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**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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Financial Summary**

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>2,143,680</b>	2,075,610
Gross profit	<b>173,567</b>	171,126
Profit before income tax	<b>50,529</b>	40,121
Profit for the year	<b>30,750</b>	27,098
Total comprehensive income for the year attributable to the Shareholders of the Company	<b>27,449</b>	39,719
Earnings per share for profit attributable to the Shareholders of the Company (expressed in RMB cents per share):		
— Basic earnings per share	<b>3.75</b>	3.31
— Diluted earnings per share	<b>3.75</b>	3.31
	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Total assets	<b>3,239,021</b>	3,441,318
Total equity	<b>752,097</b>	731,666

## **Annual results for the year ended 31 December 2023**

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023, which have been reviewed by the Audit Committee, and have been approved by the Board on 28 March 2024.

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Revenue	3	2,143,680	2,075,610
Cost of sales		(1,970,113)	(1,904,484)
<b>Gross profit</b>		<b>173,567</b>	171,126
Selling and distribution expenses		(4,365)	(5,616)
Administrative expenses		(83,859)	(92,356)
Net impairment losses on financial assets		(20,289)	(28,741)
Other operating expenses		(349)	(336)
Other income		3,445	3,981
Other (losses)/gains — net		(1,135)	13,260
<b>Operating profit</b>		<b>67,015</b>	61,318
Finance income		7,055	4,475
Finance costs		(23,541)	(25,672)
<b>Profit before income tax</b>		<b>50,529</b>	40,121
Income tax expense	4	(19,779)	(13,023)
<b>Profit for the year</b>		<b>30,750</b>	27,098
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Currency translation differences		(4,593)	4,918
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax		1,292	7,703
<b>Other comprehensive income for the year, net of tax</b>		<b>(3,301)</b>	12,621
<b>Total comprehensive income for the year attributable to the Shareholders of the Company</b>		<b>27,449</b>	39,719
<b>Earnings per share for profit attributable to the Shareholders of the Company (expressed in RMB cents per share):</b>			
— Basic earnings per share	5	3.75	3.31
— Diluted earnings per share	5	3.75	3.31

## Consolidated Statement of Financial Position

As at 31 December 2023

		As at 31 December	
		2023	2022
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		68,492	77,081
Investment properties		16,735	—
Right-of-use assets		11,910	12,464
Intangible assets		70	147
Contract assets	3	359,433	535,359
Trade and other receivables	6	115,643	129,422
Deferred tax assets		25,832	21,696
Financial assets at fair value through other comprehensive income		16,654	15,287
		<u>614,769</u>	<u>791,456</u>
<b>Current assets</b>			
Inventories		11,082	11,993
Contract assets	3	509,667	530,401
Trade and other receivables	6	1,684,898	1,399,712
Financial assets at fair value through profit or loss		—	1,300
Time deposits		1,831	—
Restricted cash		161,020	166,281
Cash and cash equivalents		255,754	540,175
		<u>2,624,252</u>	<u>2,649,862</u>
<b>Total assets</b>		<u><u>3,239,021</u></u>	<u><u>3,441,318</u></u>

		<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		7,303	7,303
Share premium		273,074	280,092
Other reserves		31,054	30,385
Shares held for employee share scheme		(4,756)	(4,756)
Retained earnings		445,422	418,642
		<hr/>	<hr/>
<b>Total equity</b>		<b>752,097</b>	<b>731,666</b>
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		9,500	14,500
Lease liabilities		366	3,003
Trade and other payables	7	197,242	215,180
Deferred tax liabilities		1,381	1,266
		<hr/>	<hr/>
		<b>208,489</b>	<b>233,949</b>
		<hr/>	<hr/>
<b>Current liabilities</b>			
Lease liabilities		3,541	1,498
Borrowings		193,669	231,411
Trade and other payables	7	2,019,633	2,078,719
Income tax payables		19,047	25,746
Contract liabilities	3	42,545	138,329
		<hr/>	<hr/>
		<b>2,278,435</b>	<b>2,475,703</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>2,486,924</b>	<b>2,709,652</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>3,239,021</b>	<b>3,441,318</b>
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## Notes to Annual Results Announcement

*For the year ended 31 December 2023*

### 1 GENERAL INFORMATION

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 services in the People's Republic of China (the "**PRC**") 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 consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors (the "**Board**") on 28 March 2024.

