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华滋国际海洋工程有限公司

Watts International Maritime Engineering Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2258)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial Summary

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	1,818,384	2,049,922
Gross profit	202,641	246,732
Profit before income tax	58,897	104,071
Profit for the year	46,836	101,163
Total comprehensive income for the year attributable to the shareholders of the Company	37,061	101,212
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB cents per share):		
— Basic earnings per share	5.69	12.26
— Diluted earnings per share	5.69	12.26
	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Total assets	3,432,028	3,425,344
Total equity	663,724	654,063

Annual results for the year ended 31 December 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Watts International Maritime Engineering Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2020, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), and have been approved by the Board on 25 March 2021.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	3	1,818,384	2,049,922
Cost of sales		<u>(1,615,743)</u>	<u>(1,803,190)</u>
Gross profit		202,641	246,732
Selling and distribution expenses		(3,530)	(2,971)
Administrative expenses		(93,046)	(116,060)
Net impairment losses on financial assets		(26,800)	(32,634)
Other operating expenses		(1,372)	(682)
Other income		6,125	6,379
Other (losses)/gains — net		<u>(12,441)</u>	<u>12,137</u>
Operating profit		71,577	112,901
Finance income		7,568	10,571
Finance costs		<u>(20,248)</u>	<u>(19,401)</u>
Profit before income tax		58,897	104,071
Income tax expense	4	<u>(12,061)</u>	<u>(2,908)</u>
Profit for the year		<u>46,836</u>	<u>101,163</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		(8,244)	2,471
Changes in the fair value of equity instruments at fair value through other comprehensive income		<u>(1,531)</u>	<u>(2,422)</u>
Other comprehensive income for the year, net of tax		<u>(9,775)</u>	<u>49</u>
Total comprehensive income for the year attributable to the shareholders of the Company		<u>37,061</u>	<u>101,212</u>
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB cents per share):			
— Basic earnings per share	5	<u>5.69</u>	<u>12.26</u>
— Diluted earnings per share	5	<u>5.69</u>	<u>12.26</u>

Consolidated Statement of Financial Position

As at 31 December 2020

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		107,116	110,628
Right-of-use assets		15,972	16,582
Intangible assets		403	603
Contract assets	3	482,300	346,533
Trade and other receivables	6	112,386	114,096
Deferred tax assets		10,457	9,751
Financial assets at fair value through other comprehensive income		3,792	4,844
		<u>732,426</u>	<u>603,037</u>
Current assets			
Inventories		68,781	31,978
Contract assets	3	679,468	516,804
Trade and other receivables	6	1,413,376	1,742,741
Financial assets at fair value through profit or loss		50	50
Restricted cash		114,231	59,023
Cash and cash equivalents		423,696	471,711
		<u>2,699,602</u>	<u>2,822,307</u>
Total assets		<u><u>3,432,028</u></u>	<u><u>3,425,344</u></u>

		As at 31 December	
		2020	2019
	<i>Note</i>	RMB'000	RMB'000
EQUITY			
Capital and reserves			
Share capital		7,303	7,303
Share premium		296,997	313,609
Other reserves		11,521	14,328
Shares held for employee share scheme		(4,756)	—
Retained earnings		352,659	318,823
		<hr/>	<hr/>
Total equity		663,724	654,063
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Borrowings		24,500	29,000
Lease liabilities		4,087	4,657
Trade and other payables	7	256,224	301,885
Deferred tax liabilities		—	3,198
		<hr/>	<hr/>
		284,811	338,740
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		2,507	1,810
Borrowings		29,500	29,500
Trade and other payables	7	2,321,453	2,372,979
Income tax payables		18,579	13,871
Contract liabilities	3	111,454	14,381
		<hr/>	<hr/>
		2,483,493	2,432,541
		<hr/>	<hr/>
Total liabilities		2,768,304	2,771,281
		<hr/>	<hr/>
Total equity and liabilities		3,432,028	3,425,344
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Notes to Annual Result Announcement

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 business in Mainland China and Southeast Asia. The ultimate controlling shareholders are Mr. Wang Shizhong, Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng, Mr. Wang Shiqin, Mr. Wang Likai (“**Controlling Shareholders**”), who are parties acting collectively and have been controlling the group companies since their incorporation.

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

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board on 25 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which were measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements will be disclosed in the 2020 annual report.

