

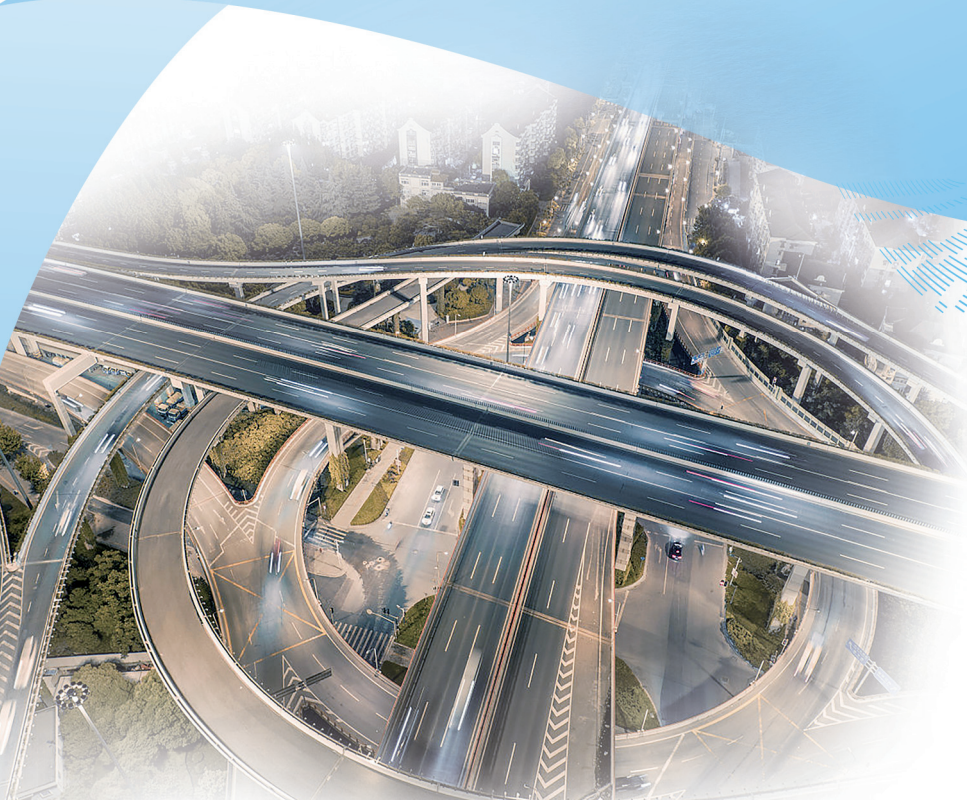


# 华滋国际海洋股份有限公司

Watts International Maritime Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2258



INTERIM REPORT  
2022



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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

**Dentons Hong Kong LLP**  
Suite 3201, Jardine House  
1 Connaught Place  
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](http://www.shbt-china.com)

## Stock code

02258

# Management Discussion and Analysis

The Company is a leading port, waterway, maritime 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 2022, the Group has been adversely affected by the COVID-19 pandemic. In addition, the competition in China's engineering industry becomes more intense. The Group continually re-upgraded its risk management and control system to prevent and control risks, steadily developed its core engineering businesses and the new area of environmental technology businesses.

The following table sets forth a breakdown of the Group's revenue by segment for the six months ended 30 June 2022:

	<b>Revenue recognised during the Reporting Period</b> (Unaudited) (RMB million)
Marine construction (including infrastructure construction of ports, waterway engineering and other services)	240.3
Municipal public construction (including construction of public infrastructure within cities, urban greening and construction of buildings)	783.7
Total	1,024.0

### Future Plans and Prospects

With the ongoing pandemic and geopolitical turmoil, the global economy is in a fragile recovery process. The Group will continue to monitor the market conditions of marine and municipal works construction, integrate the Group's internal resources, optimise project cost control, enhance risk management and control capabilities simultaneously, consolidate the foundation and expand new businesses, and develop environmental technology business to improve shareholders' returns.

From the perspective of the domestic market, China's economic development is under the triple pressure of shrinking demand, supply shock and expected weakening. However, China's development resilience is strong, the market space is open, and the long-term positive fundamentals remain unchanged. Since last year, the central government has successively introduced a series of measures to stabilise the macro-economic market. In the annual government work report, it has emphasised that effective investment should be actively expanded, infrastructure investment should be carried out moderately ahead of schedule, cross-cycle and counter-cyclical adjustments should be strengthened, and investment in infrastructure construction will continue to grow. The Group will firmly seize the new market opportunities, highlight the main business, focus on construction, forge core technology and core team, improve market participation, and seek greater development. At the same time, the Group will focus on green construction and increase continuous investment in environmental technology business to make steady progress in the uncertain economic situation.

From the perspective of the international market, the global pandemic has been recurrent. Faced with geopolitical and economic uncertainties, the global economic growth has slowed down and the pressure of global inflation has exacerbated, which has weakened business confidence and investment, and further weakened the short-term economic growth. The Group's business development in Southeast Asia has also been affected to varying degrees. However, Southeast Asian countries have a strong demand for infrastructure and a vast market for infrastructure such as ports and wharves. The Group will closely follow the development trend of infrastructure construction market in Southeast Asian countries, increase investment in risk management and control system, expand the market share of infrastructure construction in Southeast Asia, and participate in the construction of the "Belt and Road" with high quality.

### Financial Overview

#### Revenue

The Group's consolidated revenue in the first half of 2022 was RMB1,024.0 million, representing a year-on-year increase of approximately 6.6% from RMB960.5 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 RMB240.3 million and RMB783.7 million, respectively. Revenues from the PRC and Southeast Asia in the first half of 2022 were RMB935.9 million and RMB88.1 million, respectively. The increase in revenue in the first half of 2022 was mainly attributable to that the Group has undertaken more projects and 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 2022 was RMB943.1 million, representing an increase of 8.1% from RMB872.1 million in the first half of 2021. The costs of marine construction segment and municipal public construction segment in the first half of 2022 were RMB230.0 million and RMB713.1 million, respectively. In the first half of 2022, costs incurred in the PRC and Southeast Asia were RMB860.6 million and RMB82.5 million, respectively.

Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In the first half of 2022, cost of used raw materials and consumables and subcontracting costs were RMB524.3 million and RMB343.2 million, representing an increase of 20.9% and a decrease of 3.8% from the first half of 2021 respectively. The Group's profit from main operations largely depends on the location and composition of the project. In the first half of 2022, the Group's consolidated profit from main operations was RMB80.9 million, a decrease of 8.5% from RMB88.4 million in the first half of 2021. The gross profits from the marine construction segment and municipal public construction segment in the first half of 2022 were RMB10.3 million and RMB70.6 million, respectively. The gross profits from the PRC and Southeast Asia were RMB75.3 million and RMB5.6 million, respectively.

Operating profit in the first half of 2022 was RMB29.2 million, representing a decrease of 22.1% from RMB37.5 million in the first half of 2021, mainly due to the increase in the cost of raw materials and consumables and the impact of the COVID-19 pandemic (such as periodic quarantine, lockdown and travel restrictions), which led to the delay of work schedule for the Group's existing and ongoing construction in and outside China these years.