### 2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared on a historical cost basis, except for certain financial assets and liabilities which were measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements will be disclosed in the 2023 annual report.

**(i) New and amended standards adopted by the Group**

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates — amendments to HKAS 8
- International Tax Reform — Pillar Two Model Rules — amendments to HKAS 12.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — amendments to HKAS 12
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

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

**(ii) New and amended standards and revised conceptual framework not yet adopted**

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies Amendments to HKAS 1
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 21	Lack of Exchange ability	1 January 2025



### **3 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 consolidated financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the asset. Segment liabilities are allocated based on the operations of the segment.

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

The segment information for the year ended 31 December 2023 is as follows:

	<b>Year ended 31 December 2023</b>		
	<b>Marine construction RMB'000</b>	<b>Municipal public construction RMB'000</b>	<b>Total RMB'000</b>
Revenue	<b>724,585</b>	<b>1,419,095</b>	<b>2,143,680</b>
Cost of sales	<b>(643,964)</b>	<b>(1,326,149)</b>	<b>(1,970,113)</b>
Gross profit	<b>80,621</b>	<b>92,946</b>	<b>173,567</b>
Unallocated items			
Operating expenses			<b>(108,862)</b>
Other income			<b>3,445</b>
Other losses — net			<b>(1,135)</b>
Finance costs — net			<b>(16,486)</b>
Profit before income tax			<b>50,529</b>
Income tax expense ( <i>Note 4</i> )			<b>(19,779)</b>
Profit for the year			<b>30,750</b>
Segment items included:			
Depreciation and amortization	<b>(8,531)</b>	<b>(7,377)</b>	<b>(15,908)</b>
Net impairment losses on financial assets	<b>406</b>	<b>(20,695)</b>	<b>(20,289)</b>

The segment assets and liabilities at 31 December 2023 are as follows:

	As at 31 December 2023			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	<u>1,381,828</u>	<u>1,960,578</u>	<u>(103,385)</u>	<u>3,239,021</u>
Total liabilities	<u>929,199</u>	<u>1,661,110</u>	<u>(103,385)</u>	<u>2,486,924</u>

The segment information for the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022		
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	512,498	1,563,112	2,075,610
Cost of sales	<u>(466,054)</u>	<u>(1,438,430)</u>	<u>(1,904,484)</u>
Gross profit	<u>46,444</u>	<u>124,682</u>	<u>171,126</u>
Unallocated items			
Operating expenses			(127,049)
Other income			3,981
Other gains — net			13,260
Finance costs — net			<u>(21,197)</u>
Profit before income tax			40,121
Income tax expense ( <i>Note 4</i> )			<u>(13,023)</u>
Profit for the year			<u>27,098</u>
Segment items included:			
Depreciation and amortisation	(11,750)	(7,592)	(19,342)
Net impairment losses on financial assets	<u>(10,066)</u>	<u>(18,675)</u>	<u>(28,741)</u>

The segment assets and liabilities at 31 December 2022 are as follows:

	As at 31 December 2022			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	<u>1,483,678</u>	<u>2,061,164</u>	<u>(103,524)</u>	<u>3,441,318</u>
Total liabilities	<u>1,031,885</u>	<u>1,781,291</u>	<u>(103,524)</u>	<u>2,709,652</u>

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

The Group derives revenues from the transfer of services over time for customers in the following services and locations of the customers:

