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 2026

Financial Summary

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue	**829,336**	749,658
Gross profit	**56,251**	49,910
Profit before income tax	**17,865**	18,444
Profit for the period	**13,675**	15,702
Total comprehensive income for the period attributable to the Shareholders of the Company	**7,231**	13,563
Earnings per Share for profit attributable to the Shareholders of the Company (expressed in RMB cents per Share):		
— Basic and diluted earnings per Share	**1.67**	1.92
	30 June	31 December
	2026	2025
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Total assets	**3,546,976**	3,544,412
Total equity	**722,859**	723,903

Interim results for the six months ended 30 June 2026

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2026, which have been reviewed by the Audit Committee, and approved by the Board on 27 August 2026.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2026

	Notes	**Six months ended 30 June** **2026** **Unaudited** ***RMB'000***	2025 Unaudited *RMB'000*
Revenue	3	**829,336**	749,658
Cost of sales	3	**(773,085)**	(699,748)
Gross profit		**56,251**	49,910
Selling and distribution expenses		**(2,322)**	(2,440)
Administrative expenses		**(36,912)**	(36,659)
Net impairment (losses)/gains on financial assets and contract assets		**(13,123)**	10,091
Other operating expenses		**(11)**	(133)
Other income		**1,419**	543
Other gains — net		**21,343**	5,109
Operating profit		**26,645**	26,421
Finance income		**1,952**	1,359
Finance costs		**(10,732)**	(9,336)
Finance costs — net		**(8,780)**	(7,977)
Profit before income tax		**17,865**	18,444
Income tax expense	4	**(4,190)**	(2,742)
Profit for the period		**13,675**	15,702
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		**(6,873)**	(2,002)
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		**429**	(137)
Other comprehensive loss for the period, net of tax		**(6,444)**	(2,139)
Total comprehensive income for the period attributable to the Shareholders of the Company		**7,231**	13,563
Earnings per share for profit attributable to the Shareholders of the Company (expressed in RMB cents per share):			
— Basic and diluted earnings per share	5	**1.67**	1.92

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2026

	Notes	**30 June 2026 Unaudited** *RMB'000*	31 December 2025 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**52,713**	57,734
Investment properties		**7,193**	7,362
Right-of-use assets		**8,046**	8,373
Intangible assets		**49**	32
Contract assets	3	**416,727**	371,100
Trade and other receivables	6	**114,981**	127,922
Deferred income tax assets		**43,506**	40,126
Financial assets at fair value through other comprehensive income		**3,817**	3,388
		647,032	616,037
Current assets			
Inventories		**6,366**	5,593
Contract assets	3	**275,752**	405,336
Trade and other receivables	6	**1,940,803**	1,902,960
Restricted cash		**140,519**	176,315
Cash and cash equivalents		**536,504**	438,171
		2,899,944	2,928,375
Total assets		**3,546,976**	**3,544,412**

	Notes	30 June 2026 Unaudited *RMB'000*	31 December 2025 Audited *RMB'000*
EQUITY			
Capital and reserves			
Share capital		**7,303**	7,303
Share premium		**257,169**	265,444
Shares held for employee share scheme		**(4,756)**	(4,756)
Other reserves		**10,260**	16,704
Retained earnings		**452,883**	439,208
Total equity		**722,859**	**723,903**
LIABILITIES			
Non-current liabilities			
Borrowings		**89,750**	80,000
Trade and other payables	7	**80,448**	118,149
Deferred tax liabilities		**2,952**	3,291
		173,150	201,440
Current liabilities			
Contract liabilities	3	**140,878**	153,681
Trade and other payables	7	**2,146,844**	2,146,684
Borrowings		**358,553**	307,373
Lease liabilities		**—**	65
Income tax payables		**4,692**	11,266
		2,650,967	2,619,069
Total liabilities		**2,824,117**	**2,820,509**
Total equity and liabilities		**3,546,976**	**3,544,412**

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

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 27 August 2026.

