Reporting Period (Unaudited) (RMB million)
Marine construction (including infrastructure construction of ports, waterway engineering and other services)	244.5
Municipal public construction (including construction of public infrastructure within cities, urban greening and construction of buildings)	505.2
Total	749.7

Future Plans and Prospects

Braving the severe and complex challenges in both domestic and international landscapes, the Group holds fast to the principle of “high-quality development”. To make it happen, the Group proactively responds to market pressures, prioritizes operational management, and strengthens communication and collaboration with domestic and international construction enterprises and their upstream and downstream partners. These efforts have stabilized the development of our main operations and ensured a steady growth in the Group’s revenue and a higher rate of return to the Shareholders.

From the perspective of the domestic market, China’s economic operation is going through multiple difficulties and challenges. That means many risk factors in key segments, significantly contracted effective demand space in the traditional engineering construction segment, and intensifying market competition, which, together, have put the Group’s business growth under considerable pressure. The Group will further cement its leadership in the ports, waterways, municipal services and construction industries, leveraging its geographical advantages to stabilize its existing market share. Furthermore, it will also adapt its business development strategies as appropriate to expand its footprint into emerging markets, gradually raise the proportion of environmental engineering operations and inject new productive forces into the Group’s sustainable development.

From the perspective of the international market, the volatile international landscape and persistently escalating geopolitical conflicts exert sustained pressure on regional markets. Fueled by pressures from technological and industrial transformations, the infrastructure sector is embracing a new wave of consolidation, with major and high-quality projects increasingly concentrated among leading enterprises. Committed to optimizing its global presence, the Group will advance its overseas operations for “high-quality and sustainable development”. By leveraging its industrial leadership and enhancing collaborations to create synergies, the Group will consistently strengthen its overall competitiveness.

Financial Overview

Revenue

The Group's consolidated revenue in the first half of 2025 was RMB749.7 million, representing a year-on-year increase of approximately 4.8% from RMB715.2 million in the same period of last fiscal year. The main operation income was divided into marine construction segment, and municipal public construction segment during the Reporting Period, with revenues of RMB244.5 million and RMB505.2 million, respectively. Revenues from the PRC and Southeast Asia in the first half of 2025 were RMB693.6 million and RMB56.1 million, respectively. The increase in revenue in the first half of 2025 was mainly attributable to the fact that the Group has strengthened project management resulting in faster project progress.

Cost of sales and profits from main operations

The consolidated cost of sales in the first half of 2025 was RMB699.8 million, representing an increase of 4.3% from RMB670.9 million in the first half of 2024. The costs of sales of marine construction segment and municipal public construction segment in the first half of 2025 were RMB212.3 million and RMB487.5 million, respectively. In the first half of 2025, costs incurred in the PRC and Southeast Asia were RMB648.6 million and RMB51.2 million, respectively.

Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In the first half of 2025, cost of used raw materials and consumables and subcontracting costs were RMB398.4 million and RMB223.1 million, representing an increase of 8.5% and a decrease of 5.4% from the first half of 2024 respectively. The Group's profit from main operations largely depends on the location and composition of the project. In the first half of 2025, the Group's consolidated profit from main operations was RMB49.9 million, an increase of 12.6% from RMB44.3 million in the first half of 2024. The gross profits from the marine construction segment and municipal public construction segment in the first half of 2025 were RMB32.2 million and RMB17.7 million, respectively. The gross profits from the PRC and Southeast Asia were RMB45.0 million and RMB4.9 million, respectively.

Administrative expenses

The administrative expenses in the first half of 2025 were RMB36.7 million, representing a decrease of 15.2% compared to RMB43.3 million in the first half of 2024, primarily attributed to the enhancement of staff cost control and the result of reevaluating provision for impairment of investment properties.

Income tax expense

The Group's income tax expense in the first half of 2025 was RMB2.7 million, representing a decrease of 89.1% compared to RMB24.7 million in the first half of 2024, mainly due to the decrease in deferred income tax during the Reporting Period.

Trade and other receivables

The Group's net trade and other receivables increased to RMB1,898.1 million as at 30 June 2025 (as at 31 December 2024: RMB1,897.9 million), which mainly comprised of progress receivables on projects, receivables on project completion, delivery and settlement, and retention receivables on completed projects. The Group's net contract assets decreased by RMB55 million to RMB785.8 million as at 30 June 2025 from RMB840.8 million as at 31 December 2024.

Trade and other payables

The Group's trade and other payables decreased to RMB2,054.2 million as at 30 June 2025 (as at 31 December 2024: RMB2,277.6 million), mainly due to the settlement of amounts due. The Group's trade and other payables decreased accordingly.

Current assets, capital structure and gearing ratio

The Group maintained a healthy liquidity position with net current asset and cash and cash equivalents of approximately RMB68.9 million (as at 31 December 2024: RMB192.5 million) and RMB371.4 million (as at 31 December 2024: RMB342.7 million), respectively as at 30 June 2025.

As at 30 June 2025, the Group's restricted cash was approximately RMB127.1 million (as at 31 December 2024: RMB144.7 million). Cash received for specified project expenditure mainly represents deposits at bank received from customers as progress payments for certain projects, however, those deposits at bank are assigned for the expenditure of relative projects, which require additional approval by the person appointed by customers before the completion of the project. The restricted cash will be recognised as free operating cash inflow when approvals are available or the project is completed.

The Group's gearing ratio (calculating by dividing total liabilities by total assets) as at 30 June 2025 was 78.5% (as at 31 December 2024: 79.2%). The Group's bank borrowings as at 30 June 2025 were RMB352.4 million (as at 31 December 2024: RMB280.5 million) which are denominated in RMB and with fixed interest rate.

Charges on assets

As at 30 June 2025, the Group pledged long-term trade receivables with carrying amount of approximately RMB40.8 million (as at 31 December 2024: RMB42.2 million) for the long-term bank borrowings amounted to RMB7.0 million (as at 31 December 2024: RMB9.5 million).

As at 30 June 2025, bills receivables with a total net book amount of RMB9.3 million (as at 31 December 2024: RMB20.2 million) was pledged as collateral for the Group's bank borrowings amounted to RMB9.3 million (as at 31 December 2024: RMB20.2 million).

Foreign exchange

Operations of the Group are mainly conducted in the Major Currencies. The Group did not adopt any hedging policy and the Directors considered that the exposure to foreign exchange risks can be mitigated by using the Major Currencies (i) as principal currencies for contracts entered into by and between the Group and its customers; and (ii) to settle payments to our suppliers and operating expenses where possible. In the event that settlements from the Group's customer are received in a currency other than the Major Currencies, such currency will be retained for payment of operating expenditures when necessary and the remaining amount will be converted to HK\$ or US\$ promptly.

Capital expenditures and commitments

The Group generally finances its capital expenditures by cash flows generated from its operation.

As at 30 June 2025, the Group had no major capital commitments.

Contingent liabilities

As at 30 June 2025, the Group had no significant contingent liabilities.

Material acquisition and disposal of subsidiaries, associates and joint ventures

For the six months ended 30 June 2025, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

Significant investment held

As at 30 June 2025, the Group had no significant investment or future plans for significant investments or capital assets.

Interim Dividend

The Company has established a dividend policy, pursuant to which the Board reserves the right to declare and distribute dividends to the Shareholders of the Company as and when appropriate. In considering whether to declare a dividend, the Board shall also take into account the results of operations, cash flows, financial condition, statutory and regulatory restrictions, future development, business strategies and any other factors that the Board may consider relevant.

Having considered the above factors, in particular, the need to maintain sufficient cash flow for daily operation and expansion, the Board has resolved not to declare any dividend for the six months ended 30 June 2025.