	Year ended 31 December					
	2023			2022		
	Marine Construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>	Marine Construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>
<b>PRC</b>						
Revenue	422,598	1,419,095	1,841,693	351,084	1,563,112	1,914,196
Cost of sales	<u>(367,284)</u>	<u>(1,326,149)</u>	<u>(1,693,433)</u>	<u>(312,964)</u>	<u>(1,438,430)</u>	<u>(1,751,394)</u>
	<u>55,314</u>	<u>92,946</u>	<u>148,260</u>	<u>38,120</u>	<u>124,682</u>	<u>162,802</u>
<b>Southeast Asia</b>						
Revenue	301,987	—	301,987	161,414	—	161,414
Cost of sales	<u>(276,680)</u>	<u>—</u>	<u>(276,680)</u>	<u>(153,090)</u>	<u>—</u>	<u>(153,090)</u>
	<u>25,307</u>	<u>—</u>	<u>25,307</u>	<u>8,324</u>	<u>—</u>	<u>8,324</u>

The breakdown of individual customer's revenue exceeds 10% of the Group's total revenue for the year ended 31 December 2023 and 2022 is as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A	<b><u>236,618</u></b>	<u>358,740</u>

**(d) Segment assets by territory**

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
PRC	<b>90,331</b>	78,677
Southeast Asia	<b><u>6,876</u></b>	<u>11,015</u>
<b>Total</b>	<b><u>97,207</u></b>	<u>89,692</u>

(e) **Contract assets and liabilities**

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

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Contract assets		
Current portion		
Marine construction	<b>149,856</b>	338,248
Municipal public construction	<b>381,275</b>	210,617
Less: allowance for impairment of contract assets	<b>(21,464)</b>	(18,464)
	<b>509,667</b>	530,401
Non-current portion		
Marine construction	<b>49,282</b>	17,882
Municipal public construction	<b>322,385</b>	534,402
Less: allowance for impairment of contract assets	<b>(12,234)</b>	(16,925)
	<b>359,433</b>	535,359
<b>Total contract assets</b>	<b>869,100</b>	1,065,760
Contract liabilities		
Marine construction	<b>2,250</b>	11,279
Municipal public construction	<b>40,295</b>	127,050
<b>Total contract liabilities</b>	<b>42,545</b>	138,329

## 4 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	23,875	18,837
Deferred income tax	(4,096)	(5,814)
	<hr/>	<hr/>
Income tax expense — net	<u>19,779</u>	<u>13,023</u>

### (i) Cayman Islands profits tax

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

### (ii) 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.

### (iii) 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 years ended 31 December 2023 and 2022.

**(iv) 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% (2022: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for two as disclosed below.

Third Harbor Maritime, a subsidiary of the Group, obtained new and high-technology enterprise recognition in October 2019 and renewed in October 2022 and is entitled to a preferential income tax rate of 15%. Watts Environmental, a subsidiary of the Group was recognised as a new and high-technology enterprise in November 2022 and is entitled to a preferential income tax rate of 15%. The certificate of new and high-technology enterprise is subject to renewal for each three-year interval.

**(v) 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 years ended 31 December 2023 and 2022.

**(vi) 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 year ended 31 December 2023, income tax was provided at the rate of 2.65%–4% on the revenue from construction services (2022: 2.65%) and income tax of 20% was provided on the interest income from bank deposits, according to respective Indonesia income tax laws and regulations.

**(vii) Malaysia income tax**

One of the Company's subsidiaries incorporated in Malaysia is subject to Malaysia income tax. The applicable Malaysia income tax rate is 24% for the year ended 31 December 2023.



## 5 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 year attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to exclude the shares repurchased under the share award scheme during the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit attributable to the Shareholders of the Company ( <i>RMB'000</i> )	30,750	27,098
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	819,008	819,008
Total basic earnings per share attributable to the ordinary equity holders of the Group ( <i>RMB cents</i> )	<u>3.75</u>	<u>3.31</u>