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 2026 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 2025 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 2025, 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 2026 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
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 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 2026 is as follows:

	Six months ended 30 June 2026 (Unaudited)		
	Marine construction	**Municipal public construction**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**399,477**	**429,859**	**829,336**
Cost of sales	**(368,650)**	**(404,435)**	**(773,085)**
Gross profit	**30,827**	**25,424**	**56,251**
Unallocated items:			
Operating expenses			**(52,368)**
Other income			**1,419**
Other gains — net			**21,343**
Finance costs — net			**(8,780)**
Profit before income tax			**17,865**
Income tax expense *(Note 4)*			**(4,190)**
Profit for the period			**13,675**
Segment items included:			
Depreciation and amortisation	**(4,915)**	**(2,048)**	**(6,963)**
Net impairment losses on financial assets and contract assets	**(899)**	**(12,224)**	**(13,123)**

The segment assets and liabilities as at 30 June 2026 are as follows:

	As at 30 June 2026 (Unaudited)			
	Marine construction	**Municipal public construction**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**1,430,353**	**2,244,969**	**(128,346)**	**3,546,976**
Total liabilities	**1,017,351**	**1,935,112**	**(128,346)**	**2,824,117**

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

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

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

	As at 31 December 2025 (Audited)			
	Marine construction *RMB'000*	Municipal public construction *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Total assets	1,354,358	2,281,530	(91,476)	3,544,412
Total liabilities	943,183	1,968,802	(91,476)	2,820,509

(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)					
	2026			2025		
	Marine construction	**Municipal public construction**	**Total**	Marine construction	Municipal public construction	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
PRC						
Revenue	**178,186**	**429,859**	**608,045**	188,365	505,187	693,552
Cost of sales	**(167,261)**	**(404,435)**	**(571,696)**	(161,131)	(487,472)	(648,603)
	10,925	**25,424**	**36,349**	27,234	17,715	44,949
Southeast Asia						
Revenue	**221,291**	**–**	**221,291**	56,106	–	56,106
Cost of sales	**(201,389)**	**–**	**(201,389)**	(51,145)	–	(51,145)
	19,902	**–**	**19,902**	4,961	–	4,961

(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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
PRC	**57,607**	61,370
Southeast Asia	**10,394**	12,131
Total	**68,001**	73,501

(e) Contract assets and liabilities

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

	As at	
	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Contract assets		
Current portion		
Marine construction	**123,455**	148,622
Municipal public construction	**170,443**	279,268
Less: allowance for impairment of contract assets	**(18,146)**	(22,554)
	275,752	405,336
Non-current portion		
Marine construction	**179,665**	139,155
Municipal public construction	**257,482**	248,227
Less: allowance for impairment of contract assets	**(20,420)**	(16,282)
	416,727	371,100
Total contract assets	**692,479**	776,436
Contract liabilities		
Marine construction	**20,410**	24,323
Municipal public construction	**120,468**	129,358
Total contract liabilities	**140,878**	153,681

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	
	2026	2025
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax	**7,908**	2,204
Deferred income tax	**(3,718)**	538
Income tax expense — net	**4,190**	2,742

(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 2026 and 2025.

(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% (2025: 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 December 2025 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 renewed in December 2025 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 2026 and 2025.

(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 2026, income tax was provided at the rate of 2.65% on the revenue from construction services (2025: 2.65% to 4%) and income tax of 20% (2025: 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 2026 and 2025.

(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 2026.

(i) Cambodia income tax

One of the Company's subsidiaries incorporated in Cambodia is subject to Cambodia income tax.

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 six months ended 30 June 2026 and 2025 attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2026	2025
	Unaudited	Unaudited
Profit attributable to the Shareholders of the Company *(RMB'000)*	**13,675**	15,702
Weighted average number of ordinary shares in issue *(thousands)*	**819,008**	819,008
Total basic earnings per share attributable to the ordinary equity holders of the Group *(RMB cents)*	**1.67**	1.92

(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 2026 and 2025.