### Administrative expenses

The administrative expenses in the first half of 2022 were RMB52.8 million, representing an increase of 10.7% compared to RMB47.7 million in the first half of 2021, primarily because the Company has undertaken more construction projects and the recurrent impact of the COVID-19 pandemic, thus increasing the expenditure of administrative expenses during the Reporting Period.

### Income tax expense

The Group's income tax expense in the first half of 2022 was RMB3.4 million, representing a decrease of 39.3% compared to RMB5.6 million in the first half of 2021, mainly due to the decrease in profit before tax during the Reporting Period.

### Trade and other receivables

The Group's net trade and other receivables decreased to RMB1,335.2 million as at 30 June 2022 (as at 31 December 2021: RMB1,468.6 million), which mainly comprised of progress receivables on projects, receivables on project completion, delivery and settlement, and retention receivables on completed projects. The decrease of trade and other receivables in the first half of 2022 was mainly due to the completion of some projects and the collection of payments due. The Group has assessed the expected credit losses and has made proper provisions for impairment losses. The Group's net contract assets decreased by RMB166.8 million to RMB1,014.4 million as at 30 June 2022 from RMB1,181.2 million as at 31 December 2021.



### Trade and other payables

The Group's trade and other payables decreased to RMB2,217.6 million as at 30 June 2022 (as at 31 December 2021: RMB2,436.1 million), mainly due to the impact of the COVID-19 outbreak and the supply shock, the Group strengthened the management of suppliers and subcontractors and payment 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 RMB447.0 million (as at 31 December 2021: RMB172.1 million) and RMB267.9 million (as at 31 December 2021: RMB443.8 million), respectively as at 30 June 2022.

As at 30 June 2022, The Group's restricted cash was approximately RMB433.2 million (as at 31 December 2021: RMB76.0 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 2022 was 78.0% (as at 31 December 2021: 78.9%). The Group's bank borrowings as at 30 June 2022 were RMB213.2 million (as at 31 December 2021: RMB124.4 million) which are denominated in RMB and with fixed interest rate.

### Charge of assets

As at 30 June 2022, the Group had no charges on assets.

### 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 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 customers 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, and the net proceeds from the Listing provide an additional source of funding to meet its capital expenditure plan.

As at 30 June 2022, the Group had no major capital commitments.



## Management Discussion and Analysis

### Contingent liabilities

As at 30 June 2022, the Group had no significant contingent liabilities.

### Material acquisition and disposal of subsidiaries, associates and joint ventures

For the six months ended 30 June 2022, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

### Significant investment held

As at 30 June 2022, the Group had no significant investment.

## Use of Proceeds

The Group's net proceeds from the Listing were approximately HK\$202.9 million. As at 30 June 2022, the utilisation of net proceeds raised by the Group from the Listing is as below:

(HK\$ in million)

	Original allocation of net proceeds as stated in the Prospectus	Revised allocation of net proceeds	Unutilised as at 31 December 2021	Utilised during the Reporting Period	Unutilised as at 30 June 2022	Expected timeline for utilisation of the unutilised net proceeds (Note 1)
Funding our capital needs and cash flow under our existing projects in the PRC and Southeast Asia	65.5	21.3	—	—	—	—
Purchasing new vessels and construction Equipment	35.7	24.5	—	—	—	—
Funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects (Note 2)	—	44.2	—	—	—	—
Purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment (Note 2)	—	11.2	—	—	—	—
Recruiting talent	13.0	13.0	1.4	1.4	—	—
Strategic equity investment	68.8	68.8	68.8	—	68.8	December 2023 or before
General working capital	19.9	19.9	—	—	—	—
	<u>202.9</u>	<u>202.9</u>	<u>70.2</u>	<u>1.4</u>	<u>68.8</u>	

### Notes:

1. The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.
2. On 17 December 2020, the Board resolved to (i) change the use of the net proceeds for funding capital needs and cash flow under existing projects in the PRC and Southeast Asia which remains unutilised and approved that such amount of approximately HK\$44.2 million shall be reallocated as funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects; and (ii) change the use of net proceeds for purchasing new vessels and construction equipment and approved that the use of such amount of approximately HK\$11.2 million shall be expanded as purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment. For details, please refer to the Company's announcement dated 17 December 2020.

During the six months ended 30 June 2022, the proceeds raised by the Company from the Listing were utilised, or were proposed to be utilised, according to the intentions previously disclosed by the Company.

### 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 2022.

### Employees and Remuneration Policies

As at 30 June 2022, the Group had a total of 542 employees. In particular, Third Harbor Maritime had a total of 144 employees, Benteng Indonesia had a total of 68 employees (including 7 Chinese employees who are appointed by Third Harbor Maritime, they have entered into employment contracts with Third Harbor Maritime, and we have purchased the relevant insurance for them in both China and Indonesia). Benteng Brunei had 1 employee (1 Chinese employee who is appointed by Third Harbor Maritime and has entered into employment contracts with Third Harbor Maritime, and we have purchased the relevant insurance for him in China.) Shanghai Watts Environmental Technology Co., Ltd. had 33 employees. Shanghai Municipal Group and its subsidiaries had a total of 296 employees. Our employees have been paid remuneration in accordance with relevant laws and regulations in China, Indonesia and Brunei. 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 RMB32.3 million for the Reporting Period (six months ended 30 June 2021: approximately RMB31.5 million).

The remuneration committee of the Company 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 2022, 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 as set out in Appendix 10 of the Listing Rules 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) <sup>(3)</sup>	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Likai (王利凱) <sup>(3)</sup>	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shizhong (王士忠) <sup>(3)</sup>	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	18,571,444	2.25%
Mr. Wang Lijiang (王利江)	Beneficial Owner	8,254,000	1.00%

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 2022.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong. 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 2022, 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 pursuant to 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 as set out in Appendix 10 of the Listing Rules.

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

As at 30 June 2022, 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 <sup>(4)(5)</sup>	Beneficial Owner	104,324,869	12.64%
Mr. Ye Kangshun (葉康舜) <sup>(3)(4)(5)(6)</sup>	Interest in a controlled corporation Interest held jointly with another person	104,324,869 <u>315,467,967</u>	
		419,792,836	50.86%
Ms. Zhou Meng (周萌) <sup>(3)(4)(5)(6)</sup>	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shiqin (王士勤) <sup>(3)(4)(5)(6)</sup>	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 2022.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong. 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 2022, 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.

### 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 2022, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

### 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 Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval was required to adopt the Share Award Scheme.

Since the adoption date of the Share Award Scheme and up to 30 June 2022, no share award was granted, exercised, expired or lapsed and there is no outstanding share award under the Share Award Scheme.