### (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 31 December 2023 and 2022.

## 6 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (i)	1,302,077	1,067,737
Less: allowance for impairment of trade receivables	<u>(92,666)</u>	<u>(77,137)</u>
Trade receivables — net	<u>1,209,411</u>	<u>990,600</u>
Retention receivables (ii)	322,635	283,049
Less: allowance for impairment of retention receivables	<u>(61,436)</u>	<u>(53,955)</u>
Retention receivables — net	<u>261,199</u>	<u>229,094</u>
Bills receivables (i)	92,686	75,113
Long-term trade receivables (iii)	43,235	47,156
Less: allowance for impairment of long-term trade receivables	<u>(2,592)</u>	<u>(3,099)</u>
Long-term trade receivables — net	<u>40,643</u>	<u>44,057</u>
Other receivables	75,036	69,339
Prepayments	119,868	118,066
Prepaid taxation	<u>1,698</u>	<u>2,865</u>
	<u>1,800,541</u>	<u>1,529,134</u>
<b>Less: non-current portion</b>		
Retention receivables (ii)	(69,954)	(76,213)
Long-term trade receivables (iii)	(36,810)	(40,463)
Other receivables	<u>(8,879)</u>	<u>(12,746)</u>
	<u>(115,643)</u>	<u>(129,422)</u>
<b>Current portion</b>	<u><u>1,684,898</u></u>	<u><u>1,399,712</u></u>

- (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 receivables are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, certain customers may have large trade receivables balances and 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.

As at 31 December 2023, bills receivables with a total net book amount of RMB31,669,000 were pledged as collateral for the Group's bank borrowings (2022: RMB21,560,000), and no trade receivables were pledged as collateral for the Group's bank borrowings (2022: RMB6,001,000).

As at 31 December 2023 and 2022, the ageing analysis of the trade and bills receivables based on the payment requests acknowledged by the customers is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Within 3 months	<b>548,739</b>	492,062
4 to 6 months	<b>72,456</b>	90,755
7 to 12 months	<b>374,768</b>	174,779
1 to 2 years	<b>167,238</b>	186,897
2 to 3 years	<b>80,453</b>	76,561
Over 3 years	<b>151,109</b>	121,796
	<b><u>1,394,763</u></b>	<b><u>1,142,850</u></b>

- (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 consolidated 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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>117,668</b>	42,034
1 to 2 years	<b>17,534</b>	78,556
2 to 3 years	<b>72,019</b>	51,242
3 to 4 years	<b>40,035</b>	57,807
4 to 5 years	<b>51,560</b>	6,181
Over 5 years	<b>23,819</b>	47,229
	<b><u>322,635</u></b>	<u>283,049</u>

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 relating to a public-private-partnership performed by the private investor with quarterly instalment in fifteen years. Long-term trade receivables were measured at amortised cost using the effective interest method at average rate of 5.39%.

As at 31 December 2023, the Group pledged long-term trade receivables with carrying amount of approximately RMB40,643,000 (2022: RMB44,057,000) for the long-term bank borrowings amounted to RMB14,500,000 (2022: RMB19,500,000).

## 7 TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables ( <i>i</i> )	1,525,923	1,469,417
Bills payables ( <i>i</i> )	20,000	13,000
Retention payables ( <i>ii</i> )	175,416	204,054
Long-term payables ( <i>iii</i> )	202,396	292,705
Payroll and social security	20,709	18,589
Other payables	123,870	142,200
Dividend payables	—	400
Other tax liabilities excluding income tax liabilities	148,561	153,534
	<u>2,216,875</u>	<u>2,293,899</u>
<b>Less: non-current portion</b>		
Retention payables ( <i>ii</i> )	(117,656)	(95,570)
Long-term payables ( <i>iii</i> )	(59,639)	(95,640)
Other payables	(19,947)	(23,970)
	<u>(197,242)</u>	<u>(215,180)</u>
<b>Current portion</b>	<u><u>2,019,633</u></u>	<u><u>2,078,719</u></u>

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

As at 31 December 2023 and 2022, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>299,432</b>	521,671
4 to 6 months	<b>258,707</b>	144,103
7 to 12 months	<b>259,133</b>	195,718
1 to 2 years	<b>313,762</b>	248,526
2 to 3 years	<b>137,678</b>	85,893
Over 3 years	<b>277,211</b>	286,506
	<b><u>1,545,923</u></b>	<u>1,482,417</u>