Employees and Remuneration Policies

As at 30 June 2025, the Group had a total of 441 employees. All employees have been paid remuneration in accordance with relevant laws and regulations in China, Indonesia, Brunei, Malaysia and Hong Kong. The Company pays appropriate salary and bonuses with reference to actual practice. Other related benefits include pensions, medical insurance, unemployment insurance and housing allowances. The staff costs, including Directors' emoluments, of the Group were approximately RMB30.2 million for the Reporting Period (six months ended 30 June 2024: approximately RMB38.2 million).

The Remuneration Committee has been established to provide recommendations to the Board on the overall remuneration policy and structure of the Group's Directors and senior management, review the remuneration and ensure that no Directors have determined their own remuneration.

During the Reporting Period, the Group did not experience any strikes, lockouts or major labour disputes affecting operations, or encounter any major difficulties in hiring and retaining qualified employees.

Disclosure of Interests and Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 June 2025, the interests and/or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares held	Shareholding percentage in the Shares
Mr. Wang Xiuchun (王秀春) ⁽³⁾	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Likai (王利凱) ⁽³⁾	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shizhong (王士忠) ⁽³⁾	Interest in a controlled corporation	315,467,967	
	Interest held jointly with another person	104,324,869	
		419,792,836	50.86%
Ms. Wan Yun (萬雲)	Beneficial Owner	26,825,444	3.25%
Mr. Wang Lijiang (王利江)	Beneficial Owner	16,508,000	2.00%

Notes:

- All interests stated are long positions.
- The calculation is based on the total number of 825,400,000 Shares in issue as at 30 June 2025.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong (王士忠). By virtue of the SFO, Mr. Wang is deemed to be interested in the 315,467,967 Shares held by HuaZi Holding Limited.

Ye Wang Zhou Holding Limited, which holds 104,324,869 Shares, is owned as to 46.76%, 32.40%, 8.10%, 7.34% and 5.40% by Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱), respectively. By virtue of the Acting-in-concert Confirmation, Mr. Wang Shizhong (王士忠), Mr. Wang Xiuchun (王秀春) and Mr. Wang Likai (王利凱) are deemed to be interested in each other's interest in the Shares.

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange under Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2025, so far as is known to the Directors, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and the chief executives of the Company) or companies had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Shareholding percentage in the Shares
HuaZi Holding Limited ⁽³⁾⁽⁶⁾	Beneficial Owner	315,467,967	38.22%
Ye Wang Zhou Holding Limited ⁽⁴⁾⁽⁵⁾	Beneficial Owner	104,324,869	12.64%
Mr. Ye Kangshun (葉康舜) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest in a controlled corporation	104,324,869	
	Interest held jointly with another person	315,467,967	
		419,792,836	50.86%
Ms. Zhou Meng (周萌) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shiqin (王士勤) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest held jointly with another person	419,792,836	50.86%
HZ&BT Development Holding Limited	Beneficial Owner	143,542,720	17.39%

Notes:

- All interests stated are long positions.
- The calculation is based on the total number of 825,400,000 Shares in issue as at 30 June 2025.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong (王士忠). By virtue of the SFO, Mr. Wang is deemed to be interested in the Shares held by HuaZi Holding Limited.
- Pursuant to the Acting-in-concert Confirmation, Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱) have acknowledged and confirmed, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code). As such, each of them is deemed to be interested in each other's interest in the Shares.
- Ye Wang Zhou Holding Limited, which holds 104,324,869 Shares, is owned as to 46.76%, 32.40%, 8.10%, 7.34% and 5.40% by Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱), respectively.
- By virtue of the Acting-in-concert Confirmation, each of Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱) is deemed to be interested in the Shares held by HuaZi Holding Limited and Ye Wang Zhou Holding Limited.



Disclosure of Interests and Other Information

Save as disclosed above, as at 30 June 2025, none of the Directors of the Company was aware of that any persons (other than Directors or chief executives of the Company) or companies had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

Share Option Scheme

The Company adopted the Share Option Scheme pursuant to the written resolutions of the then Shareholders on 19 October 2018, which enabled the Company to grant share options to the eligible persons as an incentive and reward for their best contribution to the Group. Since the Listing Date and up to 30 June 2025, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme mandate at the beginning and the end of the Reporting Period are both 82,540,000.

Share Award Scheme

On 24 March 2020, the Company has adopted the Share Award Scheme to, among other things, recognise the contributions of the eligible persons of the Share Award Scheme and motivate them to strive for the future development and expansion of the Group. The Share Award Scheme is initially valid and effective for the period commencing on the adoption date (i.e. 24 March 2020) and ending on the business day immediately prior to the 10th anniversary of the adoption date. The Board has subsequently resolved to amend the rules of the Share Award Scheme to delete the provisions of allowing the Board to allot and issue new Shares, therefore future grant of awards will be satisfied by existing Shares to be acquired by the trustee in the market only.

Since the adoption date of the Share Award Scheme and up to 30 June 2025, no share award was granted, exercised, expired or lapsed and there is no outstanding share award under the Share Award Scheme.

The number of awards available for grant under the Share Award Scheme mandate previously approved by the Board at the beginning and the end of the Reporting Period are both 82,540,000.

Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted all code provisions in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under CG Code during the Reporting Period.

Change in Director’s Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2024 is set out below:

Mr. How Sze Ming (侯思明), an independent non-executive Director, resigned as an independent non-executive director of Huashi Group Holdings Limited (華視集團控股有限公司, stock code: 1111), a company listed on the Stock Exchange, with effect from 27 June 2025.

Save as disclosed above, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the relevant requirements set out in the Company’s own code of conduct and the Model Code during the Reporting Period.

Review of Interim Results by Audit Committee

The Audit Committee has discussed with the management of the Company and reviewed the unaudited condensed consolidated interim financial statements of the Group for the Reporting Period. There is no disagreement by the Audit Committee with the accounting treatment policy adopted by the Company.

By order of the Board
Watts International Maritime Company Limited
Wang Xiuchun (王秀春)
Chairman and Executive Director

Shanghai, 26 August 2025

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 Unaudited RMB'000	2024 Unaudited RMB'000
Revenue	5	749,658	715,208
Cost of sales	5	(699,748)	(670,874)
Gross profit		49,910	44,334
Selling and distribution expenses		(2,440)	(2,666)
Administrative expenses		(36,659)	(43,327)
Net impairment losses on financial assets and contract assets	3.1(b)	10,091	(93,043)
Other operating expenses		(133)	(162)
Other income		543	288
Other gains — net		5,109	4,787
Operating profit/(loss)	6	26,421	(89,789)
Finance income		1,359	1,710
Finance costs		(9,336)	(11,084)
Finance costs — net		(7,977)	(9,374)
Profit/(Loss) before income tax		18,444	(99,163)
Income tax expense	7	(2,742)	(24,705)
Profit/(Loss) for the period		15,702	(123,868)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		(2,002)	(3,428)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax	3.2(i)	(137)	21,285
Other comprehensive (loss)/income for the period, net of tax		(2,139)	17,857
Total comprehensive income/(loss) for the period attributable to the Shareholders of the Company		13,563	(106,011)
Earnings/(Loss) per share for profit/(loss) attributable to the Shareholders of the Company (expressed in RMB cents per share):			
— Basic and diluted earnings/(loss) per share	8	1.92	(15.12)