### 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 14 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 Directors' Information

Below is the change of Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Wang Hongwei (王洪衛), an independent non-executive Director, has been appointed as an independent director of Shanghai New Huang Pu Industrial Group Co., Ltd. (stock code: 600638.SH) on 9 August 2022.
2. Mr. How Sze Ming (侯思明), an independent non-executive Director, has resigned as an independent non-executive director of 1957 & Co. (Hospitality) Limited (stock code: 8495) on 19 August 2022.

Save as disclosed above, since the date of the 2021 annual report of the Company and up to the date of this interim report, there is no other change in the Directors' information 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 set out in Appendix 10 to the Listing Rules 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 consolidated 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, 25 August 2022

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 Unaudited RMB'000	2021 Unaudited RMB'000
Revenue	5	1,024,056	960,533
Cost of sales	5	(943,084)	(872,089)
<b>Gross profit</b>		<b>80,972</b>	88,444
Selling and distribution expenses		(1,747)	(1,891)
Administrative expenses		(52,758)	(47,737)
Net impairment losses on financial assets	3.1(b)	(5,286)	(2,975)
Other operating expenses		(179)	(675)
Other income		2,593	4,128
Other gains/(losses) — net		5,630	(1,813)
<b>Operating profit</b>	6	<b>29,225</b>	37,481
Finance income		2,110	2,811
Finance costs		(12,626)	(10,486)
Finance costs — net		(10,516)	(7,675)
<b>Profit before income tax</b>		<b>18,709</b>	29,806
Income tax expense	7	(3,408)	(5,640)
<b>Profit for the period</b>		<b>15,301</b>	24,166
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		509	(1,837)
Changes in the fair value of equity instruments at fair value through other comprehensive income		(482)	381
<b>Other comprehensive income for the period, net of tax</b>		<b>27</b>	(1,456)
<b>Total comprehensive income for the period attributable to the Shareholders of the Company</b>		<b>15,328</b>	22,710
<b>Earnings per share for profit attributable to the Shareholders of the Company (expressed in RMB cents per share):</b>			
— Basic earnings per share	8	1.87	2.95
— Diluted earnings per share	8	1.87	2.95

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 2022

	<i>Note</i>	<b>30 June 2022 Unaudited RMB'000</b>	31 December 2021 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>84,374</b>	86,557
Right-of-use assets		<b>13,189</b>	14,117
Intangible assets		<b>182</b>	292
Contract assets	5	<b>269,359</b>	538,541
Trade and other receivables	10	<b>117,959</b>	152,086
Deferred tax assets		<b>19,857</b>	15,997
Financial assets at fair value through other comprehensive income	3.3	<b>5,771</b>	6,253
		<b>510,691</b>	813,843
<b>Current assets</b>			
Inventories		<b>46,868</b>	42,708
Contract assets	5	<b>745,078</b>	642,639
Trade and other receivables	10	<b>1,217,227</b>	1,316,533
Financial assets at fair value through profit or loss	3.3	<b>1,312</b>	—
Restricted cash	11	<b>433,225</b>	75,994
Cash and cash equivalents	11	<b>267,888</b>	443,833
		<b>2,711,598</b>	2,521,707
<b>Total assets</b>		<b>3,222,289</b>	3,335,550



## Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	12	7,303	7,303
Shares held for employee share scheme		(4,756)	(4,756)
Share premium	12	280,692	291,505
Other reserves		17,068	14,404
Retained earnings		407,568	394,904
<b>Total equity</b>		<b>707,875</b>	703,360
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	17,000	19,500
Lease liabilities		2,922	2,941
Trade and other payables	13	229,865	260,127
		<b>249,787</b>	282,568
<b>Current liabilities</b>			
Lease liabilities		2,098	2,117
Borrowings	14	196,179	104,885
Trade and other payables	13	1,987,705	2,175,944
Income tax payables		18,684	20,377
Contract liabilities	5	59,961	46,299
		<b>2,264,627</b>	2,349,622
<b>Total liabilities</b>		<b>2,514,414</b>	2,632,190
<b>Total equity and liabilities</b>		<b>3,222,289</b>	3,335,550

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 2022

	Attribute to the Shareholders					Total RMB'000
	Share capital RMB'000	Shares held for employee share scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
<b>Balance at 1 January 2021</b>	7,303	(4,756)	296,997	11,521	352,659	663,724
<b>Comprehensive income</b>						
Profit for the period	—	—	—	—	47,062	47,062
Currency translation differences	—	—	—	(1,895)	—	(1,895)
Changes in the fair value of equity instruments at fair value through other comprehensive income	—	—	—	(39)	—	(39)
<b>Total comprehensive income</b>	—	—	—	(1,934)	47,062	45,128
Appropriation to statutory reserves	—	—	—	4,817	(4,817)	—
Dividends distribution to shareholders	—	—	(5,492)	—	—	(5,492)
<b>Balance at 30 June 2021 (unaudited)</b>	7,303	(4,756)	291,505	14,404	394,904	703,360
<b>Balance at 1 January 2022</b>	<b>7,303</b>	<b>(4,756)</b>	<b>291,505</b>	<b>14,404</b>	<b>394,904</b>	<b>703,360</b>
<b>Comprehensive income</b>						
Profit for the period	—	—	—	—	15,301	15,301
Currency translation differences	—	—	—	509	—	509
Changes in the fair value of equity instruments at fair value through other comprehensive income	—	—	—	(482)	—	(482)
<b>Total comprehensive income</b>	—	—	—	27	15,301	15,328
Appropriation to statutory reserves	—	—	—	2,637	(2,637)	—
Dividends distribution to shareholders	—	—	(10,813)	—	—	(10,813)
<b>Balance at 30 June 2022 (unaudited)</b>	<b>7,303</b>	<b>(4,756)</b>	<b>280,692</b>	<b>17,068</b>	<b>407,568</b>	<b>707,875</b>

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 2022

	Note	Six months ended 30 June	
		2022 Unaudited RMB'000	2021 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(250,705)	(95,993)
Income tax paid		(8,949)	(10,791)
<b>Net cash used in operating activities</b>		<b>(259,654)</b>	(106,784)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,762)	(4,075)
Payment for financial assets at fair value through profit or loss		(1,300)	—
Proceeds from disposal of property, plant and equipment		127	9,860
Interest received		747	1,352
Dividends received from financial assets at fair value through other comprehensive income		40	—
<b>Net cash (used in)/generated from investing activities</b>		<b>(7,148)</b>	7,137
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14	191,294	50,000
Repayments of borrowings	14	(102,500)	(22,250)
Interest paid		(3,686)	(2,815)
Lease payment		(385)	(989)
<b>Net cash generated from financing activities</b>		<b>84,723</b>	23,946
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		443,833	423,696
Effects of exchange rate changes on cash and cash equivalents		6,134	(1,976)
<b>Cash and cash equivalents at the end of the period</b>		<b>267,888</b>	346,019

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 2022

## 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, 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 25 August 2022.

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 2022 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, this statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 2 BASIS OF PREPARATION (Continued)

#### (a) New and amended standards adopted by the Group

A number of new or amended standards 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.