6 TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables *(i)*	**1,117,383**	1,231,529
Bills receivables *(i)*	**108,376**	78,117
Trade and bills receivables *(i)*	**1,225,759**	1,309,646
Less: allowance for impairment of trade receivables	**(187,950)**	(173,448)
Trade and bills receivables — net	**1,037,809**	1,136,198
Retention receivables *(ii)*	**319,288**	342,559
Less: allowance for impairment of retention receivables	**(51,877)**	(54,571)
Retention receivables — net	**267,411**	287,988
Long-term trade receivables *(iii)*	**56,021**	61,373
Less: allowance for impairment of long-term trade receivables	**(2,908)**	(3,142)
Long-term trade receivables — net	**53,113**	58,231
Other receivables	**271,554**	266,349
Prepayments	**422,394**	280,896
Prepaid taxation	**3,503**	1,220
Total	**2,055,784**	2,030,882
Less: non-current portion		
Retention receivables *(ii)*	**(66,068)**	(73,766)
Long-term trade receivables *(iii)*	**(26,162)**	(28,055)
Other receivables	**(22,751)**	(26,101)
	(114,981)	(127,922)
Current portion	**1,940,803**	1,902,960

(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 2026, bills receivables with a total net book amount of RMB4,503,000 were pledged as collateral for the Group's bank borrowings (As at 31 December 2025: RMB10,073,000).

As at 30 June 2026 and 31 December 2025, 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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 3 months	**621,264**	541,387
4 to 6 months	**53,121**	188,588
7 to 12 months	**161,491**	152,575
1 to 2 years	**74,084**	162,866
2 to 3 years	**127,245**	86,813
Over 3 years	**188,554**	177,417
	1,225,759	1,309,646

(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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 1 year	**180,254**	102,431
1 to 2 years	**28,362**	49,911
2 to 3 years	**28,154**	44,765
3 to 4 years	**3,132**	10,352
4 to 5 years	**40,148**	69,642
Over 5 years	**39,238**	65,458
	319,288	342,559

(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 30 June 2026, the Group pledged long-term trade receivables with carrying amount of approximately RMB40,830,000 (As at 31 December 2025: RMB40,830,000) for the long-term bank borrowings amounted to RMB2,250,000 (As at 31 December 2025: RMB4,500,000).

7 TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade payables *(i)*	**1,654,312**	1,514,088
Bills payables *(i)*	**11,000**	—
Retention payables *(ii)*	**143,545**	134,402
Long-term payables *(iii)*	**219,149**	290,185
Other payables	**122,902**	189,374
Payroll and social security	**20,083**	24,875
Dividends payable	**8,275**	—
Other tax liabilities excluding income tax liabilities	**48,026**	111,909
	2,227,292	2,264,833
Less: non-current portion		
Retention payables *(ii)*	**(14,661)**	(12,942)
Long-term payables *(iii)*	**(51,061)**	(85,635)
Other payables	**(14,726)**	(19,572)
	(80,448)	(118,149)
Current portion	**2,146,844**	2,146,684

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

As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	As at	
	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 3 months	**234,571**	415,230
4 to 6 months	**240,711**	181,758
7 to 12 months	**315,360**	257,121
1 to 2 years	**446,758**	193,018
2 to 3 years	**137,622**	184,584
Over 3 years	**290,290**	282,377
	1,665,312	1,514,088

(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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 1 year	**42,084**	14,797
1 to 5 years	**100,001**	109,712
Over 5 years	**1,460**	9,893
	143,545	134,402

(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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 1 year	**58,153**	67,084
1 to 5 years	**142,743**	204,848
Over 5 years	**18,253**	18,253
	219,149	290,185

8 DIVIDENDS

At a meeting held on 26 March 2026, the Board proposed a final dividend of HK$1.11 cents (equivalent to RMB1.00 cent) per share for the year ended 31 December 2025. This proposed dividend, representing total amount of approximately HK$9,161,940 (equivalent to RMB8,275,250), was reflected as an appropriation of share premium for the six months ended 30 June 2026 upon approval by the Shareholders at the annual general meeting of the Company held on 25 June 2026. This final dividend has been paid in August 2026.