- (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 consolidated 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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>26,977</b>	53,002
1 to 5 years	<b>131,611</b>	104,758
Over 5 years	<b>16,828</b>	46,294
	<b><u>175,416</u></b>	<u>204,054</u>

(iii) Long-term trade payables represent amounts due to suppliers for certain construction services with unbilled payables and the expected billing period is over one year. For some suppliers, usually 10% to 35% of the payments will be paid upon the completion of the construction and 5% to 10% of the payments will be paid after the warranty period expires. Long-term payables are measured at amortised cost using the effective interest method at the average rate from 3.45% to 5.01%. In the consolidated 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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>41,184</b>	97,252
1 to 5 years	<b>137,831</b>	130,085
Over 5 years	<b>23,381</b>	65,368
	<b><u>202,396</u></b>	<u>292,705</u>

## **8 DIVIDENDS**

At a meeting held on 28 March 2024, the Board proposed a final dividend of HK\$1.02 cents (equivalent to RMB0.92 cent) per share (2022: HK\$0.92 cent (equivalent to RMB0.85 cent) per share) for the year ended 31 December 2023, representing total amount of approximately HK\$8,419,000 (equivalent to RMB7,630,000) (2022: HK\$7,594,000 (equivalent to RMB7,018,000)) to be distributed from the share premium account. This dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the share premium account for the year ending 31 December 2024.

## 9 COMMITMENTS

### (a) Capital commitments

As at 31 December 2023 and 2022, the Group and the Company did not have any significant capital commitments.

### (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:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	905	862
Later than 1 year and no later than 2 years	222	—
Later than 2 years and less than 3 years	111	—
	<u>1,238</u>	<u>862</u>



## **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**

The Group enjoys grade A qualifications for the general contracting of the port, waterway and marine engineering business, and construction and municipal public engineering business. Therefore, the Group is qualified for inland river, port, waterway and municipal public engineering projects. The Group boasts the strongest construction capacity both in and outside China and a solid customer base. This sustains the stable development of the Group and the maximization of the return to Shareholders.

In 2023, the Group recorded revenue of RMB2,143.7 million, representing an increase of approximately 3.3% over the year ended 31 December 2022. Among them, the revenue of the municipal public construction segment decreased slightly due to the impact of fierce market competition. However, with the marine construction segment's further expanding the scope and region of business undertaking, especially undertaking new port and terminal construction projects in Malaysia in the second half of 2022, the Group's port, waterway and marine engineering business extended from Indonesia and Brunei to Malaysia, resulting in a noticeable increase in revenue. The Group as a whole optimized its internal management and improved its cost control capabilities. Despite a slight increase in gross profit in 2023, the net profit reached approximately RMB30.75 million, which was satisfactory.

In the year of 2023, China's economy underwent ups and downs and faced new challenges and adverse impacts from the international climate. Facing the foreign demand downslide and inadequate domestic demand, the Group always anchored itself on its core operations, including port, waterway and municipal construction, and with a pioneering and innovative mindset, expanded overseas market of marine engineering business, developed the environmental engineering business and further reinforced its comprehensive competitive strengths.

### **Future Plans and Prospect**

The slow recovery of the global economy has given birth to the growing demand for interregional transport interconnectivity. The Group will stay committed to improving internal control, strengthening cost control, risk prevention and expanding business scope, with a view to increasing returns to Shareholders.

Judging from the domestic demand, China's domestic economy will tend to recover on the whole, driven by the synergistic effect of macroeconomic policies, while adhering to the general keynote of seeking progress amid stability. However, the domestic economy still faces multiple difficulties and challenges. The effective demand in the domestic market is insufficient, and the social expectations are weak. The competition is becoming increasingly fierce especially in the field of construction engineering. The Group will give full play to its leading advantages in the port, waterway, municipal and construction industries, and strive to consolidate its market share. At the same time, the Group will closely follow the policy of promoting comprehensive ecological environment management, and further expand environmental engineering businesses such as water resources, water environment, water ecological management, and soil pollution prevention and control, so as to facilitate the sustainable development of the Group.