		<b>Effective for annual periods beginning on or after</b>
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

#### (b) New and amended standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

### 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, fair value interest rate risk and cash flow 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 2021.

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\$**"), Indonesian Rupiah ("**IDR**") and Brunei dollar ("**BN\$**"), as certain purchase and sales of the Group is denominated in US\$ and BN\$. The Group also has certain amounts cash and bank balances denominated in US\$, which are exposed to foreign currency translation risk. 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 2022, if RMB had strengthened/weakened by 5% against the US\$, BN\$ and IDR with all other variables held constant, the total profit for the period ended 30 June 2022 would have been RMB5,183,000 lower/higher (period ended 30 June 2021: RMB5,743,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US\$, BN\$ and IDR 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 2022

### 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. 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, trade receivables, retention 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 and restricted cash, the Group placed them in banks with highly reputation.

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 are expected to cause a significant change to the customers' ability to meet its obligations
- actual or expected significant changes in the operating results of customers
- significant increases in credit risk on other financial instruments of customers
- significant changes in the expected performance and behaviour of customers, including changes in the payment status of customers in the Group and changes in the operating results of the customers.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial 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.

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 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 5 years before 30 June 2022 or 30 June 2021 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

Trade and retention receivables

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.

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. For the six months ended 30 June 2022, no individually impaired trade and retention receivables were identified (2021: Nil).

As at 30 June 2022 and 31 December 2021, the remaining trade receivables and retention receivables have been grouped on the basis of shared credit risk characteristics and 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
<b>Trade receivables</b>					
<b>At 30 June 2022 (unaudited)</b>					
Expected loss rate	2.48%	4.40%	8.85%	26.45%	
Gross carrying amount	224,008	67,130	77,797	127,086	496,021
<b>Total loss allowance provision</b>	<b>5,547</b>	<b>2,954</b>	<b>6,883</b>	<b>33,619</b>	<b>49,003</b>
<b>Retention receivables</b>					
<b>At 30 June 2022 (unaudited)</b>					
Expected loss rate	3.46%	5.38%	6.38%	24.07%	
Gross carrying amount	16,742	1,283	52,070	46,411	116,506
<b>Total loss allowance provision</b>	<b>579</b>	<b>69</b>	<b>3,321</b>	<b>11,169</b>	<b>15,138</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial 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 2021

Expected loss rate	2.13%	3.51%	8.25%	27.96%	
Gross carrying amount	309,419	67,317	100,402	121,040	598,178

<b>Total loss allowance provision</b>	<b>6,604</b>	<b>2,361</b>	<b>8,279</b>	<b>33,847</b>	<b>51,091</b>
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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 2021

Expected loss rate	3.37%	4.95%	6.12%	18.85%	
Gross carrying amount	16,289	47,624	11,952	42,690	118,555

<b>Total loss allowance provision</b>	<b>548</b>	<b>2,356</b>	<b>732</b>	<b>8,048</b>	<b>11,684</b>
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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 2022 (unaudited)

Expected loss rate	2.80%	6.51%	14.53%	51.37%	
Gross carrying amount	280,824	92,020	47,209	40,699	460,752

<b>Total loss allowance provision</b>	<b>7,870</b>	<b>5,993</b>	<b>6,859</b>	<b>20,908</b>	<b>41,630</b>
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## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial 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
<b>Retention receivables</b>					
<b>At 30 June 2022 (unaudited)</b>					
Expected loss rate	4.39%	17.52%	25.35%	93.29%	
Gross carrying amount	92,268	3,470	209	6,015	101,962
<b>Total loss allowance provision</b>	<b>4,049</b>	<b>608</b>	<b>53</b>	<b>5,611</b>	<b>10,321</b>
	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
<b>Trade receivables</b>					
<b>At 31 December 2021</b>					
Expected loss rate	2.61%	6.35%	14.26%	63.98%	
Gross carrying amount	358,661	105,461	19,024	25,550	508,696
<b>Total loss allowance provision</b>	<b>9,365</b>	<b>6,695</b>	<b>2,712</b>	<b>16,347</b>	<b>35,119</b>
	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
<b>Retention receivables</b>					
<b>At 31 December 2021</b>					
Expected loss rate	4.47%	17.22%	25.39%	90.11%	
Gross carrying amount	123,803	4,196	1,098	5,680	134,777
<b>Total loss allowance provision</b>	<b>5,532</b>	<b>722</b>	<b>279</b>	<b>5,118</b>	<b>11,651</b>

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial 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 contract. 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 and the payment is not due, the expected loss rates of contract assets are assessed to be 2.48% for marine construction and 2.80% for municipal public construction (2021: 2.13% and 2.61%), which are the same as that of trade receivables past due up to one year respectively. As at 30 June 2022, the loss allowance for provision for contract assets of marine construction and municipal public construction was approximately RMB12,800,000 and RMB15,069,000 (2021: RMB11,197,000 and RMB17,903,000).

###### 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 past due up to one year. As at 30 June 2022, the loss allowance for provision for long-term trade receivables was approximately RMB1,789,000 (2021: RMB1,750,000).

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

Long-term trade receivables (Continued)

The loss allowance provision for trade receivables, retention receivables, long-term trade receivables and contract assets as at 30 June 2022 and 2021 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
<b>At 1 January 2021 (audited)</b>	74,021	18,222	1,880	25,661	119,784
Provision for/(reversal of) loss allowance recognised in consolidated statement of comprehensive income	854	712	(71)	1,480	2,975
Currency translation differences	(34)	(34)	—	(30)	(98)
<b>At 30 June 2021 (unaudited)</b>	74,841	18,900	1,809	27,111	122,661
	Trade receivables RMB'000	Retention receivables RMB'000	Long- term trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
<b>At 1 January 2022 (audited)</b>	86,210	23,335	1,750	29,100	140,395
Provision for/(reversal of) loss allowance recognised in consolidated statement of comprehensive income	4,394	2,087	39	(1,234)	5,286
Currency translation differences	29	37	—	3	69
<b>At 30 June 2022 (unaudited)</b>	90,633	25,459	1,789	27,869	145,750

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial 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 considered 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

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

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

During the six months ended 30 June 2022 and 2021, the following losses were recognised in profit or loss in relation to impaired financial assets and contract assets:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>Unaudited</b> <b>RMB'000</b>	2021 Unaudited RMB'000
Impairment losses		
— movement in loss allowance for financial assets and contract assets	<b>(5,286)</b>	(2,975)
Net impairment losses on financial assets and contract assets	<b>(5,286)</b>	(2,975)

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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 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
<b>At 31 December 2021 (audited)</b>					
Bank borrowings	107,598	5,948	15,794	—	129,340
Lease liabilities	2,303	339	1,118	2,583	6,343
Trade and other payables	2,005,673	142,436	130,485	12,242	2,290,836
	<u>2,115,574</u>	<u>148,723</u>	<u>147,397</u>	<u>14,825</u>	<u>2,426,519</u>
	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
<b>At 30 June 2022 (unaudited)</b>					
Bank borrowings	198,045	5,821	12,916	—	216,782
Lease liabilities	722	339	1,118	2,583	4,762
Trade and other payables	1,862,011	164,750	86,065	11,834	2,124,660
	<u>2,060,778</u>	<u>170,910</u>	<u>100,099</u>	<u>14,417</u>	<u>2,346,204</u>

**3 FINANCIAL RISK MANAGEMENT** (Continued)**3.3 Fair value estimation****(a) 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 inputs 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.

