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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 2025**

Financial Summary

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	1,879,652	1,534,193
Gross profit	181,577	98,540
Profit/(loss) before income tax	54,356	(68,045)
Profit/(loss) for the year	33,099	(69,249)
Total comprehensive income/(loss) for the year attributable to the shareholders of the Company	26,982	(47,546)
Earnings/(loss) per share for profit/(loss) attributable to the shareholders of the Company (expressed in RMB cents per share):		
— Basic earnings/(loss) per share	4.04	(8.46)
— Diluted earnings/(loss) per share	4.04	(8.46)
	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Total assets	3,544,412	3,347,474
Total equity	723,903	696,921

Annual results for the year ended 31 December 2025

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2025, which have been reviewed by the Audit Committee, and have been approved by the Board on 26 March 2026.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Revenue	3	1,879,652	1,534,193
Cost of sales		<u>(1,698,075)</u>	<u>(1,435,653)</u>
Gross profit		181,577	98,540
Selling and distribution expenses		(4,598)	(5,671)
Administrative expenses		(90,414)	(99,157)
Net impairment losses on financial assets and contract assets		(32,676)	(48,341)
Other operating expenses		—	(305)
Other income		3,470	3,252
Other gains — net		<u>10,249</u>	<u>2,850</u>
Operating profit/(loss)		67,608	(48,832)
Finance income		2,586	3,521
Finance costs		<u>(15,838)</u>	<u>(22,734)</u>
Profit/(loss) before income tax		54,356	(68,045)
Income tax expense	4	<u>(21,257)</u>	<u>(1,204)</u>
Profit/(loss) for the year		<u>33,099</u>	<u>(69,249)</u>
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Currency translation differences		(5,407)	418
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		<u>(710)</u>	<u>21,285</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(6,117)</u>	<u>21,703</u>
Total comprehensive income/(loss) for the year, attributable to the shareholders of the Company		<u>26,982</u>	<u>(47,546)</u>
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	<u>4.04</u>	<u>(8.46)</u>

Consolidated Statement of Financial Position

For the year ended 31 December 2025

		As at 31 December	
		2025	2024
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		57,734	54,939
Investment properties		7,362	9,982
Right-of-use assets		8,373	9,569
Intangible assets		32	43
Contract assets	3	371,100	469,072
Trade and other receivables	6	127,922	96,555
Deferred income tax assets		40,126	36,383
Financial assets at fair value through other comprehensive income		3,388	4,098
		<u>616,037</u>	<u>680,641</u>
Current assets			
Inventories		5,593	6,383
Contract assets	3	405,336	371,690
Trade and other receivables	6	1,902,960	1,801,358
Restricted cash		176,315	144,744
Cash and cash equivalents		438,171	342,658
		<u>2,928,375</u>	<u>2,666,833</u>
Total assets	3	<u><u>3,544,412</u></u>	<u><u>3,347,474</u></u>

		As at 31 December	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
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		16,704	22,821
Retained earnings		439,208	406,109
		<hr/>	<hr/>
Total equity		723,903	696,921
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Borrowings		80,000	4,500
Lease liabilities		—	65
Trade and other payables	7	118,149	167,841
Deferred income tax liabilities		3,291	3,815
		<hr/>	<hr/>
		201,440	176,221
		<hr/>	<hr/>
Current liabilities			
Contract liabilities	3	153,681	69,065
Trade and other payables	7	2,146,684	2,109,717
Borrowings		307,373	275,998
Lease liabilities		65	272
Income tax payables		11,266	19,280
		<hr/>	<hr/>
		2,619,069	2,474,332
		<hr/>	<hr/>
Total liabilities		2,820,509	2,650,553
		<hr/>	<hr/>
Total equity and liabilities	3	3,544,412	3,347,474
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Notes to Annual Results Announcement

For the year ended 31 December 2025

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 (collectively the "**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 26 March 2026.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards 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 2025 annual report.

(i) New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2025:

- 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 revised conceptual framework not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 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, with limited impact to the statement of cashflow, and providing more disclosures including management-defined performance measures within the financial statements. The Group is currently assessing the detailed implications of HKFRS 18 on the Group's consolidated financial statements.