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material — amendments to HKAS 1 and HKAS 8
- Definition of a Business — amendments to HKFRS 3
- Interest Rate Benchmark Reform — amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards and revised conceptual framework are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

(iii) Application of business combination under common control

On 14 November 2019, Shanghai Third Harbor Benteng Maritime Engineering Co., Ltd., a wholly-owned subsidiary of the Company (“**Third Harbor Maritime**”), as the purchaser and Shanghai Watts Gallop Holding Group Co., Ltd. (“**Watts Gallop**”), a company also controlled by the Controlling Shareholders, as the vendor entered into a sale and purchase agreement, pursuant to which Watts Gallop agreed to sell, and Third Harbor Maritime agreed to purchase, the entire issued share capital of Shanghai Watts Benteng Municipal Public Engineering Co., Ltd. and its subsidiaries (the “**Acquired Group**”), at an initial cash consideration of RMB170,000,000.

The Acquired Group is principally engaged in municipal public construction business in the PRC focusing on (i) construction of public infrastructure within cities which includes public roads, bridges, and tunnels; (ii) urban greening; and (iii) construction of buildings.

The consideration to be satisfied by the Group in the following manner:

- (a) assumption of debt in the amount of RMB84,490,000 owed by Watts Gallop to the Acquired Group (the “**Debt**”). The Debt represents the non-trade advances resulting from an intra-group funding arrangement within entities controlled by the Controlling Shareholders of Watts Gallop from time to time as at 31 August 2019, which was mainly for working capital purpose, and was interest-free and repayable on demand; and
- (b) a sum of RMB85,510,000 was paid/shall be payable by Third Harbor Maritime to Watts Gallop by the following instalments by cash:
 - i) RMB10,000,000 (equivalent to approximately HK\$11,111,111) was paid in December 2019, after the condition precedent was satisfied;
 - ii) RMB25,000,000 (equivalent to approximately HK\$27,777,778) was paid on or before 31 December 2020;
 - iii) RMB25,000,000 (equivalent to approximately HK\$27,777,778) shall be paid on or before 31 December 2021; and
 - iv) RMB25,510,000 (equivalent to approximately HK\$28,355,556) shall be paid on or before 31 December 2022.

The acquisition was considered as a business combination under common control as Third Harbor Maritime and the Acquired Group are both ultimately controlled by Controlling Shareholders. Under HKFRS, the acquisition of the Acquired Group was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“**AG 5**”) issued by the HKICPA. Accordingly, the Acquired Group was included in the consolidated financial statements from the beginning of the earliest period presented as if the Acquired Group had always been part of the Group. As a result, the Group has included the operating results of the Acquired Group and eliminated its transactions with the Acquired Group, as if the acquisition had been completed on the earliest date being presented. The fair value of the total consideration to be satisfied by the Group is approximately RMB164,067,000, which is considered as a deemed distribution to shareholders.

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.

The amounts provided to the management with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of consolidated financial statements. The management reviews the total assets, total liabilities and capital expenditure at Group level, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

(b) Segment results and other information

The segment information for the year ended 31 December 2020 is as follows:

	Year ended 31 December 2020			Total RMB'000
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	
Revenue	524,322	1,421,426	(127,364)	1,818,384
Cost of sales	<u>(466,835)</u>	<u>(1,276,272)</u>	<u>127,364</u>	<u>(1,615,743)</u>
Gross profit	<u>57,487</u>	<u>145,154</u>	<u>—</u>	<u>202,641</u>
Unallocated items				
Operating expenses				(124,748)
Other income				6,125
Other losses — net				(12,441)
Finance costs — net				<u>(12,680)</u>
Profit before income tax				58,897
Income tax expense (<i>Note 4</i>)				<u>(12,061)</u>
Profit for the year				<u><u>46,836</u></u>
Segment items included:				
Depreciation and amortisation	(11,277)	(6,409)	—	(17,686)
Net impairment losses on financial assets	<u>(23,761)</u>	<u>(3,039)</u>	<u>—</u>	<u>(26,800)</u>

The segment assets and liabilities at 31 December 2020 are as follows:

	As at 31 December 2020			Total RMB'000
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	
Total assets	<u>1,817,405</u>	<u>1,710,094</u>	<u>(95,471)</u>	<u>3,432,028</u>
Total liabilities	<u>1,353,910</u>	<u>1,509,865</u>	<u>(95,471)</u>	<u>2,768,304</u>