On the international side, global economic growth drivers are slightly weak, and regional hotspot issues emerge from time to time, indicating a more complex external climate has increased. However, with the recovery of the global economy and the introduction of new technologies, the demand for high-quality economic and social development has given rise to more new business forms and new models, and the development of the international infrastructure industry has shown a new direction of integration. The Group will keep a close eye on international situation dynamics, seek progress while ensuring stability. While continuously improving its risk management and control capabilities, the Group will insist on "going global" and further promote the in-depth and practical development of high-quality "One Belt, One Road Initiative".

## **Financial Overview**

### **Revenue**

In 2023, the Group's consolidated revenue was RMB2,143.7 million, representing a year-on-year increase of approximately 3.3% compared with the revenue of RMB2,075.6 million in the previous fiscal year. The main operation income is divided into marine construction segment and municipal public construction segment, with revenue of RMB724.6 million and RMB1,419.1 million, respectively. Revenues from the PRC and Southeast Asia in 2023 were RMB1,841.7 million and RMB302.0 million, respectively.

The increase in the Group's revenue for the year was mainly due to our active market expansion and accelerated project progress.

## **Cost of sales and profits from main operations**

The consolidated cost of sales in 2023 was RMB1,970.1 million, representing an increase of 3.4% from RMB1,904.5 million in 2022. The costs of marine construction segment and municipal public construction segment in 2023 were RMB644.0 million and RMB1,326.1 million, respectively. In 2023, cost incurred in the PRC and Southeast Asia were RMB1,693.4 million and RMB276.7 million, respectively.

Cost of sales mainly consists of the cost of raw materials and consumables used and subcontracting costs. In 2023, cost of raw materials and consumables used and subcontracting costs were RMB989.1 million and RMB809.6 million, representing an increase of 2.8% and 8.9% from RMB962.4 million and RMB743.2 million in 2022, respectively. The main operation profit of the Group depends largely on the location and composition of the project. The consolidated gross profit in 2023 was approximately RMB173.6 million, representing an increase of 1.5% from RMB171.1 million in 2022.

## **Administrative expenses**

In 2023, the administrative expenses amounted to RMB83.9 million, decreased by 9.2% as compared with RMB92.4 million in 2022. It was mainly due to our control of administrative expenses. Administrative expenses as a percentage of revenue decreased from 4.5% in 2022 to 3.9% in 2023.

## **Income tax expense**

The Group's income tax expense in 2023 was RMB19.8 million, representing an increase of 52.3% from RMB13.0 million in 2022, mainly due to decrease of super deduction of income tax expenses relating to research and development expenses.

## **Trade and other receivables**

The Group's net trade and other receivables increased to RMB1,800.5 million as at 31 December 2023 (as at 31 December 2022: RMB1,529.1 million), which mainly comprised progress receivables on projects, receivables on project completion, delivery and settlement, and retention receivables on completed projects. The increase in trade and other receivables in 2023 was mainly due to the increase in bills receivables, progress receivables and retention receivables as domestic and foreign projects progress. The Group has assessed the expected credit losses and has made proper provisions for impairment losses. The Group considers the probability of default upon initial recognition of assets 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.

## **Trade and other payables**

The Group's net trade and other payables decreased to RMB2,216.9 million as at 31 December 2023 (as at 31 December 2022: RMB2,293.9 million), mainly due to strengthening the management of trade and other payables to support the smooth progress of engineering projects.

## **Current assets, capital structure and gearing ratio**

The Group maintained a healthy liquidity position with net current assets and cash and cash equivalents of approximately RMB345.8 million (as at 31 December 2022: RMB174.2 million) and RMB255.8 million (as at 31 December 2022: RMB540.2 million), respectively as at 31 December 2023. The Group's gearing ratio (calculated by dividing total liabilities by total assets) as at 31 December 2023 was 76.8% (as at 31 December 2022: 78.7%). The increase in net current assets and the decrease in gearing ratio as at 31 December 2023 reflected the Group has strengthened the management of receivables and liabilities and optimized its capital structure. The Group's bank borrowings as at 31 December 2023 amounted to RMB203.2 million (as at 31 December 2022: RMB233.9 million), which are denominated in RMB and with fixed interest rate.