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
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
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
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	To be determined

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 2025 is as follows:

	Year ended 31 December 2025		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Revenue	728,876	1,150,776	1,879,652
Cost of sales	(656,507)	(1,041,568)	(1,698,075)
Gross profit	72,369	109,208	181,577
Unallocated items			
Operating expenses			(127,688)
Other income			3,470
Other gains — net			10,249
Finance costs — net			(13,252)
Profit before income tax			54,356
Income tax expense (<i>Note 4</i>)			(21,257)
Profit for the year			33,099
Segment items included:			
Depreciation and amortization	(8,438)	(5,105)	(13,543)
Net impairment losses on financial assets and contract assets	(18,068)	(14,608)	(32,676)

The segment assets and liabilities at 31 December 2025 are as follows:

	As at 31 December 2025			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>1,354,358</u>	<u>2,281,530</u>	<u>(91,476)</u>	<u>3,544,412</u>
Total liabilities	<u>943,183</u>	<u>1,968,802</u>	<u>(91,476)</u>	<u>2,820,509</u>

The segment information for the year ended 31 December 2024 is as follows:

	Year ended 31 December 2024		
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	497,195	1,036,998	1,534,193
Cost of sales	<u>(448,557)</u>	<u>(987,096)</u>	<u>(1,435,653)</u>
Gross profit	<u>48,638</u>	<u>49,902</u>	<u>98,540</u>
Unallocated items			
Operating expenses			(153,474)
Other income			3,252
Other gains — net			2,850
Finance costs — net			<u>(19,213)</u>
Loss before income tax			(68,045)
Income tax expense (<i>Note 4</i>)			<u>(1,204)</u>
Loss for the year			<u><u>(69,249)</u></u>
Segment items included:			
Depreciation and amortization	(9,088)	(6,716)	(15,804)
Net impairment reversal/ (losses) on financial assets and contract assets	<u>85</u>	<u>(48,426)</u>	<u>(48,341)</u>

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

	As at 31 December 2024			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>1,357,587</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 contracts 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					
	2025			2024		
	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>
PRC						
Revenue	468,569	1,150,776	1,619,345	338,986	1,036,998	1,375,984
Cost of sales	<u>(423,727)</u>	<u>(1,041,568)</u>	<u>(1,465,295)</u>	<u>(308,516)</u>	<u>(987,096)</u>	<u>(1,295,612)</u>
	<u>44,842</u>	<u>109,208</u>	<u>154,050</u>	<u>30,470</u>	<u>49,902</u>	<u>80,372</u>
Southeast Asia						
Revenue	260,307	—	260,307	158,209	—	158,209
Cost of sales	<u>(232,780)</u>	<u>—</u>	<u>(232,780)</u>	<u>(140,041)</u>	<u>—</u>	<u>(140,041)</u>
	<u>27,527</u>	<u>—</u>	<u>27,527</u>	<u>18,168</u>	<u>—</u>	<u>18,168</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 is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	61,370	72,325
Southeast Asia	12,131	2,208
Total	73,501	74,533

(e) Contract assets and liabilities

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets		
Current portion		
Marine construction	148,622	172,356
Municipal public construction	279,268	220,203
Less: allowance for impairment of contract assets	(22,554)	(20,869)
	405,336	371,690
Non-current portion		
Marine construction	139,155	24,258
Municipal public construction	248,227	474,071
Less: allowance for impairment of contract assets	(16,282)	(29,257)
	371,100	469,072
Total contract assets	776,436	840,762

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities		
Marine construction	24,323	9,916
Municipal public construction	129,358	59,149
	<u> </u>	<u> </u>
Total contract liabilities	<u>153,681</u>	<u>69,065</u>

4 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	25,524	7,915
Deferred income tax	(4,267)	(6,711)
	<u> </u>	<u> </u>
Income tax expense — net	<u>21,257</u>	<u>1,204</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% (2024: 16.5%) for the year ended 31 December 2025.

