



# 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




## 2024 Interim Report



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# Corporate Information

## Directors

### Executive Directors

Mr. Wang Xiuchun (王秀春) (*Chairman*)  
Ms. Wan Yun (萬雲) (*Chief executive officer*)  
Mr. Wang Lijiang (王利江)  
(*concurrently as joint company secretary*)  
Mr. Wang Likai (王利凱)

### Non-executive Director

Mr. Wang Shizhong (王士忠)

### Independent non-executive Directors

Mr. Wang Hongwei (王洪衛)  
Mr. Sun Dajian (孫大建)  
Mr. How Sze Ming (侯思明)

## Audit committee

Mr. Sun Dajian (孫大建) (*Chairman*)  
Mr. How Sze Ming (侯思明)  
Mr. Wang Hongwei (王洪衛)

## Remuneration committee

Mr. How Sze Ming (侯思明) (*Chairman*)  
Mr. Sun Dajian (孫大建)  
Mr. Wang Hongwei (王洪衛)

## Nomination committee

Mr. Wang Hongwei (王洪衛) (*Chairman*)  
Mr. Sun Dajian (孫大建)  
Mr. How Sze Ming (侯思明)

## Joint company secretaries

Mr. Wang Lijiang (王利江)  
Ms. Zhang Xiao (張瀟) (*ACG, HKACG*)

## Authorised representatives

Ms. Wan Yun (萬雲)  
Ms. Zhang Xiao (張瀟)

## Registered address in the Cayman Islands

4th Floor, Harbour Place  
103 South Church Street  
PO Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

## Principal place of business and headquarters in the PRC

5/F, Tower 17  
2816 Yixian Road  
Baoshan District  
Shanghai, the PRC

## Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

## Auditor

**PricewaterhouseCoopers**  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
22/F, Prince's Building, Central, Hong Kong

## Legal adviser as to Hong Kong law

**Dorsey & Whitney**  
Room 2802, 28/F, Alexandra House  
18 Chater Road  
Central, Hong Kong

## Principal share registrar and transfer office

### **Harneys Fiduciary (Cayman) Limited**

4th Floor, Harbour Place  
103 South Church Street  
PO Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

## Hong Kong share registrar

### **Computershare Hong Kong Investor Services Limited**

Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## Principal banks

Bank of Communications, Shanghai Sanmenlu  
Sub-branch  
Bank of Communications Co., Ltd. Hong Kong  
Branch

## Company's website

[www.shbt-china.com](http://www.shbt-china.com)

## Stock code

02258

# 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 2024, due to the impact of shrinking market demand, the revenue of the municipal public construction segment decreased significantly and the revenue of the Group has been adversely affected.

The following table sets forth a breakdown of the Group's revenue by segment for the six months ended 30 June 2024:

	<b>Revenue recognised during the Reporting Period</b> (Unaudited) (RMB million)
Marine construction (including infrastructure construction of ports, waterway engineering and other services)	300.0
Municipal public construction (including construction of public infrastructure within cities, urban greening and construction of buildings)	<u>415.2</u>
Total	<u>715.2</u>

### Future Plans and Prospects

Facing the severe challenges of the current macroeconomic environment and the overall business environment, the Group will continue to strengthen the monitoring of the market environment, continuously strengthen its risk prevention and control capabilities, focus on key points, consolidate its advantages, continuously review the existing business situation around high-quality development, and make decisions that are beneficial to the Group and its shareholders based on its concerns and expectations for the future of the Group's projects and industries.

From the perspective of the domestic market, the economic development has been subjected to triple pressures, namely contracting demand, supply shock and weakening expectations, especially the continued weakness of the domestic real estate market, which has exerted considerable pressure on the development of the municipal engineering construction segment of the Group. The Group will further optimize resource allocation according to changes in the market environment, improve the utilization rate of corporate resources, adjust business strategies in a timely manner according to the business development situation, and concentrate advantageous resources for the development of its main businesses. At the same time, it will focus on the expansion of emerging markets and develop environmental engineering businesses such as water resources, water environment, water ecological management, and soil pollution prevention and control, so as to provide new productivity for the sustainable development of the Group.