The segment information for the year ended 31 December 2019 is as follows:

	Year ended 31 December 2019			Total RMB'000
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	
Revenue	921,258	1,128,664	—	2,049,922
Cost of sales	<u>(791,366)</u>	<u>(1,011,824)</u>	<u>—</u>	<u>(1,803,190)</u>
Gross profit	<u>129,892</u>	<u>116,840</u>	<u>—</u>	<u>246,732</u>
Unallocated items				
Operating expenses				(152,347)
Other income				6,379
Other gains — net				12,137
Finance costs — net				<u>(8,830)</u>
Profit before income tax				104,071
Income tax expense (<i>Note 4</i>)				<u>(2,908)</u>
Profit for the year				<u>101,163</u>
Segment items included:				
Depreciation and amortisation	(13,811)	(6,545)	—	(20,356)
Net impairment losses on financial assets	<u>(28,257)</u>	<u>(4,377)</u>	<u>—</u>	<u>(32,634)</u>

The segment assets and liabilities at 31 December 2019 are as follows:

	As at 31 December 2019			
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	<u>2,009,846</u>	<u>1,430,965</u>	<u>(15,467)</u>	<u>3,425,344</u>
Total liabilities	<u>1,502,746</u>	<u>1,284,002</u>	<u>(15,467)</u>	<u>2,771,281</u>

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

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

	For the year ended 31 December						
	2020				2019		
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Mainland China							
Revenue	431,495	1,421,426	(127,364)	1,725,557	724,705	1,128,664	1,853,369
Cost of sales	<u>(403,987)</u>	<u>(1,276,272)</u>	<u>127,364</u>	<u>(1,552,895)</u>	<u>(613,270)</u>	<u>(1,011,824)</u>	<u>(1,625,094)</u>
	<u>27,508</u>	<u>145,154</u>	<u>—</u>	<u>172,662</u>	<u>111,435</u>	<u>116,840</u>	<u>228,275</u>
Southeast Asia							
Revenue	92,827	—	—	92,827	196,553	—	196,553
Cost of sales	<u>(62,848)</u>	<u>—</u>	<u>—</u>	<u>(62,848)</u>	<u>(178,096)</u>	<u>—</u>	<u>(178,096)</u>
	<u>29,979</u>	<u>—</u>	<u>—</u>	<u>29,979</u>	<u>18,457</u>	<u>—</u>	<u>18,457</u>

The breakdown of individual customer's revenue exceeds 10% of the Group's total revenue for the year ended 31 December 2020 is as follows:

	As at 31 December 2020 RMB'000
Customer A	<u>287,080</u>

No individual customer's revenue exceeds 10% of the Group's total revenue for the year ended 31 December 2019.

(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 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	108,071	108,596
Southeast Asia	15,420	19,217
Total	<u>123,491</u>	<u>127,813</u>

(e) Contract assets and liabilities

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract assets		
Current portion		
Marine construction	414,458	292,645
Municipal public construction	278,734	233,174
Less: allowance for impairment of contract assets	(13,724)	(9,015)
	<u>679,468</u>	<u>516,804</u>

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current portion		
Marine construction	73,997	182,025
Municipal public construction	420,240	170,685
Less: allowance for impairment of contract assets	<u>(11,937)</u>	<u>(6,177)</u>
	<u>482,300</u>	<u>346,533</u>
Total contract assets	<u>1,161,768</u>	<u>863,337</u>
Contract liabilities		
Marine construction	40,483	2,186
Municipal public construction	<u>70,971</u>	<u>12,195</u>
Total contract liabilities	<u>111,454</u>	<u>14,381</u>

4 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	16,469	12,638
Deferred income tax	<u>(4,408)</u>	<u>(9,730)</u>
Income tax expense — net	<u>12,061</u>	<u>2,908</u>

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the entity operates.

(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 years ended 31 December 2020 and 2019.

(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% (2019: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for one as disclosed below.

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

(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 years ended 31 December 2020 and 2019.

(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 years ended 31 December 2020 and 2019, income tax was provided at the rate of 3% as provision on the revenue from construction services, and income tax of 20% was provided on the interest income from bank deposits, according to the respective Indonesia income tax laws and regulations.