(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% (2024: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for the subsidiaries 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 it in October 2022 and November 2025 and is entitled to a preferential income tax rate of 15% (2024: 15%) in year 2025. Shanghai Watts Environmental Technology Co., Ltd. (“**Watts Environmental**”), a subsidiary of the Group, obtained new and high-technology enterprise recognition in November 2022, and is entitled to a preferential income tax rate of 15% (2024: 15%) in year 2025. The qualification to 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% (2024: 18.5%) for the years ended 31 December 2025.

(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 years ended 31 December 2025, income tax was provided at rates ranging from 2.65% to 4% (2024: 2.65% to 4%) on the revenue from construction services 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.

(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% (2024: 24%) for the year ended 31 December 2025.

(viii) 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 year ended 31 December 2025.

(ix) Cambodia income tax

One of the Company's subsidiaries incorporated in Cambodia is subject to Cambodia income tax. The applicable Cambodia income tax rate is 20% for the year ended 31 December 2025.

5 BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

The calculation of the basic earnings/(losses) per share is based on the profit/(loss) 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 as at 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
Profit/(loss) attributable to the Shareholders of the Company (<i>RMB'000</i>)	33,099	(69,249)
Weighted average number of ordinary shares in issue (<i>thousands</i>)	819,008	819,008
Total basic earnings/(losses) per share attributable to the ordinary equity holders of the Group (<i>RMB cents</i>)	<u>4.04</u>	<u>(8.46)</u>

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share is of the same amount as the basic earnings/(losses) per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2025 and 2024.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables (i)	1,231,529	1,274,771
Bills receivables	78,117	64,551
	<u>1,309,646</u>	<u>1,339,322</u>
Trade and bills receivables		
Less: allowance for impairment of trade receivables (iv)	(173,448)	(148,350)
	<u>1,136,198</u>	<u>1,190,972</u>
Trade and bills receivables — net		
Retention receivables (ii)	342,559	299,988
Less: allowance for impairment of retention receivables (iv)	(54,571)	(36,678)
	<u>287,988</u>	<u>263,310</u>
Retention receivables — net		
Long-term trade receivables (v)	61,373	45,491
Less: allowance for impairment of long-term trade receivables (iv)	(3,142)	(3,315)
	<u>58,231</u>	<u>42,176</u>
Long-term trade receivables — net		
Other receivables (iii)	266,349	233,503
Prepayments	280,896	163,364
Prepaid taxation	1,220	4,588
	<u>2,030,882</u>	<u>1,897,913</u>
Total		
Less: non-current portion		
Retention receivables (ii)	(73,766)	(41,974)
Long-term trade receivables (v)	(28,055)	(38,201)
Other receivables (iii)	(26,101)	(16,380)
	<u>(127,922)</u>	<u>(96,555)</u>
Current portion	<u><u>1,902,960</u></u>	<u><u>1,801,358</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 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 and 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 31 December 2025, bills receivables with a total net book amount of RMB10,073,000 (2024: RMB20,208,000) were pledged as collateral for the Group's bank borrowings.

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	541,387	453,014
4 to 6 months	188,588	120,402
7 to 12 months	152,575	277,609
1 to 2 years	162,866	174,615
2 to 3 years	86,813	120,472
Over 3 years	177,417	193,210
	<u>1,309,646</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 last 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:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	102,431	62,586
1 to 2 years	49,911	60,021
2 to 3 years	44,765	12,528
3 to 4 years	10,352	70,615
4 to 5 years	69,642	24,608
Over 5 years	65,458	69,630
	<u>342,559</u>	<u>299,988</u>

- (iii) Other receivables mainly represent tender deposits and performance deposits due from customers. The tender deposits are usually returned after the bidding process, which may last approximately three months. The performance deposits are usually returned after the construction project is finished. Certain other receivables represent the reimbursed expenses paid on behalf of related parties. The carrying amounts of the receivables approximated their fair values as at the balance sheet date. Other receivables are classified as current assets if they are expected to be paid in one year or less. If not, they are presented as non-current assets.
- (iv) The Group applies simplified approach to provide for expected credit losses prescribed in HKFRS 9. Provision for impaired receivables has been included in “Net impairment losses on financial assets” in the consolidated statement of comprehensive income.