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	54,420	54,939
Investment properties	10	7,532	9,982
Right-of-use assets		8,617	9,569
Intangible assets		37	43
Contract assets	5	541,029	469,072
Trade and other receivables	11	101,786	96,555
Deferred income tax assets		35,577	36,383
Financial assets at fair value through other comprehensive income	3.2	3,961	4,098
		752,959	680,641
Current assets			
Inventories		6,142	6,383
Contract assets	5	244,766	371,690
Trade and other receivables	11	1,796,308	1,801,358
Restricted cash	12	127,143	144,744
Cash and cash equivalents	12	371,370	342,658
		2,545,729	2,666,833
Total assets		3,298,688	3,347,474

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
EQUITY			
Capital and reserves			
Share capital	13	7,303	7,303
Share premium	13	265,444	265,444
Shares held for employee share scheme		(4,756)	(4,756)
Other reserves		20,682	22,821
Retained earnings		421,811	406,109
Total equity		710,484	696,921
LIABILITIES			
Non-current liabilities			
Borrowings	15	47,250	4,500
Lease liabilities		—	65
Trade and other payables	14	60,599	167,841
Deferred tax liabilities		3,547	3,815
		111,396	176,221
Current liabilities			
Contract liabilities	5	166,220	69,065
Trade and other payables	14	1,993,588	2,109,717
Borrowings	15	305,116	275,998
Lease liabilities		182	272
Income tax payables		11,702	19,280
		2,476,808	2,474,332
Total liabilities		2,588,204	2,650,553
Total equity and liabilities		3,298,688	3,347,474

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2025

	Attribute to the Shareholders					
	Share capital RMB'000	Shares held for employee share scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	7,303	(4,756)	273,074	31,054	445,422	752,097
Comprehensive income						
Loss for the period	—	—	—	—	(123,868)	(123,868)
Currency translation differences	—	—	—	(3,428)	—	(3,428)
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax	—	—	—	21,285	—	21,285
Total comprehensive loss	—	—	—	17,857	(123,868)	(106,011)
Other reserve movements						
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings, net of tax	—	—	(7,630)	(29,936)	29,936	—
Dividends distribution to shareholders	—	—	(7,630)	—	—	(7,630)
Total other reserve movements	—	—	(7,630)	(29,936)	29,936	(7,630)
Balance at 30 June 2024 (Unaudited)	7,303	(4,756)	265,444	18,975	351,490	638,456
Balance at 1 January 2025	7,303	(4,756)	265,444	22,821	406,109	696,921
Comprehensive income						
Profit for the period	—	—	—	—	15,702	15,702
Currency translation differences	—	—	—	(2,002)	—	(2,002)
Changes in the fair value of equity instruments at fair value though other comprehensive income, net of tax	—	—	—	(137)	—	(137)
Total comprehensive income	—	—	—	(2,139)	15,702	13,563
Balance at 30 June 2025 (Unaudited)	7,303	(4,756)	265,444	20,682	421,811	710,484

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 Unaudited RMB'000	2024 Unaudited RMB'000
Cash flows from operating activities			
Cash used in operations		(24,400)	(119,845)
Income tax paid		(10,113)	(7,008)
Net cash used in operating activities		(34,513)	(126,853)
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(5,099)	(3,055)
Proceeds from disposal of financial assets at fair value through other comprehensive income		—	37,718
Proceeds from disposal of time deposits		—	1,831
Proceeds from disposal of Investment properties	10	2,232	1,533
Proceeds from disposal of property, plant and equipment		—	208
Interest received		315	553
Dividends received from financial assets at fair value through other comprehensive income		3	18
Net cash (used)/generated from investing activities		(2,549)	38,806
Cash flows from financing activities			
Proceeds from borrowings		292,458	257,171
Repayments of borrowings		(220,590)	(146,679)
Interest paid		(5,707)	(5,175)
Lease payment		(161)	(1,328)
Net cash generated from financing activities		66,000	103,989
Net increase in cash and cash equivalents		28,938	15,942
Cash and cash equivalents at beginning of the period		342,658	255,754
Effects of exchange rate changes on cash and cash equivalents		(226)	(244)
Cash and cash equivalents at the end of the period		371,370	271,452

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

1 GENERAL INFORMATION

Watts International Maritime Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 December 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, “**the Group**”) provide marine construction and municipal public construction business in Mainland China and Southeast Asia. The ultimate controlling shareholders are Mr. Wang Shizhong, Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng, Mr. Wang Shiqin and Mr. Wang Likai (“**Controlling Shareholders**”), who are parties acting collectively and have been controlling the group companies since their incorporation.

The Company completed its initial public offering and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 November 2018 (the “**Listing**”).

The condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, and were approved for issue by the Board of Directors (the “**Board**”) on 26 August 2025.

The condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2025 have been prepared in accordance with Accounting Standard HKAS 34 “Interim Financial Reporting”.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial statements. Accordingly, these statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024 and any public announcements made by the Company during the interim reporting period.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

2 BASIS OF PREPARATION (Continued)

(i) New and amended standards adopted by the Group

A number of standards, amendments and interpretation became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- Lack of Exchangeability — Amendments to HKAS 21

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for HKFRS 18, which will mainly impact the presentation of statements of comprehensive income. The Group is still in progress of evaluating the impact of HKFRS 18.

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There has been no change in the risk management policies approved by the board of directors since year end.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group entities collect most of the revenue and incur most of the expenditures in respect of their functional currencies. Foreign exchange risk arises from various currency exposures primarily through proceeds received from customers and shareholders, and payments to the suppliers that are denominated in a currency other than the Group's entities' functional currency. The currencies giving rise to this risk are primarily US dollar ("**US\$**"), as certain assets, purchase and sales of the Group is denominated in US\$. The management of the Group considers that the Group's exposure to foreign currency exchange risk is not significant due to the most of the functional currency of the entities in Group is the same as the transaction currency.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 30 June 2025 and 31 December 2024, if RMB had strengthened/weakened by 5% against the US\$, with all other variables held constant, the total loss/profit for the period ended 30 June 2025 and year ended 31 December 2024 would have been RMB4,210,973 and RMB4,908,000 higher/lower, mainly as a result of foreign exchange losses/gains on translation of US\$ denominated cash and cash equivalents, trade and other receivables and trade and other payables.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than bank deposits and bank borrowings. The Group has not used any financial instrument to hedge its exposure to cash flow and fair value interest rate risks.

(b) Credit risk

Credit risk arises from restricted cash, cash and cash equivalents, time deposits, trade receivables, retention receivables, bill receivables, long-term trade receivables and contract assets. The carrying amounts of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

To manage the risk with respect to cash and cash equivalents restricted cash and time deposits, the Group placed them in banks with high reputation.

For trade and retention receivables, the Group performs ongoing credit evaluations of its debtors' financial condition and does not require collateral from the debtors on the outstanding balances.

(ii) Impairment of financial assets and contract assets

The Group has several types of financial assets that are subject to the expected credit loss model, while they have no significant impact on the financial statements, except for the following ones:

- Trade and retention receivables from providing marine construction services and municipal public construction services.
- Contract assets relating to marine construction contracts and municipal public construction contracts.
- Long-term trade receivables from providing municipal public construction services.
- Other receivables.
- Cash and cash equivalents, restricted cash, time deposits and bills receivables.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, retention receivables, long-term trade receivables and contract assets.

To measure the expected credit losses, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics and the aging or the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of providing marine construction services and municipal public construction services over a period of 8 years before 30 June 2025 or 30 June 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered evidence from external sources including the relevant public search results relating to the financial circumstances of the customers and expected behaviour including method of payments or payments period, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade and retention receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that may impact the customers' ability to meet its obligations
- actual or expected significant changes in the expected performance and behaviour of customers, including changes in the payment period and operating results of the customers.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Trade and retention receivables (Continued)

Individually impaired trade receivables and retention receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 30 June 2025, the trade receivables and retention receivables of RMB4,096,000 (As at 31 December 2024: RMB53,430,000) from two customers are expected difficult to be recovered. The Group made an individual loss allowance of RMB4,096,000 (As at 31 December 2024: RMB7,422,000) for these trade receivables and retention receivables as at 30 June 2025.