From the perspective of the international market, the world's major changes are accelerating, and unstable factors are increasing in some areas. However, based on people's rigid demand for public facilities and services in emerging economies and some countries (regions), infrastructure investment will be gradually released with economic recovery. The global infrastructure business will usher in a new round of development opportunities. The Group will continue to leverage its pioneering advantages, improve quality and efficiency on the basis of strengthening risk prevention and control, persist in going global, and continue to promote the development and development of Southeast Asia and other overseas markets.

### Financial Overview

#### Revenue

The Group's consolidated revenue in the first half of 2024 was RMB715.2 million, representing a year-on-year decrease of approximately 31.1% from RMB1,038.6 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 RMB300.0 million and RMB415.2 million, respectively. Revenues from the PRC and Southeast Asia in the first half of 2024 were RMB562.2 million and RMB153.0 million, respectively. The decrease in revenue in the first half of 2024 was mainly attributable to that municipal public construction segment revenue declined significantly by 46% compared to that of first half of 2023.

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

The consolidated cost of sales in the first half of 2024 was RMB670.9 million, representing an decrease of 30.7% from RMB967.9 million in the first half of 2023. The costs of marine construction segment and municipal public construction segment in the first half of 2024 were RMB272.8 million and RMB398.1 million, respectively. In the first half of 2024, costs incurred in the PRC and Southeast Asia were RMB528.7 million and RMB142.2 million, respectively.

Cost of sales mainly consists of the cost of used raw materials and consumables and subcontracting costs. In the first half of 2024, cost of used raw materials and consumables and subcontracting costs were RMB367.1 million and RMB235.7 million, representing a decrease of 23.6% and 42.9% from the first half of 2023 respectively. The Group's profit from main operations largely depends on the location and composition of the project. In the first half of 2024, the Group's consolidated profit from main operations was RMB44.3 million, a decrease of 37.3% from RMB70.7 million in the first half of 2023. The gross profits from the marine construction segment and municipal public construction segment in the first half of 2024 were RMB27.3 million and RMB17.0 million, respectively. The gross profits from the PRC and Southeast Asia were RMB33.5 million and RMB10.8 million, respectively.

### **Net impairment losses on financial assets and contract assets**

The Group's provision for loss allowance increased from RMB190.4 million as at 31 December 2023 to RMB282.8 million as at 30 June 2024, which mainly consists of impairment provision on financial assets and contract assets. For the six months ended 30 June 2024, such net impairment losses on financial assets and contract assets were approximately RMB93.0 million, primarily due to (i) the increase in specific provision for several municipal construction projects that are expected to have difficulty in collection, amounting to approximately RMB44.7 million; and (ii) the increase in general provision due to longer ageing and increase in expected loss rate, amounting to approximately RMB42.0 million.

We assess the impairment of trade receivables, retention receivables, long-term trade receivables and contract assets individually or collectively.

Individually impaired financial assets and contract assets are related to customers who are experiencing unexpected economic difficulties or under litigation claims. Facing the severe challenges of the current macroeconomic environment and the overall business environment, the operating conditions of certain customers worsened. We expect there will be a longer settlement period and lower recovery amount than the contractual cash flow, therefore we took more prudent view when assessing expected credit loss for our financial assets and contract assets.

Collectively impaired financial assets and contract assets have been grouped based on shared credit risk characteristics and the days past due. We use expected credit loss model to measure impairment loss of financial assets and contract assets. We made judgements and estimates on the expected loss rates which is subject to a number of key parameters including the past collection history of customers and are adjusted for forward-looking elements. In particular, the adjustment for forward-looking elements is heavily dependent on macroeconomic factors and the likelihood of bases, optimistic and pessimistic scenarios, such as expected significant changes in business, financial or economic conditions that may impact the customers' ability to meet its obligation, expected significant changes in the performance and behaviour of customers including changes in the payment period.



### Operating loss

Operating loss in the first half of 2024 was RMB89.8 million, representing a decrease of 402.4% from RMB29.7 million operating profit in the first half of 2023, mainly due to the increase in the net impairment losses on financial assets and contract assets.

### Administrative expenses

The administrative expenses in the first half of 2024 were RMB43.3 million, representing an increase of 14.9% compared to RMB37.7 million in the first half of 2023, primarily because the municipal sector performed poorly due to the impact of the general market environment, resulting in an additional provision for impairment of investment properties of RMB3.6 million.

### Income tax expense

The Group's income tax expense in the first half of 2024 was RMB24.7 million, representing an increase of 333.3% compared to RMB5.7 million in the first half of 2023, mainly due to the increase in deferred income tax during the Reporting Period.