5 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the shares repurchased under the share award scheme during the year ended 31 December 2020 (2019: Nil)

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to the Shareholders of the Company (<i>RMB'000</i>)	46,836	101,163
Weighted average number of ordinary shares in issue (<i>thousands</i>)	822,455	825,400
Total basic earnings per share attributable to the ordinary equity holders of the Group (<i>RMB cents</i>)	<u>5.69</u>	<u>12.26</u>

(b) Diluted earnings per share

Diluted earnings per share is of the same amount as the basic earnings per share as there was no potential dilutive ordinary share outstanding as at 31 December 2020 and 2019.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (i)	1,124,138	1,404,877
Less: allowance for impairment of trade receivables	(74,021)	(52,196)
	<hr/>	<hr/>
Trade receivables — net (i)	1,050,117	1,352,681
Retention receivables (ii)	259,912	307,927
Less: allowance for impairment of retention receivables	(18,222)	(24,072)
	<hr/>	<hr/>
Retention receivables — net (ii)	241,690	283,855
Bills receivables (i)	21,381	26,145
Long-term trade receivables (iii)	54,398	57,738
Less: allowance for impairment of long-term trade receivables	(1,880)	(1,773)
	<hr/>	<hr/>
Long-term trade receivables-net (iii)	52,518	55,965
Other receivables	53,065	67,966
Prepayments	106,396	70,078
Prepaid taxation	595	147
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	1,525,762	1,856,837
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Less: non-current portion		
Retention receivables (ii)	(59,474)	(59,496)
Long-term trade receivables (iii)	(49,158)	(52,767)
Other receivables	(3,754)	(1,833)
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	(112,386)	(114,096)
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Current portion	1,413,376	1,742,741
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- (i) The Group's revenues are generated through marine construction services and municipal public construction services. Settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, certain customers may have large trade receivables balances and there may be concentration of credit risk. The customers of certain long ageing trade and retention receivables are related to some large projects and the customers have strong financial capacity with low credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

The carrying amounts of trade and retention receivables approximate their fair value as at 31 December 2020 and 2019.

As at 31 December 2020 and 2019, 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	374,850	463,023
4 to 6 months	144,160	180,333
7 to 12 months	95,271	229,522
1 to 2 years	263,133	291,746
2 to 3 years	124,241	162,261
Over 3 years	143,864	104,137
	<u>1,145,519</u>	<u>1,431,022</u>

- (ii) Retention receivables represent amounts due from customers upon completion of the free maintenance period of the construction services, which normally lasts from one to five years, and the maintenance cost is usually immaterial during that period. In the 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	42,864	153,589
1 to 2 years	103,467	25,198
2 to 3 years	19,862	77,759
3 to 4 years	53,410	19,625
4 to 5 years	18,309	19,007
Over 5 years	22,000	12,749
	<u>259,912</u>	<u>307,927</u>

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

- (iii) Long-term trade receivables represent amounts due from customers for services performed relating to a public-private-partnership with quarterly instalment in fifteen years. Long-term trade receivables were measured at amortised cost using the effective interest method at average rate of 5.39%.

As at 31 December 2020, the Group pledged long-term trade receivables with carrying amount of approximately RMB52,518,000 (2019:RMB55,965,000) for the bank borrowings amounted to RMB29,000,000 (2019: RMB33,500,000).

7 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>i</i>)	1,674,743	1,468,289
Bills payables (<i>i</i>)	28,000	29,390
Retention payables (<i>ii</i>)	180,382	297,211
Long-term payables (<i>iii</i>)	438,401	659,987
Payroll and social security	23,355	13,941
Other payables	88,695	84,924
Other tax liabilities excluding income tax liabilities	144,101	121,122
	<u>2,577,677</u>	<u>2,674,864</u>
Less: non-current portion		
Retention payables (<i>ii</i>)	(95,654)	(136,392)
Long-term payables (<i>iii</i>)	(129,770)	(160,493)
Other payables	(30,800)	(5,000)
	<u>(256,224)</u>	<u>(301,885)</u>
Current portion	<u><u>2,321,453</u></u>	<u><u>2,372,979</u></u>