As at 30 June 2025 and 31 December 2024, the remaining trade receivables and retention receivables have been grouped on the basis of shared credit risk characteristics and the aging or the days past due for the measurement of expected credit loss:

i) Marine construction services group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Trade receivables					
At 30 June 2025 (Unaudited)					
Expected loss rate	4.33%	9.42%	19.14%	33.66%	
Gross carrying amount	245,369	39,881	30,212	89,882	405,344
Total loss allowance provision	10,622	3,757	5,782	30,254	50,415
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Retention receivables					
At 30 June 2025 (Unaudited)					
Expected loss rate	5.14%	9.45%	12.03%	38.83%	
Gross carrying amount	92,512	1,841	20,030	26,667	141,050
Total loss allowance provision	4,754	174	2,409	10,355	17,692

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Trade and retention receivables (Continued)

i) Marine construction services group (Continued)

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
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Trade receivables

At 31 December 2024

Expected loss rate	3.41%	6.93%	15.00%	34.32%	
Gross carrying amount	340,114	35,840	13,684	104,568	494,206

Total loss allowance provision	11,601	2,485	2,053	35,890	52,029
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	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
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Retention receivables

At 31 December 2024

Expected loss rate	5.93%	9.15%	11.88%	81.15%	
Gross carrying amount	89,925	142	37,593	10,020	137,680

Total loss allowance provision	5,333	13	4,465	8,131	17,942
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ii) Municipal public construction services group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
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Trade receivables

At 30 June 2025 (Unaudited)

Expected loss rate	5.01%	15.58%	24.68%	72.76%	
Gross carrying amount	446,731	105,994	61,226	58,456	672,407

Total loss allowance provision	22,386	16,515	15,112	42,533	96,546
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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Trade and retention receivables (Continued)

ii) Municipal public construction services group (Continued)

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Retention receivables					
At 30 June 2025 (Unaudited)					
Expected loss rate	3.22%	21.35%	46.80%	88.46%	
Gross carrying amount	138,954	12,848	1,643	5,665	159,110
Total loss allowance provision	4,468	2,743	769	5,012	12,992
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Trade receivables					
At 31 December 2024					
Expected loss rate	4.89%	15.05%	24.26%	72.01%	
Gross carrying amount	506,197	115,966	83,382	40,513	746,058
Total loss allowance provision	24,758	17,453	20,228	29,174	91,613
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Retention receivables					
At 31 December 2024					
Expected loss rate	6.11%	25.87%	50.67%	90.95%	
Gross carrying amount	127,366	9,507	1,271	5,666	143,810
Total loss allowance provision	7,787	2,459	644	5,153	16,043

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Contract assets

Contract assets relate to unbilled work in progress which have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Since the contract assets are still in performing, the payment is not due.

Individually impaired contract assets are related to projects under litigation claims. Management makes individual assessment on these contract assets based on historical settlement records, past experience, pledged assets as well as forward looking factors. As at 30 June 2025, the contract assets of RMB4,633,000 (As at 31 December 2024: 4,633,000) from one customer is expected difficult to be recovered. The Group made an individual loss allowance of RMB4,633,000 (As at 31 December 2024: 4,633,000) for these contract assets for the year ended 30 June 2025.

The expected loss rates of the remaining contract assets were assessed to be 4.33% for marine construction and 5.01% for municipal public construction (2024: 3.41% and 4.89%, respectively).

As at 30 June 2025, the loss allowance for provision for contract assets of marine construction and municipal public construction was approximately RMB6,809,000 and RMB33,517,000 (As at 31 December 2024: RMB11,182,000 and RMB38,944,000), respectively.

Long-term trade receivables

Long-term trade receivables relate to a public-private-partnership project in municipal public construction services and are recognised as contract assets when the project is still performing and transferred to receivables after the project is finished. Since the customer is a government owned company with strong reputation and the payment is not due according to the contract, the expected loss rate for the long-term receivables is assessed to be the same as that of the trade receivables. As at 30 June 2025, the loss allowance provision for long-term trade receivables was approximately RMB1,538,000 (As at 31 December 2024: RMB3,315,000).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Other receivables

The Group adopts general approach for expected credit losses of other receivables and considers it has not significantly increased in credit risk from initial recognition. Thus, it is still in stage one and only 12-month expected credit losses are considered.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considers counter parties having a low risk of default and a strong capacity to meet contractual cash flow as performing. The directors of the Company believe that there is no material credit risk in the Group's outstanding balance of other receivables.

Cash and cash equivalents and bills receivables

For cash and cash equivalents, restricted cash, time deposits and bills receivables, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. The Group considers counter parties having a low risk of default and a strong capacity to meet contractual cash flow in the near term. The identified impairment loss was immaterial.

No loss allowance was made for other receivables, cash and bank balances and bills receivables.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Cash and cash equivalents and bills receivables (Continued)

The loss allowance provision for trade receivables, retention receivables, long-term trade receivables and contract assets as at 30 June 2025 and 2024 reconciles to the opening loss allowance for that provision is as follows:

	Trade receivables RMB'000	Retention receivables RMB'000	Long-term trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
At 1 January 2024 (Audited)	92,666	61,436	2,592	33,698	190,392
Provision for/(Reversal of) loss allowance recognized in the consolidated statement of comprehensive income					
— General provision for/(Reversal of) for collectively impaired loss allowance	40,176	(10,789)	1,657	17,244	48,288
— Specific provision for individually impaired loss allowance	27,441	16,963	—	351	44,755
Currency translation differences	(360)	(169)	—	(120)	(649)
At 30 June 2024 (Unaudited)	159,923	67,441	4,249	51,173	282,786
	Trade receivables RMB'000	Retention receivables RMB'000	Long-term trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
At 1 January 2025 (Audited)	148,350	36,678	3,315	50,126	238,469
Provision for/(Reversal of) loss allowance recognized in the consolidated statement of comprehensive income					
— General provision for/(Reversal of) for collectively impaired loss allowance	3,440	(3,289)	(1,777)	83	(1,543)
— Specific provision/(Reversal of) for individually impaired loss allowance	(2,277)	(1,029)	—	(5,242)	(8,548)
Currency translation differences	(119)	(13)	—	(8)	(140)
At 30 June 2025 (Unaudited)	149,394	32,347	1,538	44,959	228,238

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Net impairment losses on financial assets and contract assets recognised in profit or loss

During the six months ended 30 June 2025 and 2024, the following losses were recognised in profit or loss in relation to impaired financial assets and contract assets:

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Net impairment losses charged to profit or loss	10,091	(93,043)

Impairment losses on trade receivables, retention receivables, long-term trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)					
Borrowings, including interest payables	313,028	3,846	91,575	—	408,449
Lease liabilities	187	—	—	—	187
Trade and other payables	2,005,290	37,120	52,139	17	2,094,566
	2,318,505	40,966	143,714	17	2,503,202

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024 (Audited)					
Borrowings, including interest payables	277,011	4,647	—	—	281,658
Lease liabilities	280	69	—	—	349
Trade and other payables	2,201,642	158,440	28,267	34	2,388,383
	<u>2,478,933</u>	<u>163,156</u>	<u>28,267</u>	<u>34</u>	<u>2,670,390</u>

3.3 Fair value estimation

Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the input used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)				
Financial assets at fair value through other comprehensive income	<u>3,961</u>	<u>—</u>	<u>—</u>	<u>3,961</u>
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000

At 31 December 2024 (Audited)

Financial assets at fair value through other comprehensive income	<u>4,098</u>	<u>—</u>	<u>—</u>	<u>4,098</u>
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There were no transfers between levels 1, 2, and 3 for recurring fair value measurements during the year.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant input is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments, and
- for other financial instruments discounted cash flow analysis.