**Recurring fair value measurements**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 30 June 2022 (unaudited)</b>				
Financial assets at fair value through profit or loss	—	—	1,312	1,312
Financial assets at fair value through other comprehensive income	3,271	—	2,500	5,771
	<b>3,271</b>	<b>—</b>	<b>3,812</b>	<b>7,083</b>

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
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**At 31 December 2021  
(audited)**

Financial assets at fair value through other comprehensive income	3,753	—	2,500	6,253
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## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Financial assets and liabilities (Continued)

###### (i) Fair value hierarchy (Continued)

There were no transfers between levels 1, 2, and 3 for recurring fair value measurements during the year.

**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. 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 inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

###### (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
- for other financial instruments discounted cash flow analysis.

The finance manager of the Group performs valuation on these level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instrument.

As at 30 June 2022, 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 this period.

As at 30 June 2022, the level 3 instrument of the Group mainly includes investment in equity securities that are not publicly traded and investment in a wealth management product.

As at 31 December 2021, 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.

As at 31 December 2021, the level 3 instrument of the Group mainly includes investment in equity securities that are not publicly traded.

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) Financial assets and liabilities (Continued)

##### (ii) Valuation techniques used to determine fair values (Continued)

As the instrument in a wealth management product is not traded in an active market, its fair value has been determined using various applicable valuation techniques, including discounted cash flows approach and comparable transaction approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, recent market transactions and other exposure.

For the Group's investments in equity securities in level 3 that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date to assess the fair value.

## 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 2021.

## 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. These assets are allocated based on the operations of the segment and the physical location of the asset. These 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 2022

### 5 SEGMENT INFORMATION (Continued)

#### (b) Segment results and other information

The revenue from customers is measured in the same way as in the condensed consolidated interim statement of comprehensive income.

The segment information for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June 2022 (unaudited)		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Revenue	240,312	783,744	1,024,056
Cost of sales	(229,977)	(713,107)	(943,084)
Gross profit	10,335	70,637	80,972
Unallocated items:			
Operating expenses			(59,970)
Other income			2,593
Other gains — net			5,630
Finance costs — net			(10,516)
Profit before income tax			18,709
Income tax expense (Note 7)			(3,408)
Profit for the period			15,301
Segment items included:			
Depreciation and amortisation	(6,100)	(3,921)	(10,021)
Net impairment losses on financial assets (Note 3.1)	(2,901)	(2,385)	(5,286)

The segment assets and liabilities as at 30 June 2022 are as follows:

	As at 30 June 2022 (unaudited)			
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	1,551,978	1,776,145	(105,834)	3,222,289
Total liabilities	1,122,208	1,498,040	(105,834)	2,514,414

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 5 SEGMENT INFORMATION (Continued)

#### (b) Segment results and other information (Continued)

The segment information for the six months ended 30 June 2021 is as follows:

	Six months ended 30 June 2021 (unaudited)		
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	475,996	484,537	960,533
Cost of sales	(435,551)	(436,538)	(872,089)
Gross profit	40,445	47,999	88,444
Unallocated items:			
Operating expenses			(53,278)
Other income			4,128
Other losses — net			(1,813)
Finance costs — net			(7,675)
Profit before income tax			29,806
Income tax expense ( <i>Note 7</i> )			(5,640)
Profit for the period			24,166
Segment items included:			
Depreciation and amortisation	(5,889)	(3,715)	(9,604)
Net impairment losses on financial assets ( <i>Note 3.1</i> )	(613)	(2,362)	(2,975)

The segment assets and liabilities as at 31 December 2021 are as follows:

	As at 31 December 2021 (audited)			Total <i>RMB'000</i>
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	
Total assets	1,732,275	1,709,109	(105,834)	3,335,550
Total liabilities	1,277,298	1,460,726	(105,834)	2,632,190

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 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)					
	2022			2021		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
<b>Mainland China</b>						
Revenue	152,184	783,744	935,928	364,685	484,537	849,222
Cost of sales	(147,457)	(713,107)	(860,564)	(331,802)	(436,538)	(768,340)
	4,727	70,637	75,364	32,883	47,999	80,882
<b>Southeast Asia</b>						
Revenue	88,128	—	88,128	111,311	—	111,311
Cost of sales	(82,520)	—	(82,520)	(103,749)	—	(103,749)
	5,608	—	5,608	7,562	—	7,562

#### (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 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Mainland China	82,664	89,474
Southeast Asia	15,081	11,492
<b>Total</b>	<b>97,745</b>	100,966

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 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 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
<b>Contract assets</b>		
Current portion		
Marine construction	387,376	441,216
Municipal public construction	378,125	216,493
Less: allowance for impairment of contract assets (Note 3.1(b))	(20,423)	(15,070)
	<u>745,078</u>	<u>642,639</u>
Non-current portion		
Marine construction	117,287	83,383
Municipal public construction	159,518	469,188
Less: allowance for impairment of contract assets (Note 3.1(b))	(7,446)	(14,030)
	<u>269,359</u>	<u>538,541</u>
<b>Total contract assets</b>	<u>1,014,437</u>	<u>1,181,180</u>
<b>Contract liabilities</b>		
Marine construction	15,075	12,859
Municipal public construction	44,886	33,440
<b>Total contract liabilities</b>	<u>59,961</u>	<u>46,299</u>



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 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 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 does not have significant impact on the Group. 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 RMB180,073,000 and RMB475,427,000 of contract assets were transferred to trade receivables, while approximately RMB45,328,000 and RMB83,621,000 of contract assets were transferred to retention receivables during the six months ended 30 June 2022 and year ended 31 December 2021.

### 6 OPERATING PROFIT

The following items have been charged to the six months periods ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Raw materials and consumables used	524,287	433,747
Subcontracting costs	343,173	356,916
Wages and salaries, social welfare and benefits, including directors' emoluments	32,250	31,500
Operating lease payment	51,249	28,384
Depreciation of property, plant and equipment (Note 9)	8,983	8,605
Depreciation and amortisation of right-of-use assets	928	927
Amortisation of intangible assets	110	72

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 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	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Current income tax	7,256	7,636
Deferred income tax	(3,848)	(1,996)
Income tax expense — net	3,408	5,640

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the entity operates. The decrease in income tax expense during the period is due to the impact of adjustment for current income tax expense of prior year.

#### (a) Cayman Islands profit 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 2022 and 2021.

#### (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% (2021: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for the one as disclosed below.