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

As at 31 December 2020 and 2019, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	634,850	784,262
4 to 6 months	190,834	167,860
7 to 12 months	234,488	120,911
1 to 2 years	321,015	213,158
2 to 3 years	144,190	127,780
Over 3 years	177,366	83,708
	<u>1,702,743</u>	<u>1,497,679</u>

- (ii) Retention payables represent amounts due to suppliers upon completion of the free maintenance period of the construction services, which normally lasts from one to five years. In the consolidated statement of financial position, retention payables are classified as current liabilities if they will be required to be paid in one year or less. If not, they are presented as non-current liabilities. The ageing of the retention payables is as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	34,438	131,186
1 to 5 years	101,449	136,972
Over 5 years	44,495	29,053
	<u>180,382</u>	<u>297,211</u>

(iii) As at 31 December 2020, long-term payables mainly consist of long-term trade payables and amount due to Watts Gallop of approximately RMB46,863,000 (2019: RMB69,578,000), representing unsettled consideration for the acquisition of the Acquired Group. 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 4.35% to 4.90%. 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	131,265	291,539
1 to 5 years	237,570	350,455
Over 5 years	69,566	17,993
	<u>438,401</u>	<u>659,987</u>

8 DIVIDENDS

According to the resolutions of the Board dated 27 August 2020, the Company declared an interim dividend to the shareholders amounting to approximately HK\$6,603,000 (equivalent to RMB6,032,000) (2019: HK\$9,905,000 (equivalent to RMB8,942,000)), representing an interim dividend of HK 0.80 cent (equivalent to RMB0.73 cent) per share (2019: HK 1.20 cents (equivalent to RMB1.10 cents per share)). The interim dividend was paid in 2020.

At a meeting held on 25 March 2021, the Board proposed a final dividend of HK0.80 cent (equivalent to RMB0.68 cent) per share (2019: HK2.20 cents (equivalent to RMB1.97 cents per share)), representing total amount of approximately HK\$6,745,000 (equivalent to RMB5,677,000) (2019: HK\$18,159,000 (equivalent to RMB16,612,000)) to be distributed from the share premium account. This dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the share premium account for the year ending 31 December 2021.

9 COMMITMENTS

(a) Capital commitments

As at 31 December 2020 and 2019, the Group and the Company did not have any significant capital commitments.

(b) Non-cancellable operating leases

As lessee

The Group leases various offices and land under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	300	1,310
Later than 1 year and no later than 2 years	150	300
Later than 2 years and less than 3 years	—	150
	<u>450</u>	<u>1,760</u>

As lessor

As at 31 December 2020 and 2019, the Group had the following total future minimum lease receivables under the non-cancellable operating leases falling due as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	1,932	1,932
Later than 1 year and no later than 2 years	1,932	1,932
Later than 2 years and less than 3 years	—	1,932
	<u>3,864</u>	<u>5,796</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 has first-grade qualifications for the general contracting of port, waterway and marine engineering business, as well as the construction and municipal public engineering business. Therefore, the Group is capable of undertaking inland river, port, waterway and municipal public engineering projects. The Group boasts the strongest construction capacity both in and outside China and a good customer base. These advantages have laid a solid foundation for the long-term stable development of the Group and the maximization of the return of the Shareholders.

In 2020, the Group recorded revenue of RMB1,818.4 million, representing a decrease of approximately 11.3% over the year ended 31 December 2019. The decrease in revenue was mainly due to the decrease in revenue generated from the marine construction segment, resulting from the reduced demand for marine expansion due to more stringent approval of coastal resources and the outbreak of COVID-19. With the continuity of COVID-19 since early 2020 and the implementation of anti-pandemic measures, including quarantine, blockade and travel restrictions, the cost of the Group's domestic and overseas projects in hand and under construction increased and the projects fell behind schedule, resulting in a reduction in the workload completed for the year ended 31 December 2020. Particularly, due to the stagnation of the Southeast Asia market in mid-2020, the Group's income from the marine construction segment in this market decreased by 52.8% over last year. For the municipal public construction segment, we continued to adopt a prudent business strategy, together with the benefit from the further expansion of urbanization plan, thus this segment has recorded marked growth of 25.9% compared to the year of 2019 in the operating income for the year ended 31 December 2020, despite the impact of COVID-19. In view of the impact of COVID-19 on the operation and cost of the Group's businesses at home and abroad, the Group recorded a gross margin of 11.1% in 2020, declined about 0.9 percentage point from 2019.