- (v) 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 2025, the Group pledged certain long-term trade receivables with carrying amount of approximately RMB40,830,000 (2024: RMB42,176,000) for the long-term bank borrowings due within one year amounted to RMB4,500,000 (2024: RMB9,500,000).

- (vi) The gross amounts, before making provisions, of the Group's trade receivables, bills receivables, retention receivables, long-term trade receivables and other receivables are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,896,749	1,713,248
US\$	642	80,420
IDR	65,711	119,872
MYR	13,644	69
HK\$	2,115	3,082
BN\$	1,066	1,613
	<u>1,979,927</u>	<u>1,918,304</u>

7 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables (i)	1,514,088	1,543,705
Bills payables (i)	—	21,000
Retention payables (ii)	134,402	219,016
Long-term payables (iii)	290,185	184,725
Other payables (iv)	189,374	150,806
Payroll and social security	24,875	20,635
Other tax liabilities excluding income tax liabilities	111,909	137,671
	<u>2,264,833</u>	<u>2,277,558</u>
Less: non-current portion		
Retention payables (ii)	(12,942)	(98,168)
Long-term payables (iii)	(85,635)	(49,425)
Other payables (iv)	(19,572)	(20,248)
	<u>(118,149)</u>	<u>(167,841)</u>
Current portion	<u><u>2,146,684</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 31 December 2025 and 2024, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	415,230	265,693
4 to 6 months	181,758	267,195
7 to 12 months	257,121	318,465
1 to 2 years	193,018	291,577
2 to 3 years	184,584	131,263
Over 3 years	282,377	290,512
	<u>1,514,088</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 last 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:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	14,797	18,570
1 to 5 years	109,712	190,604
Over 5 years	9,893	9,842
	<u>134,402</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 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:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	67,084	39,073
1 to 5 years	204,848	127,399
Over 5 years	18,253	18,253
	<u>290,185</u>	<u>184,725</u>

- (iv) Other payables mainly represent performance deposits due to suppliers, which are usually repaid after the construction project is finished. Other payables are classified as current liabilities if they are expected to be paid in one year or less. If not, they are presented as non-current liabilities.
- (v) The carrying amounts of the Group's trade and other payables, excluding non-financial liabilities, are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
— RMB	1,917,199	1,936,571
— IDR	129,923	85,334
— BND	40,720	45,870
— HKD	35,184	35,004
— USD	3,287	2,647
— MYR	1,736	13,826
	<u>2,128,049</u>	<u>2,119,252</u>

8 DIVIDENDS

The Board recommended the payment of a final dividend of HK\$1.11 cents (equivalent to approximately RMB1.00 cent) (2024: nil) per share, representing total amount of approximately HK\$9,161,940, equivalent to approximately RMB8,275,250).

9 COMMITMENTS

(a) Capital commitments

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

(b) Non-cancellable 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 leases not recognised in the financial statements are payable as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	881	866
Later than 1 year and no later than 2 years	135	129
	<u>1,016</u>	<u>995</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 in China. Therefore, the Group is qualified for inland river, port, waterway and municipal public engineering projects. The Group boasts top-tier construction capacity both in and outside China with a solid customer base. This sustains stable development of the Group and maximisation of return for its Shareholders.

In 2025, the Group recorded a revenue of RMB1,879.7 million, representing an increase of approximately 22.5% as compared with the year ended 31 December 2024. In 2025, amid challenges arising from changes in the macroeconomic environment and intensified industry competition, the Group seized market opportunities and achieved steady revenue growth by optimising its business structure and strengthening market development. Overall, revenue of the Group's marine construction segment and municipal public construction segment increased by approximately 46.6% and 11.0% respectively in 2025. In addition, the Group continued to enhance credit risk management. Based on a prudent assessment of uncertainties in the domestic and overseas economic environment, the Group made reasonable provision for expected credit losses to ensure asset quality and stability.

Future Plans and Prospect

Leveraging on its core business strengths in ports, waterways and municipal construction, the Group will continue to actively expand into the emerging business of environmental engineering, and continuously optimise its business structure to enhance overall competitiveness.