### Trade and other receivables

The Group's net trade and other receivables decreased to RMB1,663.3 million as at 30 June 2024 (as at 31 December 2023: RMB1,800.5 million), which mainly comprised of progress receivables on projects, receivables on project completion, delivery and settlement, and retention receivables on completed projects. The decrease of trade and other receivables in the first half of 2024 was mainly due to the increase in provision for impairment. The Group has assessed the expected credit losses and has made proper provisions for impairment losses. The Group's net contract assets decreased by RMB57.7 million to RMB811.4 million as at 30 June 2024 from RMB869.1 million as at 31 December 2023.

### Trade and other payables

The Group's trade and other payables decreased to RMB1,954.6 million as at 30 June 2024 (as at 31 December 2023: RMB2,216.9 million), which was mainly due to the corresponding decrease in new purchases as a result of the decrease in revenue and the settlement of amounts due. The Group's trade and other payables decreased accordingly.

### Current assets, capital structure and gearing ratio

The Group maintained a healthy liquidity position with net current asset and cash and cash equivalents of approximately RMB265.3 million (as at 31 December 2023: RMB345.8 million) and RMB271.5 million (as at 31 December 2023: RMB255.8 million), respectively as at 30 June 2024.

As at 30 June 2024, the Group's restricted cash was approximately RMB136.2 million (as at 31 December 2023: RMB161.0 million). Cash received for specified project expenditure mainly represents deposits at bank received from customers as progress payments for certain projects, however, those deposits at bank are assigned for the expenditure of relative projects, which require additional approval by the person appointed by customers before the completion of the project. The restricted cash will be recognised as free operating cash inflow when approvals are available or the project is completed.

The Group's gearing ratio (calculating by dividing total liabilities by total assets) as at 30 June 2024 was 78.6% (as at 31 December 2023: 76.8%). The Group's bank borrowings as at 30 June 2024 were RMB313.7 million (as at 31 December 2023: RMB203.2 million) which are denominated in RMB and with fixed interest rate.

### **Charges on assets**

As at 30 June 2024, the Group pledged long-term trade receivables with carrying amount of approximately RMB40.1 million (as at 31 December 2023: RMB40.6 million) for the long-term bank borrowings amounted to RMB14.5 million (as at 31 December 2023: RMB14.5 million).

As at 30 June 2024, bills receivables with a total net book amount of RMB41.7 million (as at 31 December 2023: RMB31.7 million) was pledged as collateral for the Group's bank borrowings amounted to RMB41.7 million (as at 31 December 2023: RMB31.7 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; (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, and the net proceeds from the Listing provide an additional source of funding to meet its capital expenditure plan.

As at 30 June 2024, the Group had no major capital commitments.

### **Contingent liabilities**

As at 30 June 2024, the Group had no significant contingent liabilities.

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

For the six months ended 30 June 2024, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

### **Significant investment held**

As at 30 June 2024, the Group had no significant investment or future plans for significant investments or capital assets.

### Use of Proceeds

The Group's net proceeds from the Listing were approximately HK\$202.9 million. As at 30 June 2024, the utilisation of net proceeds raised by the Group from the Listing is as below:

(HK\$ million)

	Original allocation of net proceeds as stated in the Prospectus	First revised allocation of net proceeds (note 1)	Second revised allocation of net proceeds (note 2)	Unutilised as at 31 December 2023	Utilised during the Reporting Period	Unutilised as at 30 June 2024	Expected timeline for utilisation of the unutilised net proceeds
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 (Notes 1 & 2)	—	44.2	113.0	27.8	27.8	—	—
Purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment (Note 2)	—	11.2	11.2	—	—	—	—
Recruiting talent	13.0	13.0	13.0	—	—	—	—
Strategic equity investment	68.8	68.8	—	—	—	—	—
General working capital	19.9	19.9	19.9	—	—	—	—
	<u>202.9</u>	<u>202.9</u>	<u>202.9</u>	<u>27.8</u>	<u>27.8</u>	<u>—</u>	

#### Notes:

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

### 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 2024.

### Employees and remuneration policies

As at 30 June 2024, the Group had a total of 519 employees. All 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, medical insurance, unemployment insurance and housing allowances. The staff costs, including Directors' emoluments, of the Group were approximately RMB38.2 million for the Reporting Period (six months ended 30 June 2023: approximately RMB31.3 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.