As at 30 June 2025 and 31 December 2024, the level 1 instrument of the Group mainly includes investment in listed securities, the fair value of the equity instrument is based on quoted market price at the end of the year. The instrument is included in level 1.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the executive directors. The Group's management evaluates the Group's performance both from a service and geographic perspective and has identified two reportable segments of its business:

- (i) Marine construction, including infrastructure construction of ports, waterway engineering and other services; and
- (ii) Municipal public construction, including construction of public infrastructure within cities, urban greening and construction of buildings.

The segment results represent the gross profit of marine construction and municipal public construction.

Segment assets and liabilities are measured in the same way as in the condensed consolidated interim financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the asset. Segment liabilities are allocated based on the operations of the segment.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5 SEGMENT INFORMATION (Continued)

(b) Segment results and other information

The segment information for the six months ended 30 June 2025 is as follows:

	Six months ended 30 June 2025 (Unaudited)		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Revenue	244,471	505,187	749,658
Cost of sales	(212,276)	(487,472)	(699,748)
Gross profit	32,195	17,715	49,910
Unallocated items:			
Operating expenses			(29,141)
Other income			543
Other gains — net			5,109
Finance costs — net			(7,977)
Profit before income tax			18,444
Income tax expense (Note 4)			(2,742)
Profit for the period			15,702
Segment items included:			
Depreciation and amortisation	(3,813)	(2,835)	(6,648)
Net impairment reversal on financial assets and contract assets	1,463	8,628	10,091

The segment assets and liabilities as at 30 June 2025 are as follows:

	As at 30 June 2025 (Unaudited)			
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	1,251,854	2,149,504	(102,670)	3,298,688
Total liabilities	816,659	1,874,215	(102,670)	2,588,204

5 SEGMENT INFORMATION (Continued)**(b) Segment results and other information** (Continued)

The segment information for the six months ended 30 June 2024 is as follows:

	Six months ended 30 June 2024 (Unaudited)		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Revenue	300,050	415,158	715,208
Cost of sales	(272,740)	(398,134)	(670,874)
Gross profit	27,310	17,024	44,334
Unallocated items:			
Operating expenses			(139,198)
Other income			288
Other gains — net			4,787
Finance costs — net			(9,374)
Loss before income tax			(99,163)
Income tax expense (Note 4)			(24,705)
Loss for the period			(123,868)
Segment items included:			
Depreciation and amortisation	(4,811)	(3,583)	(8,394)
Net impairment reversal/(losses) on financial assets and contract assets	5,584	(98,627)	(93,043)

The segment assets and liabilities as at 31 December 2024 are as follows:

	As at 31 December 2024 (Audited)			
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	1,357,587	2,129,116	(139,229)	3,347,474
Total liabilities	915,493	1,874,289	(139,229)	2,650,553

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5 SEGMENT INFORMATION (Continued)

(c) Revenue from contract with customers and cost of sales

Revenue from customers by region, based on the location of the customers:

	For the six months ended 30 June (Unaudited)					
	2025			2024		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
PRC						
Revenue	188,365	505,187	693,552	147,017	415,158	562,175
Cost of sales	(161,131)	(487,472)	(648,603)	(130,562)	(398,134)	(528,696)
	<u>27,234</u>	<u>17,715</u>	<u>44,949</u>	<u>16,455</u>	<u>17,024</u>	<u>33,479</u>
Southeast Asia						
Revenue	56,106	—	56,106	153,033	—	153,033
Cost of sales	(51,145)	—	(51,145)	(142,178)	—	(142,178)
	<u>4,961</u>	<u>—</u>	<u>4,961</u>	<u>10,855</u>	<u>—</u>	<u>10,855</u>

(d) Segment assets by territory

Non-current assets, other than non-current receivables, contract assets, financial assets at fair value through other comprehensive income and deferred tax assets, by territory:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
PRC	67,371	72,325
Southeast Asia	<u>3,235</u>	<u>2,208</u>
Total	<u>70,606</u>	<u>74,533</u>

5 SEGMENT INFORMATION (Continued)**(e) Contract assets and liabilities**

The Group recognised the following assets and liabilities relating to contract with customers:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Contract assets		
Current portion		
Marine construction	114,494	172,356
Municipal public construction	147,029	220,203
Less: allowance for impairment of contract assets	(16,757)	(20,869)
	244,766	371,690
Non-current portion		
Marine construction	47,431	24,258
Municipal public construction	521,800	474,071
Less: allowance for impairment of contract assets	(28,202)	(29,257)
	541,029	469,072
Total contract assets	785,795	840,762
Contract liabilities		
Marine construction	61,137	9,916
Municipal public construction	105,083	59,149
Total contract liabilities	166,220	69,065

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5 SEGMENT INFORMATION (Continued)

(e) Contract assets and liabilities (Continued)

(i) Significant changes in contract assets and liabilities

The contract assets are the Group's right to consideration in the exchange for services that the Group has transferred to customers. The contract assets are transferred to trade and retention receivables when receipt of the consideration is conditional only on the passage of time.

The Group expects that contract assets have the same risk characteristics as trade receivables. The impairment of contract assets is disclosed in Note 3.1(b).

The contract liabilities above are due to the non-refundable advance payment made by customers. Such liabilities fluctuate as a result of the terms of different projects. A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders service to the customer.

Due to the completion of the construction, approximately RMB171,561,000 and RMB199,125,000 of contract assets were transferred to trade receivables, while approximately RMB21,423,000 and RMB47,434,000 of contract assets were transferred to retention receivables during the six months ended 30 June 2025 and 2024.

6 OPERATING PROFIT

The following items have been charged to the six months periods ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Raw materials and consumables used	398,433	367,067
Subcontracting costs	223,107	235,738
Operating lease payment	39,313	27,390
Wages and salaries, social welfare and benefits, including directors' emoluments	30,166	38,192
Depreciation of property, plant and equipment (Note 9)	5,690	7,292
Depreciation of right-of-use assets	952	1,070
Amortisation of intangible assets	6	32

7 INCOME TAX EXPENSE

The amounts of tax expense charged to the condensed consolidated interim statement of comprehensive income represent:

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Current income tax	2,204	3,463
Deferred income tax	538	21,242
Income tax expense — net	2,742	24,705

(a) Cayman Islands profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and is exempted from payment of the Cayman Islands income tax.

(b) British Virgin Islands (“BVI”) profits tax

The Company's subsidiaries incorporated in the BVI are exempted from BVI income tax, as they are incorporated under the International Business Companies Act of the BVI.

(c) Hong Kong profits tax

One of the Company's subsidiaries incorporated in Hong Kong, is subject to Hong Kong profits tax. The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2025 and 2024.

(d) PRC corporate income tax (“CIT”)

The Group's subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% (2024: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for the companies as disclosed below.

Shanghai Third Harbor Benteng Maritime Engineering Co., Ltd. (“**Third Harbor Maritime**”), a subsidiary of the Group, obtained new and high-technology enterprise recognition in October 2019 and renewed in October 2022 and is entitled to a preferential income tax rate of 15%. Shanghai Watts Environmental Technology Co., Ltd. (“**Watts Environmental**”), a subsidiary of the Group was recognised as a new and high-technology enterprise in November 2022 and is entitled to a preferential income tax rate of 15%. The qualification to new and high-technology enterprise is subject to renewal for each three-year interval.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

7 INCOME TAX EXPENSE (Continued)

(e) Brunei income tax

One of the Company's subsidiaries incorporated in Brunei is subject to Brunei income tax. The applicable Brunei income tax rate is 18.5% for the six months ended 30 June 2025 and 2024.