For the domestic market, the domestic economy is undergoing profound transformation, and deep-rooted structural conflict and problems continue to arise. Insufficient growth momentum in consumption and investment has further intensified market competition in the traditional construction sector, which has, to a certain extent, disrupted the Group's expectations on the market development. Nevertheless, economic performance has been generally stable with steady progress. For the international market, the global economic and trading environment has changed drastically, and unilateralism and protectionism have sharply escalated. On the whole, demand for infrastructure development and sustainable development in regions such as Southeast Asia continues to grow, and development remains the fundamental trend. The overseas market will therefore remain a key focus of the Group's development.

Leveraging on its leading advantages and engineering experience in port, waterway, municipal engineering and other sectors, the Group will continue to optimise resource allocation, strengthen project management and cost control, and consistently enhance its competitiveness in both domestic and overseas markets. Meanwhile, the Group will strengthen account receivable management and historical project collection to reduce liquidity and credit risks, and steadily improve operational efficiency. Building on its traditional engineering business, the Group will further expand into emerging businesses including environmental management, urban regeneration and service model upgrading, so as to diversify its revenue streams and enhance returns for its Shareholders.

Financial Overview

Revenue

The Group's consolidated revenue in 2025 was RMB1,879.7 million, representing a year-on-year increase of approximately 22.5% from RMB1,534.2 million in the previous fiscal year. The main operation income was divided into marine construction segment and municipal public construction segment during the Reporting Period, with revenue of RMB728.9 million and RMB1,150.8 million, respectively. Revenues from the PRC and Southeast Asia in 2025 were RMB1,619.4 million and RMB260.3 million, respectively. The increase in revenue in 2025 was mainly due to the Group's efforts on strengthening project management and maintaining an orderly progress of the projects, particularly a significant increase in revenue in marine construction segment.

Cost of sales and profits from main operations

The consolidated cost of sales in 2025 was RMB1,698.1 million, representing an increase of approximately 18.3% from RMB1,435.7 million from 2024. The costs of sales of marine construction segment and municipal public construction segment in 2025 were RMB656.5 million and RMB1,041.6 million, respectively. In 2025, costs incurred in the PRC and Southeast Asia were RMB1,465.3 million and RMB232.8 million, respectively.

Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In 2025, cost of used raw materials and consumables and subcontracting costs were RMB928.8 million and RMB637.0 million, respectively, representing an increase of approximately 11.2% and 26.3% from 2024, respectively. The operating profit of the Group largely depends on the location and composition of the projects. The Group's consolidated gross profit in 2025 was RMB181.6 million, representing an increase of approximately 84.3% from RMB98.5 million in 2024.

Net impairment losses on financial assets and contract assets

The Group's provision for loss allowance increased from RMB238.5 million as at 31 December 2024 to RMB270.0 million as at 31 December 2025, which mainly consisted of impairment provision on financial assets and contract assets. For the year ended 31 December 2025, such net impairment losses on financial assets and contract assets were approximately RMB32.7 million, representing an increase of RMB42.8 million from that of the first half of 2025. The net impairment losses as at 31 December 2025 were mainly caused by the increase in general provision due to the challenging economic environment following the longer ageing and increase in expected loss rate, amounting to approximately RMB41.2 million.

Administrative expenses

The administrative expenses in 2025 were RMB90.4 million, representing a decrease of approximately 8.9% as compared to RMB99.2 million in 2024. It was mainly due to the Group's further strengthening on cost control and management.

Income tax expense

The Group's income tax expense in 2025 was RMB21.3 million, representing a significant increase compared to RMB1.2 million in 2024, which was mainly due to the Group's increased profit before tax.

Trade and other receivables

The Group's net trade and other receivables increased to RMB2,030.9 million as at 31 December 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 increase of trade and other receivables in 2025 was mainly due to the increase on other receivables, prepayments and retention receivables as domestic and foreign projects progressed. The Group has assessed the expected credit losses and has made proper provisions for impairment losses. The Group's contract assets decreased by RMB64.4 million to RMB776.4 million as at 31 December 2025 from RMB840.8 million as at 31 December 2024.