## Disclosure of Interests and Other Information

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 June 2024, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares held	Shareholding percentage in the Shares
Mr. Wang Xiuchun (王秀春) <sup>(3)</sup>	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Likai (王利凱) <sup>(3)</sup>	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shizhong (王士忠) <sup>(3)</sup>	Interest in a controlled corporation	315,467,967	
	Interest held jointly with another person	104,324,869	
		419,792,836	50.86%
Ms. Wan Yun (萬雲)	Beneficial Owner	18,571,444	2.25%
Mr. Wang Lijiang (王利江)	Beneficial Owner	8,254,000	1.00%

*Notes:*

- All interests stated are long positions.
- The calculation is based on the total number of 825,400,000 Shares in issue as at 30 June 2024.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong. By virtue of the SFO, Mr. Wang is deemed to be interested in the 315,467,967 Shares held by HuaZi Holding Limited.

Ye Wang Zhou Holding Limited, which holds 104,324,869 Shares, is owned as to 46.76%, 32.40%, 8.10%, 7.34% and 5.40% by Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱), respectively. By virtue of the Acting-in-concert Confirmation, Mr. Wang Shizhong (王士忠), Mr. Wang Xiuchun (王秀春) and Mr. Wang Likai (王利凱) are deemed to be interested in each other's interest in the Shares.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, so far as is known to the Directors, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and the chief executives of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Shareholding percentage in the Shares
HuaZi Holding Limited (3)(6)	Beneficial Owner	315,467,967	38.22%
Ye Wang Zhou Holding Limited <sup>(4)(5)</sup>	Beneficial Owner	104,324,869	12.64%
Mr. Ye Kangshun (葉康舜) <sup>(3)(4)(5)(6)</sup>	Interest in a controlled corporation Interest held jointly with another person	104,324,869 <u>315,467,967</u>	
		419,792,836	50.86%
Ms. Zhou Meng (周萌) (3)(4)(5)(6)	Interest held jointly with another person	419,792,836	50.86%
Mr. Wang Shiqin (王士勤) <sup>(3)(4)(5)(6)</sup>	Interest held jointly with another person	419,792,836	50.86%
HZ&BT Development Holding Limited	Beneficial Owner	143,542,720	17.39%

### Notes:

- All interests stated are long positions.
- The calculation is based on the total number of 825,400,000 Shares in issue as at 30 June 2024.
- HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong. By virtue of the SFO, Mr. Wang is deemed to be interested in the Shares held by HuaZi Holding Limited.
- Pursuant to the Acting-in-concert Confirmation, Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱) have acknowledged and confirmed, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code). As such, each of them is deemed to be interested in each other's interest in the Shares.
- Ye Wang Zhou Holding Limited, which holds 104,324,869 Shares, is owned as to 46.76%, 32.40%, 8.10%, 7.34% and 5.40% by Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱), respectively.
- By virtue of the Acting-in-concert Confirmation, each of Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌), Mr. Wang Shiqin (王士勤) and Mr. Wang Likai (王利凱) is deemed to be interested in the Shares held by HuaZi Holding Limited and Ye Wang Zhou Holding Limited.

## Disclosure of Interests and Other Information

Save as disclosed above, as at 30 June 2024, none of the Directors of the Company was aware of that any persons (other than Directors or chief executives of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### 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 2024, the Company did not hold any treasury shares.

### Share Option Scheme

The Company adopted the Share Option Scheme pursuant to the written resolutions of the then Shareholders on 19 October 2018, which enabled the Company to grant share options to the eligible persons as an incentive and reward for their best contribution to the Group. Since the Listing Date and up to 30 June 2024, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme mandate at the beginning and the end of the Reporting Period are both 82,540,000.

### Share Award Scheme

On 24 March 2020, the Company has adopted the Share Award Scheme to, among other things, recognise the contributions of the eligible persons of the Share Award Scheme and motivate them to strive for the future development and expansion of the Group. The Share Award Scheme is initially valid and effective for the period commencing on the adoption date (i.e. 24 March 2020) and ending on the business day immediately prior to the 10th anniversary of the adoption date.

Since the adoption date of the Share Award Scheme and up to 30 June 2024, no share award was granted, exercised, expired or lapsed and there is no outstanding share award under the Share Award Scheme.

