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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

Financial Summary

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	749,658	715,208
Gross profit	49,910	44,334
Profit/(Loss) before income tax	18,444	(99,163)
Profit/(Loss) for the period	15,702	(123,868)
Total comprehensive income/(loss) for the period attributable to the Shareholders of the Company	13,563	(106,011)
Earnings/(Loss) per Share for profit attributable to the Shareholders of the Company (expressed in RMB cents per Share):		
— Basic and diluted earnings/(loss) per Share	1.92	(15.12)
	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Total assets	3,298,688	3,347,474
Total equity	710,484	696,921

Interim results for the six months ended 30 June 2025

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025, which have been reviewed by the Audit Committee, and approved by the Board on 26 August 2025.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2025

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

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2025

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

1 GENERAL INFORMATION

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

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

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

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

The condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

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

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

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

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

(i) New and amended standards adopted by the Group

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

- Lack of Exchangeability — Amendments to HKAS 21

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

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

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

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

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

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

(b) Segment results and other information

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

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

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

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

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

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

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

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

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

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

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

(d) Segment assets by territory

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

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

(e) **Contract assets and liabilities**

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

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

4 INCOME TAX EXPENSE

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

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

(a) Cayman Islands profits tax

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

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

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

(c) Hong Kong profits tax

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

(d) PRC corporate income tax (“CIT”)

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

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

(e) Brunei income tax

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

(f) Indonesia income tax

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

(g) Malaysia income tax

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

(h) Saudi Arabia income tax

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

5 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

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

6 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

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

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

7 TRADE AND OTHER PAYABLES

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

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

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

	As at	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Within 3 months	119,016	265,693
4 to 6 months	288,632	267,195
7 to 12 months	313,157	318,465
1 to 2 years	258,152	291,577
2 to 3 years	111,400	131,263
Over 3 years	280,984	290,512
	<u>1,371,341</u>	<u>1,564,705</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 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	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Within 1 year	13,710	18,570
1 to 5 years	168,649	190,604
Over 5 years	9,829	9,842
	<u>192,188</u>	<u>219,016</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 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	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Within 1 year	26,025	39,073
1 to 5 years	147,212	127,399
Over 5 years	18,253	18,253
	191,490	184,725

8 DIVIDENDS

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

9 COMMITMENTS

(a) Capital commitments

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

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

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

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

10 EVENT AFTER THE REPORTING PERIOD

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

Management Discussion and Analysis

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

Business Review

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

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

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

Future Plans and Prospects

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

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

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

Financial Overview

Revenue

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

Cost of sales and profits from main operations

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

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

Administrative expenses

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

Income tax expense

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

Trade and other receivables

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

Trade and other payables

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

Current assets, capital structure and gearing ratio

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

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

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

Charges on assets

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

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

Foreign exchange

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

Capital expenditures and commitments

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

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

Contingent liabilities

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

Material acquisition and disposal of subsidiaries, associates and joint ventures

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

Significant investment held

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

Interim Dividend

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

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

Employees and Remuneration Policies

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

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

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

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

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

Corporate Governance Code

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

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code 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 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules during the Reporting Period.

Review of Interim Results by Audit Committee

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

Publication of Interim Results and Interim Report

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

The 2025 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

Definitions

Audit Committee	the audit committee of the Company
BN\$ or BND	Brunei Dollars, the lawful currency of Brunei
Board	the board of Directors of the Company
Company	Watts International Maritime Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$ or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
IDR	the Indonesian Rupiah, the lawful currency of Indonesia
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
Major Currencies	RMB, HK\$, BN\$, IDR 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 PRC, Macau Special Administrative Region of the PRC and Taiwan

Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	the six months ended 30 June 2025
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
US\$, USD or US dollars	U.S. dollars, the lawful currency of U.S.

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

Shanghai, 26 August 2025

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.