Trade and other payables

The Group's trade and other payables slightly decreased to RMB2,264.8 million as at 31 December 2025 (as at 31 December 2024: RMB2,277.6 million).

Current assets, capital structure and gearing ratio

The Group maintained a healthy liquidity position with net current assets and cash and cash equivalents of RMB309.3 million (as at 31 December 2024: RMB192.5 million) and RMB438.2 million (as at 31 December 2024: RMB342.7 million), respectively, as at 31 December 2025. As at 31 December 2025, the Group's restricted cash was RMB176.3 million (as at 31 December 2024: RMB144.7 million). The Group's gearing ratio (calculated by dividing total liabilities by total assets) as at 31 December 2025 was 79.6% (as at 31 December 2024: 79.2%). The Group's bank borrowings as at 31 December 2025 were RMB387.4 million (as at 31 December 2024: RMB280.5 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 denominated 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 US\$ promptly.

Capital expenditures and commitments

The Group generally finances its capital expenditures by cash flows generated from its operation. As at 31 December 2025, the Group had no major capital commitments.

Contingent liabilities

As at 31 December 2025, there was one outstanding claim against Watts Gallop Construction. According to the legal advisers for the claim, the scope and criteria of the loss appraisal lack relevance and rationality. The Group expects that the potential liability, legal fees and other costs and interest are not expected to be significant. Therefore 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 2025, the Group's secured long-term bank borrowings of RMB4.5 million (2024: RMB9.5 million) were guaranteed by Zhejiang Kexin Engineering Materials Co., Ltd., a third party, and were secured by the pledge of long-term trade receivables carrying amount of RMB40.83 million (2024: approximately RMB42.18 million).

As at 31 December 2025, bills receivables with a total net book amount of RMB10.1 million (as at 31 December 2024: RMB20.2 million) was pledged as collateral for the Group's bank borrowings amounting to RMB10.1 million (as at 31 December 2024: RMB20.2 million).

Material acquisition and disposal of subsidiaries, associates and joint ventures

For the year ended 31 December 2025, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

Significant investment held

As at 31 December 2025, the Group had no significant investment or future plan for significant investment or capital asset.

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\$1.11 cents (equivalent to approximately RMB1.00 cent) (2024: nil) per Share for the year ended 31 December 2025 to the Shareholders whose names appeared on the register of members of the Company on Monday, 6 July 2026. Subject to the approval of the Shareholders at the 2026 AGM, such dividend is expected to be paid on Tuesday, 18 August 2026.

Closure of register of members

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, 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 Thursday, 18 June 2026. The Shareholders whose names appear on the register of members of the Company on Thursday, 25 June 2026 are entitled to attend and vote at the 2026 AGM.

For the purpose of determining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Thursday, 2 July 2026 to Monday, 6 July 2026, 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, 30 June 2026.

Employees and remuneration policies

As of 31 December 2025, the Group had a total of 485 employees. All employees have been paid remuneration in accordance with relevant laws and regulations in China, Indonesia, Malaysia, Brunei and Cambodia. 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 RMB69.1 million for the Reporting Period (2024: approximately RMB66.6 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 (including sale of treasury shares). As at 31 December 2025, the Company did not hold any treasury shares.

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. The Company has complied with all applicable code provisions under the CG Code in force during the Reporting Period.

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 2025 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 2025 annual report containing all the information required by the Listing Rules will be published on the above websites in due course.

Definitions

2026 AGM	the forthcoming annual general meeting of the Company to be held on Thursday, 25 June 2026
Audit Committee	the audit committee of the Company
BN\$	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 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\$, BN\$, IDR, MYR and US\$, the major currencies used by the Group in conducting its business
MYR	Malaysian Ringgit, the lawful currency of Malaysia
PRC or China	the People's Republic of China, but for the purpose of this 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
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 2025 to 31 December 2025
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 limited liability company established under the laws of the PRC and acquired by the Company on 24 December 2019
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 the United States of America

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 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, 26 March 2026

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