Third Harbor Maritime, a subsidiary of the Group, is approved to be new and high-technology enterprise since the year ended 31 December 2019 and is entitled to a preferential income tax rate of 15%. The certificate of 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 2022

### 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 2022 and 2021.

#### (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 2022, income tax was provided at the rate of 2.65% on the construction (2021: 3%) and income tax of 20% was provided on the interest income from bank deposits, according respective Indonesia income tax laws and regulations.

### 8 BASIC AND DILUTED EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the six months ended 30 June 2022 and 2021 attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2022 Unaudited	2021 Unaudited
Profit attributable to the Shareholders of the Company (RMB'000)	15,301	24,166
Weighted average number of ordinary shares in issue (thousands)	819,008	819,008
Total basic earnings per share attributable to the ordinary equity holders of the Group (RMB cents)	1.87	2.95

#### (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 2022 and 2021.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 9 PROPERTY, PLANT AND EQUIPMENT

	Industrial machinery and equipment <i>RMB'000</i>	Transport equipment <i>RMB'000</i>	Buildings <i>RMB'000</i>	Office supplies and electronic equipment <i>RMB'000</i>	Long-term deferred assets <i>RMB'000</i>	Construction- in-progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2021</b>							
Cost	173,323	13,841	16,526	3,662	1,871	8,848	218,071
Accumulated depreciation	(92,100)	(12,129)	(3,483)	(3,009)	(234)	—	(110,955)
<b>Net book amount</b>	<b>81,223</b>	<b>1,712</b>	<b>13,043</b>	<b>653</b>	<b>1,637</b>	<b>8,848</b>	<b>107,116</b>
<b>Six months ended 30 June 2021</b>							
Opening net book amount	81,223	1,712	13,043	653	1,637	8,848	107,116
Additions	3,363	95	—	253	364	—	4,075
Depreciation charge	(6,682)	(347)	(976)	(132)	(468)	—	(8,605)
Disposals	(11,838)	—	—	—	—	—	(11,838)
Currency translation differences	(634)	—	—	(2)	(46)	(238)	(920)
<b>Closing net book amount</b>	<b>65,432</b>	<b>1,460</b>	<b>12,067</b>	<b>772</b>	<b>1,487</b>	<b>8,610</b>	<b>89,828</b>
<b>At 30 June 2021</b>							
Cost	161,817	13,937	16,527	3,871	2,161	8,610	206,923
Accumulated depreciation	(96,385)	(12,477)	(4,460)	(3,099)	(674)	—	(117,095)
<b>Net book amount</b>	<b>65,432</b>	<b>1,460</b>	<b>12,067</b>	<b>772</b>	<b>1,487</b>	<b>8,610</b>	<b>89,828</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 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	Long-term deferred assets RMB'000	Construction- in-progress RMB'000	Total RMB'000
<b>At 1 January 2022</b>							
Cost	166,739	14,476	16,526	4,115	3,923	8,454	214,233
Accumulated depreciation	(105,031)	(12,693)	(5,423)	(3,295)	(1,234)	—	(127,676)
Net book amount	61,708	1,783	11,103	820	2,689	8,454	86,557
<b>Six months ended 30 June 2022</b>							
Opening net book amount	61,708	1,783	11,103	820	2,689	8,454	86,557
Additions	6,339	—	—	27	396	—	6,762
Depreciation charge	(6,668)	(231)	(949)	(172)	(963)	—	(8,983)
Disposals	(6)	(124)	—	—	—	—	(130)
Currency translation differences	(26)	—	—	—	15	179	168
<b>Closing net book amount</b>	<b>61,347</b>	<b>1,428</b>	<b>10,154</b>	<b>675</b>	<b>2,137</b>	<b>8,633</b>	<b>84,374</b>
<b>At 30 June 2022</b>							
Cost	173,046	14,352	16,526	4,142	4,334	8,633	221,033
Accumulated depreciation	(111,699)	(12,924)	(6,372)	(3,467)	(2,197)	—	(136,659)
<b>Net book amount</b>	<b>61,347</b>	<b>1,428</b>	<b>10,154</b>	<b>675</b>	<b>2,137</b>	<b>8,633</b>	<b>84,374</b>

During the six months ended 30 June 2022 and 2021, 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	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Cost of sales	6,882	6,196
Administrative expenses	2,055	2,130
Other operating expenses	30	261
Selling and distribution expenses	16	18
	<b>8,983</b>	<b>8,605</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 10 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Trade receivables (i)	956,773	1,106,874
Less: allowance for impairment of trade receivables	(90,633)	(86,210)
Trade receivables — net	866,140	1,020,664
Retention receivables (ii)	218,468	253,332
Less: allowance for impairment of retention receivables	(25,459)	(23,335)
Retention receivables — net	193,009	229,997
Bills receivables (i)	30,812	26,810
Long-term trade receivables (iii, iv)	49,040	50,874
Less: allowance for impairment of long-term trade receivables	(1,789)	(1,750)
Long-term trade receivables — net	47,251	49,124
Other receivables	78,873	51,161
Prepayments	116,271	89,363
Prepaid taxation	2,830	1,500
	<b>1,335,186</b>	1,468,619
<b>Less: non-current portion</b>		
Retention receivables (ii)	(68,251)	(102,030)
Long-term trade receivables (iii, iv)	(43,612)	(45,574)
Other receivables	(6,096)	(4,482)
	<b>(117,959)</b>	(152,086)
<b>Current portion</b>	<b>1,217,227</b>	1,316,533



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 10 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 Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances 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 customers of certain long ageing trade and retention receivables are related to some large projects and the customers have strong financial capacity with low credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

The carrying amounts of trade and retention receivables approximate their fair value as at 30 June 2022 and 31 December 2021.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade and bills receivables based on the payment requests acknowledged by the customers is as follows:

	<b>As at</b>	
	<b>30 June 2022 Unaudited RMB'000</b>	31 December 2021 Audited RMB'000
Within 3 months	<b>222,342</b>	418,251
4 to 6 months	<b>82,950</b>	134,618
7 to 12 months	<b>129,845</b>	142,021
1 to 2 years	<b>244,889</b>	172,778
2 to 3 years	<b>119,913</b>	119,426
Over 3 years	<b>187,646</b>	146,590
	<b>987,585</b>	1,133,684

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 10 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 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Within 1 year	103,686	134,239
1 to 2 years	4,895	29,024
2 to 3 years	53,904	36,035
3 to 4 years	3,057	1,498
4 to 5 years	17,738	43,543
Over 5 years	35,188	8,993
	<b>218,468</b>	253,332

The credit terms granted to customers by the Group are usually 30 to 60 days.

- (iii) Long-term trade receivables represent amounts due from customers for services performed relating to a public-private-partnership 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 2022, the Group pledged long-term trade receivables with carrying amount of approximately RMB47,251,000 (As at 31 December 2021: RMB49,124,000) for the bank borrowings amounted to RMB22,000,000 (As at 31 December 2021: RMB24,500,000) as disclosed in Note 14.