(f) Indonesia income tax

One of the Company's subsidiaries incorporated in Indonesia is subject to Indonesia income tax. Indonesia income tax is charged through a system of withholding taxes. The customers of the Group are required to withhold final income tax for construction services and the banks are required to withhold final income tax on interest income from bank deposits. For the six months ended 30 June 2025, income tax was provided at the rate of 2.65% on the revenue from construction services (2024: 2.65% to 4%) and income tax of 20% (2024: 20%) was provided on the interest income from bank deposits, according to respective Indonesia income tax laws and regulations.

(g) Malaysia income tax

One of the Company's subsidiaries incorporated in Malaysia is subject to Malaysia income tax. The applicable Malaysia income tax rate is 24% for the six months ended 30 June 2025 and 2024.

(h) Saudi Arabia income tax

One of the Company's subsidiaries incorporated in Saudi Arabia is subject to Saudi Arabia income tax. The applicable Saudi Arabia income tax rate is 20% for the six months ended 30 June 2025.

8 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the six months ended 30 June 2025 and 2024 attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2025 Unaudited	2024 Unaudited
Profit/(Loss) attributable to the Shareholders of the Company (RMB'000)	15,702	(123,868)
Weighted average number of ordinary shares in issue (thousands)	819,008	819,008
Total basic earnings/(loss) per share attributable to the ordinary equity holders of the Group (RMB cents)	1.92	(15.12)

8 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE (Continued)**(b) Diluted earnings per share**

Diluted earnings per share is of the same amount as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2025 and 2024.

9 PROPERTY, PLANT AND EQUIPMENT

	Industrial machinery and equipment RMB'000	Transport equipment RMB'000	Buildings RMB'000	Office supplies and electronic equipment RMB'000	Leasehold Improvements RMB'000	Construction- in-progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	176,314	14,352	16,522	11,609	5,137	3,780	227,714
Accumulated depreciation	(126,639)	(13,438)	(8,810)	(6,760)	(3,575)	—	(159,222)
Net book amount	49,675	914	7,712	4,849	1,562	3,780	68,492
Six months ended 30 June 2024							
Opening net book amount	49,675	914	7,712	4,849	1,562	3,780	68,492
Additions	20	—	—	8	917	2,110	3,055
Depreciation charge	(4,542)	(64)	(1,012)	(1,270)	(404)	—	(7,292)
Disposals	(668)	(42)	(476)	(3)	—	—	(1,189)
Currency translation differences	(94)	—	—	(90)	—	—	(184)
Closing net book amount	44,391	808	6,224	3,494	2,075	5,890	62,882
At 30 June 2024							
Cost	170,635	13,446	11,940	11,232	6,002	5,890	219,145
Accumulated depreciation	(126,244)	(12,638)	(5,716)	(7,738)	(3,927)	—	(156,263)
Net book amount	44,391	808	6,224	3,494	2,075	5,890	62,882

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Industrial machinery and equipment RMB'000	Transport equipment RMB'000	Buildings RMB'000	Office supplies and electronic equipment RMB'000	Leasehold Improvements RMB'000	Construction- in-progress RMB'000	Total RMB'000
At 1 January 2025							
Cost	170,223	13,956	15,475	11,261	12,443	—	223,358
Accumulated depreciation	(131,650)	(13,572)	(9,817)	(9,077)	(4,303)	—	(168,419)
Net book amount	38,573	384	5,658	2,184	8,140	—	54,939
Six months ended 30 June 2025							
Opening net book amount	38,573	384	5,658	2,184	8,140	—	54,939
Additions	3,725	—	—	48	1,326	—	5,099
Depreciation charge	(3,839)	(75)	(442)	(934)	(400)	—	(5,690)
Currency translation differences	(8)	—	—	80	—	—	72
Closing net book amount	38,451	309	5,216	1,378	9,066	—	54,420
At 30 June 2025							
Cost	173,940	13,956	15,475	11,389	13,769	—	228,529
Accumulated depreciation	(135,489)	(13,647)	(10,259)	(10,011)	(4,703)	—	(174,109)
Net book amount	38,451	309	5,216	1,378	9,066	—	54,420

During the six months ended 30 June 2025 and 2024, the amounts of depreciation expenses charged to “Cost of sales”, “Administrative expenses”, “Other operating expenses” and “Selling and distribution expenses” are as follows:

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Cost of sales	3,535	3,374
Administrative expenses	1,949	3,880
Other operating expenses	199	30
Selling and distribution expenses	7	8
	5,690	7,292

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values of 0% to 5% over their estimated useful lives, as follows:

- Industrial machinery and equipment 3–25 years
- Transport equipment 3–8 years
- Buildings 5–20 years
- Office supplies and electronic equipment 3–5 years
- Leasehold improvements 3 years

10 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Opening net book amount	9,982	16,735
Disposal	(2,232)	(1,533)
Impairment	—	(3,610)
Depreciation	(218)	(242)
Closing net book amount	7,532	11,350

The Group's investment properties are stated at historical cost at the end of each reporting period.

The closing net book amount is considered to be a reasonable approximation of their fair value as at the balance sheet date.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

11 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade receivables (i)	1,080,183	1,274,771
Bills receivables (i)	44,771	64,551
Trade and bills receivables (i)	1,124,954	1,339,322
Less: allowance for impairment of trade receivables	(149,394)	(148,350)
Trade and bills receivables — net	975,560	1,190,972
Retention receivables (ii)	301,824	299,988
Less: allowance for impairment of retention receivables	(32,347)	(36,678)
Retention receivables — net	269,477	263,310
Long-term trade receivables (iii, iv)	40,140	45,491
Less: allowance for impairment of long-term trade receivables	(1,538)	(3,315)
Long-term trade receivables-net	38,602	42,176
Other receivables	329,239	233,503
Prepayments	284,554	163,364
Prepaid taxation	662	4,588
Total	1,898,094	1,897,913
Less: non-current portion		
Retention receivables (ii)	(42,664)	(41,974)
Long-term trade receivables (iii, iv)	(34,440)	(38,201)
Other receivables	(24,682)	(16,380)
	(101,786)	(96,555)
Current portion	1,796,308	1,801,358

11 TRADE AND OTHER RECEIVABLES (Continued)

- (i) The Group's revenues are generated through marine construction services and municipal public construction services. Settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The credit terms granted to customers by the Group are usually 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue receivables are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, certain customers may have large trade receivables balances, there may be concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

As at 30 June 2025, bills receivables with a total net book amount of RMB9,266,000 were pledged as collateral for the Group's bank borrowings (2024: RMB20,208,000).