The number of awards available for grant under the Share Award Scheme mandate previously approved by the Board at the beginning and the end of the Reporting Period are both 82,540,000.

### 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.

## Change in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2023 are set out below:

Mr. How Sze Ming (侯思明), an independent non-executive Director, has resigned as an independent non-executive director of Ruicheng (China) Media Group Limited (瑞誠(中國)傳媒集團有限公司, Hong Kong Stock Exchange stock code: 1640), with effect from 21 June 2024.

Save as disclosed above, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Model Code for Securities Transactions by Directors

The Group has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the relevant requirements set out in the Company's own code of conduct and the Model Code 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 consolidated 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.

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

Shanghai, 27 August 2024



# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited RMB'000
<b>Revenue</b>	5	<b>715,208</b>	1,038,568
Cost of sales	5	<b>(670,874)</b>	(967,905)
<b>Gross profit</b>		<b>44,334</b>	70,663
Selling and distribution expenses		<b>(2,666)</b>	(2,430)
Administrative expenses		<b>(43,327)</b>	(37,698)
Net impairment losses on financial assets and contract assets	3.1(b)	<b>(93,043)</b>	(6,289)
Other operating expenses		<b>(162)</b>	(183)
Other income		<b>288</b>	2,342
Other gains — net		<b>4,787</b>	3,313
<b>Operating (loss)/profit</b>	6	<b>(89,789)</b>	29,718
Finance income		<b>1,710</b>	3,419
Finance costs		<b>(11,084)</b>	(15,450)
Finance costs — net		<b>(9,374)</b>	(12,031)
<b>(Loss)/Profit before income tax</b>		<b>(99,163)</b>	17,687
Income tax expense	7	<b>(24,705)</b>	(5,685)
<b>(Loss)/Profit for the period</b>		<b>(123,868)</b>	12,002
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(3,428)</b>	(1,513)
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax	3.3(i)	<b>21,285</b>	(347)
<b>Other comprehensive income for the period, net of tax</b>		<b>17,857</b>	(1,860)
<b>Total comprehensive (loss)/income for the period attributable to the Shareholders of the Company</b>		<b>(106,011)</b>	10,142
<b>(Loss)/Earnings per share for (loss)/profit attributable to the Shareholders of the Company (expressed in RMB cents per share):</b>			
— <b>Basic and diluted (loss)/earnings per share</b>	8	<b>(15.12)</b>	1.47

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2024

	<i>Notes</i>	<b>30 June 2024 Unaudited RMB'000</b>	31 December 2023 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>62,882</b>	68,492
Investment properties	10	<b>11,350</b>	16,735
Right-of-use assets		<b>10,840</b>	11,910
Intangible assets		<b>38</b>	70
Contract assets	5	<b>339,582</b>	359,433
Trade and other receivables	11	<b>128,673</b>	115,643
Deferred tax assets		<b>4,615</b>	25,832
Financial assets at fair value through other comprehensive income	3.3	<b>4,098</b>	16,654
		<b>562,078</b>	614,769
<b>Current assets</b>			
Inventories		<b>12,925</b>	11,082
Contract assets	5	<b>471,859</b>	509,667
Trade and other receivables	11	<b>1,534,649</b>	1,684,898
Time deposits	12	<b>—</b>	1,831
Restricted cash	13	<b>136,212</b>	161,020
Cash and cash equivalents	13	<b>271,452</b>	255,754
		<b>2,427,097</b>	2,624,252
<b>Total assets</b>		<b>2,989,175</b>	3,239,021

## Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	7,303	7,303
Shares held for employee share scheme		(4,756)	(4,756)
Share premium	15	265,444	273,074
Other reserves		18,975	31,054
Retained earnings		351,490	445,422
<b>Total equity</b>		<b>638,456</b>	752,097
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	7,000	9,500
Lease liabilities		70	366
Trade and other payables	15	181,875	197,242
Deferred tax liabilities		—	1,381
		<b>188,945</b>	208,489
<b>Current liabilities</b>			
Lease liabilities		2,560	3,541
Borrowings	16	306,661	193,669
Trade and other payables	15	1,772,774	2,019,633
Income tax payables		20,782	19,047
Contract liabilities	5	58,997	42,545
		<b>2,161,774</b>	2,278,435
<b>Total liabilities</b>		<b>2,350,719</b>	2,486,924
<b>Total equity and liabilities</b>		<b>2,989,175</b>	3,239,021