### 11 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Cash on hand	576	422
Cash at bank	700,537	519,405
Less: Restricted cash	(433,225)	(75,994)
	<b>267,888</b>	443,833

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 11 CASH AND CASH EQUIVALENTS (Continued)

The restricted cash represents the following balances:

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Cash received for specified project expenditure (i)	396,839	4,985
Deposits for wages of migrant labours	30,271	63,787
Restricted cash for litigation	5,916	4,366
Deposits for issuing letter of guarantee	199	2,856
	<b>433,225</b>	<b>75,994</b>

- (i) 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.

### 12 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Number of issued and fully paid shares	Amount		
			Equivalent nominal value of ordinary share Unaudited RMB'000	Share premium Unaudited RMB'000	Total Unaudited RMB'000
<b>As at 1 January 2021</b>	10,000,000,000	825,400,000	7,303	296,997	304,300
Dividends	—	—	—	(5,469)	(5,469)
<b>As at 30 June 2021</b>	10,000,000,000	825,400,000	7,303	291,528	298,831
<b>As at 1 January 2022</b>	<b>10,000,000,000</b>	<b>825,400,000</b>	<b>7,303</b>	<b>291,505</b>	<b>298,808</b>
Dividends	—	—	—	(10,813)	(10,813)
<b>As at 30 June 2022</b>	<b>10,000,000,000</b>	<b>825,400,000</b>	<b>7,303</b>	<b>280,692</b>	<b>287,995</b>

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 2022 and 2021.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 13 TRADE AND OTHER PAYABLES

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Trade payables (i)	1,384,403	1,579,958
Retention payables (ii)	188,924	194,899
Long-term payables (iii)	368,253	391,175
Payroll and social security	15,966	19,927
Other payables	120,147	98,515
Dividends payable	10,911	—
Other tax liabilities excluding income tax liabilities	128,966	151,597
	<b>2,217,570</b>	2,436,071
<b>Less: non-current portion</b>		
Retention payables (ii)	(106,444)	(107,118)
Long-term payables (iii)	(57,362)	(112,608)
Other payables	(66,059)	(40,401)
	<b>(229,865)</b>	(260,127)
<b>Current portion</b>	<b>1,987,705</b>	2,175,944

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

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on the payment requests is as follows:

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Within 3 months	191,478	607,472
4 to 6 months	179,837	199,662
7 to 12 months	373,719	265,183
1 to 2 years	269,128	136,495
2 to 3 years	181,927	162,017
Over 3 years	188,314	209,129
	<b>1,384,403</b>	1,579,958

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 13 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 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Within 1 year	35,205	19,786
1 to 5 years	99,175	119,636
Over 5 years	54,544	55,477
	<b>188,924</b>	194,899

- (iii) Long-term payables mainly consist of long-term trade payables and amount due to Watts Gallop Holding Group Co., Ltd. (“**Watts Gallop**”) of approximately RMB24,880,000, representing unsettled consideration for the acquisition. 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 3.97% 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 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Within 1 year	89,469	139,884
1 to 5 years	204,849	172,873
Over 5 years	73,935	78,418
	<b>368,253</b>	391,175

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 14 BORROWINGS

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
<b>Non-current</b>		
Long-term bank borrowings — Secured (i)	17,000	19,500
<b>Current</b>		
Long-term bank borrowings due within one year — Secured (i)	5,000	5,000
Short-term bank borrowings — Secured (ii)	184,500	85,000
Loans from shareholders — Unsecured (iii)	6,679	14,885
<b>Total borrowings</b>	<b>213,179</b>	124,385

The loan is a fixed rate, RMB dominated loan which is carried at amortised cost. It therefore did not have any impact on the Group's exposure to foreign exchange and cash flow interest rate risk.

- (i) As at 30 June 2022, the secured long-term bank borrowings of RMB22,000,000 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 RMB47,251,000 (Note 10).

As at 31 December 2021, the secured long-term bank borrowings of RMB24,500,000 were guaranteed by Zhejiang Kexin and were secured by the pledge of long-term trade receivables carrying amount of approximately RMB49,124,000 (Note 10).

- (ii) As at 30 June 2022, the secured short-term borrowings of RMB85,000,000 (As at 31 December 2021: RMB85,000,000) were guaranteed by Watts Gallop.

As at 30 June 2022, the secured short-term borrowings of RMB69,500,000 (As at 31 December 2021: Nil) were guaranteed by Zhejiang Watts Gallop Real Estate Development Co., Ltd. ("**Watts Gallop Real Estate**").

As at 30 June 2022, the secured short-term borrowings of RMB30,000,000 (As at 31 December 2021: Nil) were guaranteed by Shanghai Third Harbor Benteng Construction and Engineering Co., Ltd. ("**Third Harbor Construction**").

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 14 BORROWINGS (Continued)

- (iii) As at 30 June 2022 and 31 December 2021, the unsecured loans from shareholders are interest free and repayable on demand.

Movements in borrowings are analysed as follows:

	Unaudited RMB'000
<b>Six months ended 30 June 2021</b>	
Opening amount as at 1 January 2021 (audited)	54,000
New borrowings, as restated	50,000
Repayments of borrowings	<u>(22,250)</u>
Closing amount as at 30 June 2021 (unaudited)	<u>81,750</u>
<b>Six months ended 30 June 2022</b>	
Opening amount as at 1 January 2022 (audited)	<b>124,385</b>
New borrowings	<b>191,294</b>
Repayments of borrowings	<b><u>(102,500)</u></b>
Closing amount as at 30 June 2022 (unaudited)	<b><u>213,179</u></b>

### 15 DIVIDENDS

At a meeting held on 29 March 2022, the Board proposed a final dividend of HK\$1.60 cents (equivalent to RMB1.31 cents) per share for the year ended 31 December 2021. This proposed dividend, representing total amount of approximately HK\$13,206,000 (equivalent to RMB10,813,000), was reflected as an appropriation of share premium for the six months ended 30 June 2022 upon approval by the Shareholders at the annual general meeting of the Company held on 16 June 2022. This final dividend has been paid in August 2022.

### 16 COMMITMENTS

#### (a) Capital commitments

As at 30 June 2022 and 31 December 2021, the Group and the Company did not have significant capital commitments.



**16 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. From 1 January 2019, 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:

	<b>As at</b>	
	<b>30 June 2022 Unaudited RMB'000</b>	31 December 2021 Audited RMB'000
No later than 1 year	<b>290</b>	150

**As lessor**

As at 30 June 2022 and 31 December 2021, the Group had the following total future minimum lease receivables under the non-cancellable operating leases falling due as follows:

	<b>As at</b>	
	<b>30 June 2022 Unaudited RMB'000</b>	31 December 2021 Audited RMB'000
No later than 1 year	<b>966</b>	1,932

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 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 2022 and 2021, and balances arising from related party transactions as at the respective balance sheet dates.