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade and bills receivables based on the payment requests acknowledged by the customers is as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 3 months	261,526	453,014
4 to 6 months	82,790	120,402
7 to 12 months	392,705	277,609
1 to 2 years	146,422	174,615
2 to 3 years	93,155	120,472
Over 3 years	148,356	193,210
	1,124,954	1,339,322

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

11 TRADE AND OTHER RECEIVABLES (Continued)

- (ii) Retention receivables represent amounts due from customers upon completion of the free maintenance period of the construction services, which normally lasts from one to five years, and the maintenance cost is usually immaterial during that period. In the condensed consolidated interim statement of financial position, retention receivables are classified as current assets if they are expected to be received in one year or less. If not, they are presented as non-current assets. The ageing of the retention receivables is as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 1 year	235,812	62,586
1 to 2 years	12,006	60,021
2 to 3 years	21,672	12,528
3 to 4 years	20,903	70,615
4 to 5 years	466	24,608
Over 5 years	10,965	69,630
	301,824	299,988

- (iii) Long-term trade receivables represent amounts due from customers for services relating to a public-private-partnership performed by the private investor with quarterly instalment in fifteen years. Long-term trade receivables were measured at amortised cost using the effective interest method at average rate of 5.39%.
- (iv) As at 30 June 2025, the Group pledged long-term trade receivables with carrying amount of approximately RMB40,830,000 (As at 31 December 2024: RMB42,176,000) for the long-term bank borrowings amounted to RMB7,000,000 (As at 31 December 2024: RMB9,500,000).

12 TIME DEPOSITS, RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Cash on hand	631	604
Cash at bank	497,882	486,798
	498,513	487,402
Less: Restricted cash (i)	(127,143)	(144,744)
	371,370	342,658

(i) Restricted cash

The restricted cash represents the following balances:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Deposits for wages of migrant labours	65,304	78,243
Restricted cash for project expenditure	55,195	62,799
Restricted cash for litigation	3,592	3,390
Deposits for issuing letter of guarantee	3,052	312
	127,143	144,744

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

13 SHARE CAPITAL AND SHARE PREMIUM

			Amount		
	Number of ordinary shares	Number of issued and fully paid shares	Equivalent nominal value of ordinary share Unaudited RMB'000	Share premium Unaudited RMB'000	Total Unaudited RMB'000
Balances as at 1 January 2024	<u>10,000,000,000</u>	<u>825,400,000</u>	<u>7,303</u>	<u>273,074</u>	<u>280,377</u>
Dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,630)</u>	<u>(7,630)</u>
Balances as at 30 June 2024	<u>10,000,000,000</u>	<u>825,400,000</u>	<u>7,303</u>	<u>265,444</u>	<u>272,747</u>
Balances as at 1 January 2025	<u>10,000,000,000</u>	<u>825,400,000</u>	<u>7,303</u>	<u>265,444</u>	<u>272,747</u>
Dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balances as at 30 June 2025	<u>10,000,000,000</u>	<u>825,400,000</u>	<u>7,303</u>	<u>265,444</u>	<u>272,747</u>

The total number of issued share capital of the Company comprised 825,400,000 ordinary shares with a par value of HK\$0.01 each as at 30 June 2025 and 31 December 2024.

14 TRADE AND OTHER PAYABLES

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade payables (i)	1,352,341	1,543,705
Bills payables (i)	19,000	21,000
Retention payables (ii)	192,188	219,016
Long-term payables (iii)	191,490	184,725
Payroll and social security	18,526	20,635
Other payables	182,704	150,806
Other tax liabilities excluding income tax liabilities	97,938	137,671
	2,054,187	2,277,558
Less: non-current portion		
Retention payables (ii)	(16,820)	(98,168)
Long-term payables (iii)	(40,979)	(49,425)
Other payables	(2,800)	(20,248)
	(60,599)	(167,841)
Current portion	1,993,588	2,109,717

- (i) The Group's trade and bills payables are mainly denominated in the RMB.

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 3 months	119,016	265,693
4 to 6 months	288,632	267,195
7 to 12 months	313,157	318,465
1 to 2 years	258,152	291,577
2 to 3 years	111,400	131,263
Over 3 years	280,984	290,512
	1,371,341	1,564,705

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For the six months ended 30 June 2025

14 TRADE AND OTHER PAYABLES (Continued)

- (ii) Retention payables represent amounts due to suppliers upon completion of the free maintenance period of the construction services, which normally lasts from one to five years. In the condensed consolidated interim statement of financial position, retention payables are classified as current liabilities if they will be required to be paid in one year or less. If not, they are presented as non-current liabilities. The ageing of the retention payables is as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 1 year	13,710	18,570
1 to 5 years	168,649	190,604
Over 5 years	9,829	9,842
	192,188	219,016

- (iii) Long-term trade payables represent amounts due to suppliers for certain construction services with unbilled payables and the expected billing period is over one year. For some suppliers, usually 10% to 35% of the payments will be paid upon the completion of the construction and 5% to 10% of the payments will be paid after the warranty period expires. Long-term payables are measured at amortised cost using the effective interest method at the average rate from 3.45% to 5.01%. In the condensed consolidated interim statement of financial position, long-term payables are classified as current liabilities if they will be required to be paid in one year or less. If not, they are presented as non-current liabilities. The ageing analysis of the long-term payables is as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 1 year	26,025	39,073
1 to 5 years	147,212	127,399
Over 5 years	18,253	18,253
	191,490	184,725

15 BORROWINGS

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Non-current		
Long-term bank borrowings — secured (i)	2,250	4,500
Long-term bank borrowings — guaranteed (ii)	45,000	—
Current		
Short-term bank borrowings — secured (iii)	9,266	20,208
Short-term bank borrowings — guaranteed (iv)	166,300	155,990
Short-term bank borrowings — unsecured (v)	124,800	94,800
Long-term bank borrowings due within one year — secured (i)	4,750	5,000
Total borrowings	352,366	280,498

The Group's bank borrowings comprised:

- (i) As at 30 June 2025, the secured long-term bank borrowings of RMB7,000,000 (As at 31 December 2024: RMB9,500,000) were guaranteed by Zhejiang Kexin Engineering Materials Co., Ltd. ("**Zhejiang Kexin**"), a third party, and were secured by the pledge of long-term trade receivables carrying amount of approximately RMB40,830,000 (As at 31 December 2024: RMB42,176,000) (Note 11).
- (ii) As at 30 June 2025, long-term borrowings of RMB45,000,000 (As at December 2024: Nil) were guaranteed by Shanghai Watts Gallop Holding Group Co., Ltd. ("**Watts Gallop**").
- (iii) As at 30 June 2025, short-term borrowings of RMB9,266,000 (As at December 2024: RMB20,208,000) were secured by the pledged of the Group's bills receivables with net book amount of RMB9,266,000 (As at December 2024: RMB20,208,000) (Note 11).
- (iv) As at 30 June 2025, short-term borrowings of RMB106,300,000 (As at December 2024: RMB95,990,000) were guaranteed by Shanghai Watts Gallop Holding Group Co., Ltd. ("**Watts Gallop**"), short-term borrowings of RMB50,000,000 (As at December 2024: RMB50,000,000) were guaranteed by Hangzhou Fuyang Huazi Zhongyue Enterprise Management Co., Ltd. ("**Huazi Zhongyue**"), Watts Gallop Real Estate and Watts Gallop Construction Engineering Group Co., Ltd., ("**Watts Gallop Construction**"), short-term borrowings of RMB10,000,000 (As at December 2024: RMB10,000,000) were guaranteed by Shanghai Third Harbor Benteng Construction and Engineering Co., Ltd. ("**Third Harbor Construction**").
- (v) As at 30 June 2025, short-term borrowings of RMB124,800,000 (As at December 2024: RMB94,800,000) were guaranteed by Shanghai Third Harbor Benteng Maritime Engineering Co., Ltd ("**Third Harbor Maritime**").

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For the six months ended 30 June 2025

15 BORROWINGS (Continued)

Movements in borrowings are analysed as follows:

	Unaudited RMB'000
Six months ended 30 June 2024	
Opening amount as at 1 January 2024 (Audited)	203,169
New borrowings	257,171
Repayments of borrowings	(146,679)
Closing amount as at 30 June 2024 (Unaudited)	313,661
Six months ended 30 June 2025	
Opening amount as at 1 January 2025 (Audited)	280,498
New borrowings	292,458
Repayments of borrowings	(220,590)
Closing amount as at 30 June 2025 (Unaudited)	352,366

16 DIVIDENDS

The Board does not recommend an interim dividend for six months ended 30 June 2025 (the Board does not recommend a final dividend for the year ended 31 December 2024).