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2024

	Attribute to the Shareholders						
	Note	Share capital RMB'000	Shares held for employee share scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Balance at 1 January 2023</b>		7,303	(4,756)	280,092	30,385	418,642	731,666
<b>Comprehensive income</b>							
Profit for the period		—	—	—	—	12,002	12,002
Currency translation differences		—	—	—	(1,513)	—	(1,513)
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax		—	—	—	(347)	—	(347)
<b>Total comprehensive income</b>		—	—	—	(1,860)	12,002	10,142
Appropriation to statutory reserves		—	—	—	1,302	(1,302)	—
Dividends distribution to shareholders		—	—	(6,783)	—	—	(6,783)
<b>Balance at 30 June 2023 (Unaudited)</b>		7,303	(4,756)	273,309	29,827	429,342	735,025
<b>Balance at 1 January 2024</b>		<b>7,303</b>	<b>(4,756)</b>	<b>273,074</b>	<b>31,054</b>	<b>445,422</b>	<b>752,097</b>
<b>Comprehensive income</b>							
Loss for the period		—	—	—	—	(123,868)	(123,868)
Currency translation differences		—	—	—	(3,428)	—	(3,428)
Changes in the fair value of equity instruments at fair value through other comprehensive income, net of tax		—	—	—	21,285	—	21,285
<b>Total comprehensive income</b>		—	—	—	17,857	(123,868)	(106,011)
Appropriation to statutory reserves		—	—	—	—	—	—
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings, net of tax	3.3(i)	—	—	—	(29,936)	29,936	—
Dividends distribution to shareholders		—	—	(7,630)	—	—	(7,630)
<b>Balance at 30 June 2024 (Unaudited)</b>		<b>7,303</b>	<b>(4,756)</b>	<b>265,444</b>	<b>18,975</b>	<b>351,490</b>	<b>638,456</b>

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(119,845)	(102,824)
Income tax paid		(7,008)	(13,801)
<b>Net cash used in operating activities</b>		<b>(126,853)</b>	(116,625)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(3,055)	(2,201)
Purchases of time deposits with maturities of one year		—	(1,800)
Proceeds from disposal of financial assets at fair value through other comprehensive income		37,718	—
Proceeds from disposal of time deposits		1,831	—
Proceeds from disposal of Investment properties		1,533	—
Proceeds from disposal of property, plant and equipment		208	2,927
Interest received		553	2,156
Dividends received from financial assets at fair value through other comprehensive income		18	46
Proceeds from disposal of right-of-use assets		—	1,267
Proceeds from disposal of financial assets at fair value through profit or loss		—	1,300
<b>Net cash generated from investing activities</b>		<b>38,806</b>	3,695
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	16	257,171	116,491
Repayments of borrowings	16	(146,679)	(146,141)
Interest paid		(5,175)	(6,079)
Lease payment		(1,328)	(480)
<b>Net cash generated from/(used in) financing activities</b>		<b>103,989</b>	(36,209)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		255,754	540,175
Effects of exchange rate changes on cash and cash equivalents		(244)	(1,868)
<b>Cash and cash equivalents at the end of the period</b>		<b>271,452</b>	389,168

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

## 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, 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 2024.

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 2024 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 2023 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 2023, 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 2 BASIS OF PREPARATION (Continued)

#### (a) New and amended standards adopted by the Group

A number of new or amended standards and interpretations 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.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

#### (b) New and amended standards and interpretations not yet adopted

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. VALUE HKFRS Limited does not expect these amendments to have a material impact on its operations or financial statements.

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There has been no change in the risk management policies approved by the board of directors since year end.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk

###### (i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group entities collect most of the revenue and incur most of the expenditures in respect of their functional currencies. Foreign exchange risk arises from various currency exposures primarily through proceeds received from customers and shareholders, and payments to the suppliers that are denominated in a currency other than the Group's entities' functional currency. The currencies giving rise to this risk are primarily US dollar ("US\$"), Indonesian Rupiah ("IDR"), Brunei dollar ("BN\$") and Malaysian Ringgit ("MYR"), as certain purchase and sales of the Group is denominated in US\$, IDR, BN\$ and MYR. The management of the Group considers that the Group's exposure to foreign exchange risk is not significant due to the most of the functional currency of the entities in Group is the same as the transaction currency.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 30 June 2024 and 31 December 2023, if RMB had strengthened/weakened by 5% against the US\$, IDR, BN\$ and MYR with all other variables held constant, the total loss/profit for the period ended 30 June 2024 and year ended 31 December 2023 would have been RMB4,918,000 and RMB5,413,000 higher/lower, mainly as a result of foreign exchange losses/gains on translation of US\$, IDR, BN\$ and MYR denominated cash and cash equivalents, trade and other receivables and trade and other payables.