## **Foreign exchange**

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

## **Capital expenditures and commitments**

The Group generally finances its capital expenditures by cash flows generated from its operation, and the net proceeds from the Listing provide an additional source of funding to meet its capital expenditure plan.

## **Contingent liabilities**

As at 31 December 2023, there are two outstanding claims against Watts Gallop Construction and one outstanding claim against Third Harbour Maritime. According to the legal advisers for the claims, potential liability, legal fees and costs, and interest are not expected to be significant. As such, these legal proceedings individually or in aggregate would not have material financial or operational adverse impact on the Group's consolidated financial statements.

## **Charges on assets**

As at 31 December 2023, the Group pledged long-term trade receivables with carrying amount of approximately RMB40.6 million (2022: RMB44.1 million) for the long-term bank borrowings amounted to RMB14.5 million (2022: RMB19.5 million).

As at 31 December 2023, bills receivables with a total net book amount of RMB31.7 million were pledged as collateral for the Group's bank borrowings (2022: RMB21.6 million), and no trade receivables was pledged as collateral for the Group's bank borrowings (2022: RMB6.0 million).

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

For the year ended 31 December 2023, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

## **Significant investment held**

As at 31 December 2023, the Group had no significant investment or future plans for significant investments or capital assets.

## Use of Proceeds

The Group's net proceeds from the Listing was approximately HK\$202.9 million. As at 31 December 2023, the utilisation of net proceeds raised by the Group from the Listing is as below:

(HK\$ million)

	Original allocation of net proceeds as stated in the Prospectus	First Revised allocation of net proceeds	Second Revised allocation of net proceeds (note 3)	Unutilised as at 31 December 2022	Utilised during the Reporting Period	Unutilised as at 31 December 2023	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	21.3	—	—	—	—
Purchasing new vessels and construction Equipment	35.7	24.5	24.5	—	—	—	—
Funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects (Note 2)	—	44.2	113.0	—	41.0	27.8	December 2024 or before
Purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment (Note 2)	—	11.2	11.2	—	—	—	—
Recruiting talent	13.0	13.0	13.0	—	—	—	—
Strategic equity investment	68.8	68.8	—	68.8	—	—	—
General working capital	19.9	19.9	19.9	—	—	—	—
<b>Total</b>	<b>202.9</b>	<b>202.9</b>	<b>202.9</b>	<b>68.8</b>	<b>41.0</b>	<b>27.8</b>	

*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.
3. On 15 June 2023, the Board resolved to change the use of proceeds for strategic equity investment which remains unutilised and approved that such amount of approximately HK\$68.8 million shall be reallocated as funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects. For details, please refer to the Company's announcement dated 15 June 2023.

During the year ended 31 December 2023, 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.

### **Event after the Reporting Period**

The Group did not have any significant events subsequent to the Reporting Period.

### **Final dividend**

The Board recommended the payment of a final dividend of HK\$1.02 cents (equivalent to approximately RMB0.92 cent) (2022: HK\$0.92 cent (equivalent to RMB0.85 cent)) per share for the year ended 31 December 2023 to the Shareholders whose names appeared on the register of members of the Company on Friday, 5 July 2024. Subject to the approval of the Shareholders at the 2024 AGM, such dividend is expected to be paid on Friday, 16 August 2024.

### **Closure of Register of Members**

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024, both days inclusive, during the period no transfer of Shares shall be registered. All transfer documents accompanied by the relevant certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 19 June 2024.



For the purpose of determining the entitlement of the shareholders of the Company to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 3 July 2024 to Friday, 5 July 2024, both days inclusive, during which period no transfer of Shares shall be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on, Tuesday, 2 July 2024.