In a diverse and competitive market, it is of importance for the Group to be sustainable, adaptive to changes and responsive to market trends. In 2020, facing the normalization of pandemic prevention and control and the possible resurgence of the pandemic, which affected the normal production and operation of the Group, the Group persistently maintained the fundamentals that "opportunities coexist with and outweigh challenges", to consolidate its core competitive business while actively exploring strategic cooperation alliances with other industry leaders.

Future Plans and Prospect

Despite the double adverse effects of market sluggishness and COVID-19, the Group will continue as before to actively monitor market conditions and take appropriate measures to reduce such impacts. At the same time, the Group will strengthen its internal control and project costs, optimize and integrate Group resources, and expand its current business areas, to maximize the return of the Shareholders.

In the domestic market, pandemic prevention and control has become normality, and the pandemic might stage a comeback. Overall, China has implemented fruitful prevention and control of the pandemic and maintained the fundamentals that “opportunities coexist with and outweigh challenges”. The state has made a strategic arrangement to expand domestic market demand, and increased investment in fixed assets was one of the main measures to hedge the impact of the pandemic and promote high-quality and stable growth. Furthermore, to further expand market demand, a few infrastructure projects have been initiated in new economic fields such as comprehensive urban development, ecological environmental protection, cultural tourism, health care, and multimodal transportation. The projects in these emerging industries provide the Group with a new “Blue Ocean Strategy” in the field of competition. The Group will uphold its market leadership in China’s port, waterway and municipal construction industries, and give priority to “stability” in guarding against risks. By fully leveraging the competitive advantage of its core business, the Group actively participates in projects of marine infrastructure upgrading and new urbanization. Meanwhile, the Group operates the environmental engineering business on the basis of the original industrial chain, implements water environmental management and water basin management, and participates in ecological and environmental governance projects to expand the source of income.

In the international market, high uncertainty remains from the pandemic, leading to deep recession in the global economy. The occurrence of the Sino-U.S. trade war exacerbates the global economy. Chinese enterprises face a more complicated and volatile international environment, with uncertainty and instability in their overseas development increasing dramatically. The Group will keep a close eye on changes in the international market status and review the existing overseas development pattern from time to time. Based on the prevailing situation, the Group will evaluate, improve and upgrade its overseas risk control system. In addition, the Group will remain focused on “stability” in guarding against and controlling risks and surmounting difficulties, so as to promote high-quality development steadfastly.

Financial Overview

Revenue

In 2020, the Group's consolidated revenue was RMB1,818.4 million, representing a year-on-year decrease of approximately 11.3% compared with the revenue of RMB2,049.9 million of the previous fiscal year. The main operation income was divided into marine construction segment, and municipal public construction segment, with revenues of RMB524.3 million and RMB1,421.4 million, respectively (all before elimination of inter-segment transactions). Revenues from the PRC and Southeast Asia in 2020 were RMB1,725.6 million and RMB92.8 million, respectively.

The recognition of the Group's revenue mainly depends on the progress/phase of the project. The decrease in revenue from marine construction segment for the year was primarily due to the reduced demand for marine expansion and the outbreak of COVID-19 in 2020 which affected the construction plan and delayed the progress. Overseas projects are still in a slow progress, some even at a standstill. Many countries in Southeast Asia are under lockdown and are implementing strict prevention and control measures, which made it difficult to promote and expand our overseas business.

Cost of sales and profits from main operations

The consolidated cost of sales in 2020 was RMB1,615.7 million, representing a decrease of 10.4% from RMB1,803.2 million in 2019. The costs of marine construction segment and municipal public construction segment in 2020 were RMB466.8 million and RMB1,276.3 million, respectively (all before elimination of inter-segment transactions). In 2020, cost incurred in the PRC and Southeast Asia were RMB1,552.9 million and RMB62.8 million, respectively.

Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In 2020, cost of used raw materials and consumables and subcontracting costs were RMB954.2 million and RMB516.9 million, representing a decrease of 17.3% and 4.9% from 2019 respectively. The main operation profit of the Group depends largely on the location and composition of the project. The consolidated gross profit in 2020 was approximately RMB202.6 million, representing a decrease of 17.9% from RMB246.7 million in 2019.