The Board does not recommend an interim dividend for six months ended 30 June 2026 (the Board does not recommend an interim dividend for six months ended 30 June 2025).

9 COMMITMENTS

(a) Capital commitments

As at 30 June 2026 and 31 December 2025, 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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
No later than 1 year	**922**	881
Later than 1 year and no later than 2 years	**147**	135
	1,069	1,016

10 EVENT AFTER THE REPORTING PERIOD

There were no other material subsequent events undertaken by the Company or by the Group after 30 June 2026.

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 2026, despite the adverse impact of fierce market competition and shrinking demand, the Group recorded steady revenue growth as it consolidated its domestic businesses and actively expanded quality overseas markets, with related projects having entered the delivery phase this year.

The following table sets forth a breakdown of the Group's revenue by segment for the six months ended 30 June 2026:

	Revenue recognised during the Reporting Period (Unaudited) *(RMB million)*
Marine construction (including infrastructure construction of ports, waterway engineering and other services)	399.5
Municipal public construction (including construction of public infrastructure within cities, urban greening and construction of buildings)	429.8
Total	829.3

Future Plans and Prospects

In response to the significant challenge of "peaking and declining growth" in the construction industry, the Group has firmly established risk prevention and control measures. Focusing on "high-quality development", we continue to optimize operations in our core businesses, drive cost reductions and efficiency improvements, and expand the Group's revenue base by further developing overseas markets, thereby enhancing our ability to deliver long-term returns to shareholders.

In the domestic market, the construction industry is facing a complex interplay of historical, sector-specific, and cyclical challenges. The contradiction between strong supply and weak demand is becoming increasingly pronounced, and the industry as a whole is under pressure, which has placed new pressure on the Group's traditional business model and management philosophy. The Group will leverage its core strengths in the port, waterway, and municipal sectors, keep pace with the characteristics of the industry's new development phase, strengthen project selection and risk management, and further improve project quality, in order to enhance the Group's overall competitive strength.

With regard to the international market, the current international situation is complex and challenging, with increasing geopolitical turmoils and a growing number of destabilizing factors. The Group will, leveraging its experience in overseas project management and its market operations capabilities, continue to actively expand into new overseas markets and cultivate international project management talent, thereby providing strong support for the "high-quality, sustainable" development of its overseas operations and enhancing the Group's capacity for sustained growth.

Financial Overview

Revenue

The Group's consolidated revenue in the first half of 2026 was RMB829.3 million, representing a year-on-year increase of approximately 10.6% from RMB749.7 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 RMB399.5 million and RMB429.8 million, respectively. Revenues from the PRC and Southeast Asia in the first half of 2026 were RMB608.0 million and RMB221.3 million, respectively. The increase in revenue in the first half of 2026 was mainly attributable to the Group's roll-out of high-quality new overseas projects on the basis of consolidating its domestic businesses.

Cost of sales and profits from main operations

The consolidated cost of sales in the first half of 2026 was RMB773.1 million, representing an increase of 10.5% from RMB699.8 million in the first half of 2025. The costs of sales of marine construction segment and municipal public construction segment in the first half of 2026 were RMB368.7 million and RMB404.4 million, respectively. In the first half of 2026, costs incurred in the PRC and Southeast Asia were RMB571.7 million and RMB201.4 million, respectively. Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In the first half of 2026, cost of used raw materials and consumables and subcontracting costs were RMB438.6 million and RMB276.6 million, representing an increase of 10.1% and 24.0% from the first half of 2025 respectively. The Group's profit from main operations largely depends on the location and composition of the project. In the first half of 2026, the Group's consolidated profit from main operations was RMB56.2 million, an increase of 12.6% from RMB49.9 million in the first half of 2025. The gross profits from the marine construction segment and municipal public construction segment in the first half of 2026 were RMB30.8 million and RMB25.4 million, respectively. The gross profits from the PRC and Southeast Asia were RMB36.3 million and RMB19.9 million, respectively.