### **Employees and remuneration policies**

As of 31 December 2023, the Group had a total of 537 employees. In particular, Third Harbor Maritime had 100 employees, Benteng Indonesia had 70 employees (including 13 Chinese employees who are appointed by Third Harbor Maritime and have entered into employment contracts with Third Harbor Maritime, and we have purchased the relevant insurance for them in both China and Indonesia). Benteng Malaysia had 47 employees (including 7 Chinese employees who are appointed by Third Harbor Maritime and 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 (a Chinese employee who is appointed by Third Harbor Maritime has entered into employment contract with Third Harbor Maritime, and we have purchased the relevant insurance for him in China). Watts Environmental had 39 employees. Shanghai Municipal Group had 280 employees. Our employees have been paid remuneration in accordance with relevant laws and regulations in China, Indonesia, Malaysia and Brunei. The Company pays appropriate salary and bonuses with reference to actual practice. Other related benefits include pensions, unemployment insurance and housing allowances. The staff costs, including Directors' emoluments, of the Group were approximately RMB71.7 million for the Reporting Period (2022: approximately RMB71.8 million).

The Remuneration Committee has been established to provide recommendations to the Board on the overall remuneration policy and structure of the 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.

### **Purchase, sale or redemption of 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.



## **Model code for securities transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirm that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

## **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 applied the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. For the Reporting Period, the Company has complied with all applicable code provisions under the CG Code in force during the year.

## **Audit Committee**

The Audit Committee has discussed with management and reviewed the audited consolidated financial statements of the Group for the Reporting Period.

There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

## **Scope of Work of PricewaterhouseCoopers**

The figures in respect of the Group's consolidated statement of comprehensive income and consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **Publication of Annual Results and Annual Report**

This annual results announcement is published on the HKEXnews website at <http://www.hkexnews.hk> and on the website of the Company at <http://www.shbt-china.com>.

The 2023 annual report containing all the information required by the Listing Rules will be published on the above websites in due course.

## **Definitions**

2024 AGM	the forthcoming annual general meeting of the Company to be held on Tuesday, 25 June 2024
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
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
Benteng Malaysia	Shanghai Third Harbor Benteng Maritime Engineering Malaysia Sdn. Bhd., a company incorporated under the laws of Malaysia with limited liability in November 2022, which is an operating entity of the Company in Malaysia
BNS\$	Brunei Dollars, the lawful currency of Brunei
Board	the board of Directors of the Company
Companies Law	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
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)	director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
IDR	the Indonesian Rupiah, the lawful currency of Indonesia

Listing	the listing of the Company's shares on the main board of the Stock Exchange on 19 November 2018
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Major Currencies	RMB, HK\$, BNS, 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 announcement 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 China Taiwan
Prospectus	the prospectus of the Company dated 30 October 2018
Remuneration Committee	the remuneration Committee of the Company
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	the period from 1 January 2023 to 31 December 2023
Shanghai Municipal	Shanghai Watts Benteng Municipal Public Engineering Co., Ltd.* (上海華滋奔騰市政工程有限公司), a company established in the PRC and acquired by the Company on 24 December 2019
Shanghai Municipal Group	Shanghai Municipal and its subsidiaries
Share(s)	ordinary shares of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holder(s) of the Shares
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.
Watts Environmental	Shanghai Watts Environmental Technology Co., Ltd. (上海華滋環境科技有限公司), a limited liability company established under the laws of the PRC on 8 July, 2020 and a wholly-owned subsidiary of Third Harbor Maritime
Watts Gallop Construction	Watts Gallop Construction Engineering Group Co., Ltd. (華滋奔騰建工集團有限公司), a limited liability company established under the laws of the PRC as on 10 December 1999, a wholly-owned subsidiary of Shanghai Municipal

By order of the Board  
**Watts International Maritime Company Limited**  
**Wang Xiuchun**  
*Chairman and Executive Director*

Shanghai, 28 March 2024

*As at the date of this announcement, the Board comprises Mr. Wang Xiuchun, Ms. Wan Yun, Mr. Wang Lijiang and Mr. Wang Likai as executive Directors; Mr. Wang Shizhong as non-executive Director; Mr. Wang Hongwei, Mr. How Sze Ming and Mr. Sun Dajian as independent non-executive Directors.*