Administrative expenses

In 2020, the administrative expenses amounted to RMB93.0 million, which decreased by 19.9% as compared with RMB116.1 million in 2019. Due to the influence of COVID-19 in 2020, the Group increased the investment and expenditure of epidemic control and prevention, also strengthened internal management and management efficiency, thereby reducing expenditure.

Income tax expense

Third Harbor Maritime, a wholly-owned subsidiary of the Group, obtained new and high-technology enterprise recognition in October 2019 and was entitled to preferential income tax rate of 15% since the year of 2019.

The Group's income tax expense in 2020 was RMB12.1 million, representing an increase of 317.2% from RMB2.9 million in 2019, mainly due to the increase in the profit of municipal public construction segment in 2020. In addition, research and development expenses decreased as compared with that in the previous year.

Trade and other receivables

The Group's net trade and other receivables decreased to RMB1,525.8 million as of 31 December 2020 (as of 31 December 2019: RMB1,856.8 million), which mainly comprised progress receivables on projects, receivables on project completion, delivery and settlement, and retention receivables on completed projects. The decrease in trade and other receivables in 2020 was mainly due to the improvement of credit control and the input in settlement of receivables. The Group has assessed the expected credit losses and has made proper provisions for impairment losses.

Trade and other payables

The Group's trade and other payables decreased to RMB2,577.7 million as of 31 December 2020 (as of 31 December 2019: RMB2,674.9 million), mainly due to the outbreak of COVID-19, which led to the slow construction progress, and thus decrease in revenue for the year. The Group's trade and other payables decreased in line with the revenue.

Current assets, capital structure and gearing ratio

The Group maintained a healthy liquidity position with net current asset and cash and cash equivalents of approximately RMB216.1 million (as of 31 December 2019: RMB389.8 million) and RMB423.7 million (as of 31 December 2019: RMB471.7 million), respectively as of 31 December 2020. The Group's gearing ratio (calculated by dividing total liabilities by total assets) as of 31 December 2020 was 80.7% (as of 31 December 2019: 80.9%). The decrease in net current asset and gearing ratio as of 31 December 2020 was mainly due to the impact of the pandemic, weak market causing longer settlement cycle of projects, and at the same time the slower acceptance by customer on delivery and the time gap with the accounts payable recognition point, which means the payment to supplier was made earlier than receipt from customer. The Group's bank borrowings as of 31 December 2020 amounted to RMB54.0 million (as of 31 December 2019: RMB58.5 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; and (ii) to settle payments to our suppliers and operating expenses where possible. In the event that settlement from the Group's customer are received in a currency other than the Major Currencies, such currency will be retained for payment of operating expenditures when necessary and the remaining amount will be converted to HK\$ or US\$ promptly.

Capital expenditures and commitments

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

In 2020, the Group paid RMB13.2 million for the purchase of machinery and equipment used for construction. As of 31 December 2020, the Group had no major capital commitments.

Contingent liabilities

As of 31 December 2020, the Group had no significant contingent liabilities.

Significant investment held

For the year ended 31 December 2020, the Group had no significant investment.

Charges on assets

As of 31 December 2020, the Group pledged long-term trade receivables with carrying amount of approximately RMB52.5 million (2019: RMB56.0 million) for the long-term bank borrowings amounting to RMB29.0 million (2019: RMB33.5 million).

Material acquisition and disposal of subsidiaries, associates and joint ventures

For the year ended 31 December 2020, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

Use of Proceeds

The Group's net proceeds from the Listing was approximately HK\$202.9 million. As of 31 December 2020, the utilisation of net proceeds raised by the Group from the Listing is as below:

(Unit: HK\$ million)

	Original allocation of net proceeds as stated in the Prospectus	Revised allocation of net proceeds	Utilised up to 31 December 2020	Unutilised up to 31 December 2020	Expected timeline for utilisation of the unutilised net proceeds (Note 1)
Funding our capital needs and cash flow under our existing projects in the PRC and Southeast Asia	65.5	21.3	21.3	—	—
Purchasing new vessels and construction equipment	35.7	24.5	24.5	—	—
Funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects (Note 2)	—	44.2	—	44.2	December 2022 or before
Purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment (Note 2)	—	11.2	—	11.2	December 2022 or before
Recruiting talent	13.0	13.0	6.8	6.2	December 2022 or before
Strategic equity investment	68.8	68.8	—	68.8	December 2022 or before
General working capital	19.9	19.9	19.9	—	—
Total	202.9	202.9	72.5	130.4	

Notes:

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

During the year ended 31 December 2020, the proceeds raised by the Company from the Listing were utilised, or were proposed to be utilised, according to the intentions previously disclosed by the Company.