Net impairment losses on financial assets and contract assets

The Group's loss allowance increased from RMB270.0 million as at 31 December 2025 to RMB281.3 million as at 30 June 2026, which mainly consisted of impairment allowances on financial assets and contract assets. For the period ended 30 June 2026, such net impairment losses on financial assets and contract assets were approximately RMB13.1 million, representing an increase of RMB23.2 million from those for the period ended 30 June 2025. The net impairment losses as at 30 June 2026 were mainly caused by the higher general allowances amid the challenging economic environment, arising from extended receivables ageing and higher expected loss rate.

Administrative expenses

The administrative expenses in the first half of 2026 were RMB36.9 million, representing a slight increase of 0.5% compared to RMB36.7 million in the first half of 2025. Administrative expenses as a percentage of revenue decreased from 4.9% in the first half of 2025 to 4.4% in the first half of 2026.

Income tax expense

The Group's income tax expense in the first half of 2026 was RMB4.2 million, representing an increase of 55.6% compared to RMB2.7 million in the first half of 2025, mainly due to the increase in the Group's withholding income tax as a result of the increase in revenue generated from Southeast Asia during the Reporting Period.

Trade and other receivables

The Group's net trade and other receivables increased to RMB2,055.8 million as at 30 June 2026 (as at 31 December 2025: RMB2,030.9 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 RMB83.9 million to RMB692.5 million as at 30 June 2026 from RMB776.4 million as at 31 December 2025.

Trade and other payables

The Group's trade and other payables decreased to RMB2,227.3 million as at 30 June 2026 (as at 31 December 2025: RMB2,264.8 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 assets and cash and cash equivalents of approximately RMB249.0 million (as at 31 December 2025: RMB309.3 million) and RMB536.5 million (as at 31 December 2025: RMB438.2 million), respectively as at 30 June 2026.

As at 30 June 2026, the Group's restricted cash was approximately RMB140.5 million (as at 31 December 2025: RMB176.3 million). The Group's gearing ratio (calculating by dividing total liabilities by total assets) as at 30 June 2026 was 79.6% (as at 31 December 2025: 79.6%). The Group's bank borrowings as at 30 June 2026 were RMB448.3 million (as at 31 December 2025: RMB387.4 million) which are denominated in RMB and with fixed interest rate.

Charges on assets

As at 30 June 2026, the Group pledged long-term trade receivables with carrying amount of approximately RMB40.8 million (as at 31 December 2025: RMB40.8 million) for the long-term bank borrowings amounted to RMB2.3 million (as at 31 December 2025: RMB4.5 million).

As at 30 June 2026, bills receivables with a total net book amount of RMB4.5 million (as at 31 December 2025: RMB10.1 million) was pledged as collateral for the Group's bank borrowings amounted to RMB4.5 million (as at 31 December 2025: RMB10.1 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 2026, the Group had no major capital commitments.

Contingent liabilities

As at 30 June 2026, there is one outstanding claims against Watts Gallop Construction. The group expects that the potential liability, legal fees and other costs and interest are not significant. As such, these legal proceedings individually or in aggregate would not have material financial or operational adverse impact on the consolidated financial statements of the Group.

Material acquisition and disposal of subsidiaries, associates and joint ventures

For the six months ended 30 June 2026, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

Significant investment held

As at 30 June 2026, 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 2026.

Employees and Remuneration Policies

As at 30 June 2026, the Group had a total of 463 employees. All employees have been paid remuneration in accordance with relevant laws and regulations in China, Cambodia, 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 RMB31.9 million for the Reporting Period (six months ended 30 June 2025: approximately RMB30.2 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 2026, 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 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 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 2026 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 2026
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, 27 August 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.