17 COMMITMENTS

(a) Capital commitments

As at 30 June 2025 and 31 December 2024, the Group and the Company did not have significant capital commitments.

17 COMMITMENTS (Continued)**(b) Non-cancellable operating leases****As lessee**

The Group leases various offices and land under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are payable as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
No later than 1 year	1,808	866
Later than 1 year and no later than 2 years	—	129
	1,808	995

18 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2025 and 2024, and balances arising from related party transactions as at the respective balance sheet dates.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18 RELATED PARTY TRANSACTIONS (Continued)

Name and relationship with related parties are set out below:

Related party	Relationship
Mr. Wang Shizhong	Ultimate controlling shareholder
Watts Gallop	Controlled by the same ultimate controlling shareholder
Watts Gallop Real Estate	Controlled by the same ultimate controlling shareholder
Jiangsu Shenyu Port Engineering Co., Ltd. ("Jiangsu Shenyu")	Subsidiary of Watts Gallop
Jiangsu Watts Energy & Engineering Co., Ltd. ("Watts Energy & Engineering")	Subsidiary of Watts Gallop
Zhejiang Huazi kexin Cultural Tourism Development Co., Ltd. ("Huazikexin Cultural")	Subsidiary of Watts Gallop
Third Harbor Construction	Subsidiary of Watts Gallop
Huazi Zhongyue	Subsidiary of Watts Gallop
Zhejiang Benteng Transportation Engineering Co., Ltd. ("Benteng Transportation")	Associate of Watts Gallop
Ningguo Huazi Zhuyou Building Materials Technology Co., Ltd. ("Ningguo Huazi Zhuyou")	Associate of Watts Gallop
Zhejiang Huazi Renewable Resources Utilization Co., Ltd ("Huazi Renewable")	Subsidiary of Watts Gallop
Shanghai Ziguang Property Management Co., Ltd. ("Ziguang Property")	Subsidiary of Watts Gallop
Shanghai Zihui Property Management Co., Ltd. ("Zihui Property")	Subsidiary of Watts Gallop
Hangzhou Huazi Greentown Real Estate Co., Ltd. ("Hangzhou Huazi Greentown")	Subsidiary of Watts Gallop Real Estate
Zhejiang Sanmei Real Estate Development Co., Ltd. ("Zhejiang Sanmei")	Subsidiary of Watts Gallop Real Estate

18 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions with related parties**

Save as disclosed elsewhere in these financial statements, during the six months ended 30 June 2025 and 2024, the following transactions were carried out with related parties at terms mutually agreed by both parties:

(i) Provision of construction services

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Continuing connected transactions		
— Watts Gallop Real Estate	—	10,272
— Hangzhou Huazi Greentown	—	7,743
— Third Harbor Construction	—	1,560
	—	19,575

(ii) Purchases of goods and services

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Continuing connected transactions		
Purchasing raw materials		
— Jiangsu Shenyu	3,929	4,327

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

(iii) Rental from related parties

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
— Huazi Renewable	688	750
— Third Harbor Construction	150	195
	838	945

(iv) Property service

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Continuing connected transactions		
— Ziguang Property	96	77

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions were in the ordinary course of business of the Group and in accordance with terms of the underlying agreements.

18 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions with related parties** (Continued)**(v) Key management compensation**

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Salaries, wages and allowances	1,557	1,558
Pension costs	75	154
	1,632	1,712

(b) Balances with related parties**(i) Amounts due from related parties**

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade and other receivables		
— Hangzhou Huazi Greentown	150,828	130,267
— Third Harbor Construction	11,753	19,612
— Huazi Renewable	38,229	38,229
— Zhejiang Sanmei	29,452	29,284
— Benteng Transportation	7,902	8,051
— Watts Energy & Engineering	3,746	5,261
— Huazikexin Cultural	370	570
	242,280	231,274

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(i) Amounts due from related parties (Continued)

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Contract assets		
— Hangzhou Huazi Greentown	76,328	107,784
— Watts Gallop Real Estate	7,741	9,418
— Huazi Renewable	1,059	1,059
	85,128	118,261
	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Other receivables		
— Third Harbor Construction	30,980	30,980
— Watts Gallop	6,726	5,000
— Huazi Renewable	3,550	3,550
— Jiangsu Shenyu	2,000	2,000
— Benteng Transportation	1,169	1,169
— Hangzhou Huazi Greentown	100	100
— Ziguang Property	14	14
	44,539	42,813
	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Prepayments		
— Ziguang Property	28	28

18 RELATED PARTY TRANSACTIONS (Continued)**(b) Balances with related parties** (Continued)**(ii) Amounts due to related parties**

	As at	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Trade and other payables		
— Jiangsu Shenyu	6,014	6,154
— Zihui Property	665	665
— Ningguo Huazi Zhuyou	210	310
— Ziguang Property	180	157
— Benteng Transportation	150	150
— Third Harbor Construction	130	130
	7,349	7,566

	As at	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Other payables		
— Watts Gallop	7,986	7,988
— Hangzhou Huazi Greentown	600	600
— Ziguang Property	71	90
— Third Harbor Construction	—	902
	8,657	9,580

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18 RELATED PARTY TRANSACTIONS (Continued)

(c) Guarantees

As at 30 June 2025 and 31 December 2024, the Group has been guaranteed by related parties as follows:

	As at	
	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
— Watts Gallop	415,000	595,000
— Huazi Zhongyue	156,455	156,455
— Watts Gallop Real Estate	111,250	86,750
— Third Harbor Construction	50,000	45,000
	732,705	883,205

19 CONTINGENCIES

As at 30 June 2025, there is one outstanding claims against Watts Gallop Construction. The Company expects that the potential liability, legal fees and other costs and interest are not expected to be significant. As such, these legal proceedings individually or in aggregate would not have material financial or operational adverse impact on the consolidated financial statements of the Group.

20 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no other material subsequent events undertaken by the Company or by the Group after 30 June 2025.

Acting-in-concert Confirmation	the acting-in-concert confirmation dated 22 August 2004 entered into among Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌) and Mr. Wang Shiqin (王士勤) (as supplemented by another acting-in-concert confirmation dated 25 May 2018 entered into among the same parties and Mr. Wang Likai (王利凱))
Audit Committee	the audit committee of the Company
BN\$ or BND	Brunei Dollars, the lawful currency of Brunei
Board	the board of Directors of the Company
Company	Watts International Maritime Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$ or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
IDR	the Indonesian Rupiah, the lawful currency of Indonesia
Listing Date	19 November 2018, the date on which the shares of the Company were listed on the Main Board of the Stock Exchange and approved for trading
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
Major Currencies	RMB, HK\$, BN\$, IDR, MYR and US\$, the major currencies used by the Group in conducting its business
MYR	Malaysian Ringgit, the lawful currency of Malaysia
PRC or China	the People's Republic of China, but for the purpose of this report only and, unless the context otherwise requires, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	Renminbi, the lawful currency of the PRC



Definitions

Reporting Period	the six months ended 30 June 2025
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary shares of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holder(s) of the Shares
Share Option Scheme	the share option scheme conditionally approved and adopted by the Company on 19 October 2018
Share Award Scheme	the share award scheme adopted by the Company on 24 March 2020
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$, USD or US dollars	U.S. dollars, the lawful currency of U.S.