Name and relationship with related parties are set out below:

<b>Related party</b>	<b>Relationship</b>
Mr. Wang Shizhong	Ultimate controlling shareholder
Third Harbor Construction	Controlled by the same ultimate controlling shareholder
Watts Gallop	Controlled by the same ultimate controlling shareholder
Watts Gallop Real Estate	Controlled by the same ultimate controlling shareholder
Zhejiang Zhoushan Benteng Construction Material Co., Ltd. (" <b>Zhoushan Benteng</b> ")	Subsidiary of Watts Gallop
Jiangsu Shenyu Port Engineering Co., Ltd. (" <b>Jiangsu Shenyu</b> ")	Subsidiary of Watts Gallop
Jiangsu Watts Energy & Engineering Co., Ltd. (" <b>Watts Energy &amp; Engineering</b> ")	Subsidiary of Watts Gallop
Zhejiang Zhongjiao Tonglu Construction Co., Ltd. (" <b>Zhongjiao Tonglu</b> ")	Subsidiary of Watts Gallop
Zhejiang Benteng Transportation Engineering Co., Ltd. (" <b>Benteng Transportation</b> ")	Associate of Watts Gallop
Ningguo Huazi Zhuyou Building Materials Technology Co., Ltd. (" <b>Ningguo Huazi Zhuyou</b> ")	Associate of Watts Gallop
Shanghai Zihui Property Management Co., Ltd. (" <b>Zihui Property</b> ")	Subsidiary of Watts Gallop
Hangzhou Huazi Greentown Real Estate Co., Ltd. (" <b>Hangzhou Huazi Greentown</b> ")	Subsidiary of Watts Gallop Real Estate
Zhejiang Sanmei Real Estate Development Co., Ltd. (" <b>Zhejiang Sanmei</b> ")	Subsidiary of Watts Gallop Real Estate

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with related parties

Save as disclosed elsewhere in these financial statements, during the six months ended 30 June 2022 and 2021, 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	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
<b>Continuing connected transactions</b>		
— Hangzhou Huazi Greentown (a)	26,175	16,914
— Hangzhou Huazi Greentown (b)	42,777	3,632
— Watts Gallop Real Estate (b)	4,172	5,305
— Watts Energy & Engineering (c)	—	14,119
— Benteng Transportation (c)	—	592
	46,949	23,648
	73,124	40,562

- (a) The Group has entered into the Greentown Fuchun Rose Garden phase 2 zone 3 Construction Agreement with Hangzhou Huazi Greentown for providing building construction services in July 2019.
- (b) The Group has entered into construction services agreement and provided building construction services to these related parties during the six months ended 30 June 2022.
- (c) The Group has not entered into construction services agreement and provided public infrastructure construction services to the related party during the six months ended 30 June 2022.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with related parties (Continued)

##### (ii) Purchases of goods and services

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
<b>Continuing connected transactions</b>		
Purchasing raw materials		
— Ningguo Huazi Zhuyou	2,705	—
— Jiangsu Shenyu	408	10,504
	<b>3,113</b>	10,504

##### (iii) Rental from related parties

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
<b>Continuing connected transactions</b>		
— Third Harbor Construction	192	201

##### (iv) Property service

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
<b>Continuing connected transactions</b>		
— Zihui Property	28	—

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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with related parties (Continued)

##### (v) Provision of borrowings

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
— Certain shareholders (Note 14)	6,679	—

##### (vi) 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	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Salaries, wages and allowances	2,047	1,749
Pension costs	104	117
Bonuses	—	100
	<b>2,151</b>	<b>1,966</b>

#### (b) Balances with related parties

##### (i) Amounts due from related parties

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Trade and retention receivables		
— Hangzhou Huazi Greentown	107,810	86,191
— Zhejiang Sanmei	29,029	33,768
— Benteng Transportation	7,212	8,418
— Watts Energy & Engineering	7,096	9,112
— Third Harbor Construction	4,295	4,295
— Zhongjiao Tonglu	1,254	1,254
— Watts Gallop Real Estate	—	62
	<b>156,696</b>	<b>143,100</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (i) Amounts due from related parties (Continued)

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Contract assets		
— Hangzhou Huazi Greentown	87,835	67,011
— Watts Energy & Engineering	3,464	4,064
— Watts Gallop Real Estate	1,546	382
	<b>92,845</b>	<b>71,457</b>

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Other receivables		
— Jiangsu Shenyu	2,000	2,000
— Benteng Transportation	1,169	1,169
— Third Harbor Construction	17	—
— Hangzhou Huazi Greentown	100	—
— Watts Gallop	—	614
	<b>3,286</b>	<b>3,783</b>

##### (ii) Amounts due to related parties

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Trade and retention payables		
— Jiangsu Shenyu	5,339	6,131
— Zhoushan Benteng	2,022	5,102
— Ningguo Watts Zhuyou	1,780	600
— Third Harbor Construction	130	130
— Watts Energy & Engineering	—	30
	<b>9,271</b>	<b>11,993</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (ii) Amounts due to related parties (Continued)

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Other payables		
— Hangzhou Huazi Greentown	1,086	—
— Watts Gallop	388	—
	<b>1,474</b>	—

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Long-term payables		
— Watts Gallop	25,510	25,510

The above balances are unsecured, interest free and receivable/repayable on demand, except for long-term payables. The carrying amount of the balances approximated their fair value as at 30 June 2022 and 31 December 2021.

##### (iii) Borrowings

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Loans from shareholders (Note 14)	6,679	14,885



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 17 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (iv) Guarantees

As at 30 June 2022 and 31 December 2021, the Group has been guaranteed by related parties as follows:

	As at	
	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
— Watts Gallop	100,000	220,000
— Third Harbor Construction	100,000	—
— Watts Gallop Real Estate	93,460	—
	<b>293,460</b>	220,000

### 18 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no other material subsequent events undertaken by the Company or by the Group after 30 June 2022.

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
Benteng Brunei	Pahaytc & Benteng JV Sdn Bhd, a company incorporated under the laws of Brunei with limited liability in January 2016, which is an operating entity of the Company in Brunei
Benteng Indonesia	PT. Shanghai Third Harbor Benteng Construction and Engineering, a company incorporated under the laws of Indonesia on 16 September 2016 and obtained its legal entity status on 21 September 2016, which is held directly as to 67% by the Group with the remaining 33% controlled by the Company by virtue of a series of contractual arrangements
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	the Company's shares were listed on the Main Board of the Stock Exchange on 19 November 2018
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

## Definitions

Major Currencies	RMB, HK\$, BN\$, IDR and US\$, the major currencies used by the Group in conducting its business
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 People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan
Prospectus	the prospectus of the Company on 30 October 2018
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	the six months ended 30 June 2022
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
Third Harbor Maritime	Shanghai Third Harbor Benteng Maritime Engineering Co., Ltd.* (上海三航奔騰海洋工程有限公司), established under the laws of the PRC as a limited liability company on 14 August 2017, and a wholly-owned subsidiary of our Company
US\$, USD or US dollars	U.S. dollars, the lawful currency of U.S.

\* *For identification purposes only*