Event After The Reporting Period

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

Final dividend

The Board recommended the payment of a final dividend of HK0.80 cent (equivalent to approximately RMB0.68 cent) (2019: HK2.20 cents (equivalent to RMB1.97 cents) per Share) per Share for the year ended 31 December 2020 to the Shareholders whose names appeared on the register of members of the Company on Friday, 25 June 2021. Subject to the approval of the Shareholders at the 2021 AGM, such dividend is expected to be paid on Tuesday, 17 August 2021.

Closure of Register of Members

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, 11 June 2021 to Thursday, 17 June 2021, 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, 10 June 2021.

For the purpose of determining the entitlement of the shareholders of the Company to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 23 June 2021 to Friday, 25 June 2021, 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 branch share registrar and transfer office 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, 22 June 2021.

Employees and remuneration policies

As of 31 December 2020, the Group had a total of 557 employees. In particular, Third Harbor Maritime had 135 employees, Benteng Indonesia had 111 employees (including 20 Chinese employees who are appointed by Third Harbor Maritime and have entered into employment contracts with Third Harbor Maritime, and we have purchased the relevant insurance for them in both China and Indonesia). Benteng Brunei had 1 employee (1 Chinese employee who is appointed by Third Harbor Maritime and has entered into employment contracts with Third Harbor Maritime, and we have purchased the relevant insurance for them in China). Shanghai Third Harbor Benteng Environmental Technology Co., Ltd. had 50 employees. Shanghai Municipal Group had 260 employees. Our employees have been paid remuneration in accordance with relevant laws and regulations in China, Indonesia and Brunei. The Company pays appropriate salary and bonuses with reference to actual practice. Other related benefits include pensions, unemployment insurance and housing allowances. The staff costs, including Directors' emoluments, of the Group were approximately RMB58.1 million for the Reporting Period (2019: approximately RMB55.7 million).

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

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

Purchase, sale or redemption of listed securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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.

Compliance with 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 the code provisions in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. For the Reporting Period, the Company has complied with all applicable code provisions under the CG Code.

Audit Committee

The Audit Committee has discussed with management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

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 2020 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 website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.shbt-china.com>. The 2020 annual 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

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

2021 AGM	the forthcoming annual general meeting of the Company to be held on Thursday, 17 June 2021
Audit Committee	the audit committee of the Company
Benteng Brunei	Pahaytc & Benteng JV Sdn Bhd, a company incorporated under the laws of Brunei with limited liability in January 2016
Benteng Indonesia	PT. Shanghai Third Harbor Benteng Construction and Engineering, a company incorporated under the laws of Indonesia on 16 September 2016 and obtained its legal entity status on 21 September 2016
BN\$ or BND	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 Engineering 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
COVID-19	the outbreak of the Coronavirus Disease 2019
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$ or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
IDR	the Indonesian Rupiah, the lawful currency of Indonesia

Listing	the listing of the Company's shares on the main board of the Stock Exchange on 19 November 2018
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Major Currencies	RMB, HK\$, 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 People's Republic of China, Macau Special Administrative Region of the People's Republic of China and China Taiwan
Prospectus	the prospectus of the Company dated 30 October 2018
Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	the period from 1 January 2020 to 31 December 2020
Shanghai Municipal	Shanghai Watts Benteng Municipal Public Engineering Co., Ltd.* (上海華滋奔騰市政工程有限公司), a company established in the PRC and acquired by the Company on 24 December 2019
Shanghai Municipal Group	Shanghai Municipal and its subsidiaries
Share(s)	ordinary shares of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holder(s) of the Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited

Third Harbor Maritime Shanghai Third Harbor Benteng Maritime Engineering Co., Ltd.*
(上海三航奔騰海洋工程有限公司), established under the laws
of the PRC as a limited liability company on 14 August 2017,
and a wholly-owned subsidiary of our Company

US\$, USD or US dollars U.S. dollars, the lawful currency of U.S.

* *For identification purposes only*

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

Shanghai, 25 March 2021

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