###### (ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than bank deposits and bank borrowings. The Group has not used any financial instrument to hedge its exposure to cash flow and fair value interest rate risks.

##### (b) Credit risk

Credit risk arises from restricted cash, cash and cash equivalents, trade receivables, retention receivables, bill receivables, long-term trade receivables and contract assets. The carrying amounts of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

###### (i) Risk management

To manage the risk with respect to cash and cash equivalents and restricted cash, the Group placed them in banks with high reputation.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customers' ability to meet its obligations
- actual or expected significant changes in the operating results of customers
- significant increases in credit risk on other financial instruments of customers
- significant changes in the expected performance and behaviour of customers, including changes in the payment status of customers in the Group and changes in the operating results of the customers.

###### (ii) Impairment of financial assets and contract assets

The Group has several types of financial assets that are subject to the expected credit loss model, while they have no significant impact on the financial statements, except for the following ones:

- Trade and retention receivables from providing marine construction services and municipal public construction services.
- Contract assets relating to marine construction contracts and municipal public construction contracts.
- Long-term trade receivables from providing municipal public construction services.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, retention receivables, long-term trade receivables and contract assets.

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

To measure the expected credit losses, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of providing marine construction services and municipal public construction services over a period of 7 years before 30 June 2024 or 30 June 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered evidence from external sources including the relevant public search results relating to the financial circumstances of the customers and expected behaviour including method of payments or payments period, and accordingly adjusts the historical loss rates based on expected changes in these factors.

#### Trade and retention receivables

For trade and retention receivables, the Group performs ongoing credit evaluations of its debtors' financial condition and does not require collateral from the debtors on the outstanding balances.

Individually impaired trade receivables and retention receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 30 June 2024, the trade receivables and retention receivables of RMB52,910,000 (2023: Nil) from two customers are expected difficult to be recovered. The Group made an individual loss allowance of RMB52,910,000 (2023: Nil) for these trade receivables and retention receivables as at 30 June 2024.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

Trade and retention receivables (Continued)

As at 30 June 2024 and 31 December 2023, the remaining trade receivables and retention receivables have been grouped on the basis of shared credit risk characteristics and the days past due for the measurement of expected credit loss:

##### i) Marine construction services group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Trade receivables</b>					
<b>At 30 June 2024 (Unaudited)</b>					
Expected loss rate	3.23%	6.43%	12.04%	28.66%	
Gross carrying amount	394,375	49,207	78,406	58,949	580,937
Collectively impaired loss allowance	12,710	3,162	9,437	16,897	42,206
<b>Total loss allowance provision</b>	<b>12,710</b>	<b>3,162</b>	<b>9,437</b>	<b>16,897</b>	<b>42,206</b>
<b>Retention receivables</b>					
<b>At 30 June 2024 (Unaudited)</b>					
Expected loss rate	7.05%	10.04%	13.89%	49.86%	
Gross carrying amount	80,853	20,871	20,345	40,747	162,816
Collectively impaired loss allowance	5,658	2,096	2,826	20,315	30,895
<b>Total loss allowance provision</b>	<b>5,658</b>	<b>2,096</b>	<b>2,826</b>	<b>20,315</b>	<b>30,895</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

##### Trade and retention receivables (Continued)

##### i) Marine construction services group (Continued)

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Trade receivables</b>					
<b>At 31 December 2023</b>					
Expected loss rate	2.11%	3.88%	8.24%	31.65%	
Gross carrying amount	379,343	69,684	82,919	51,839	583,785
<b>Total loss allowance provision</b>	<b>8,014</b>	<b>2,703</b>	<b>6,835</b>	<b>16,407</b>	<b>33,959</b>
<b>Retention receivables</b>					
<b>At 31 December 2023</b>					
Expected loss rate	12.02%	18.34%	22.60%	57.48%	
Gross carrying amount	68,915	38,460	2,210	53,240	162,825
<b>Total loss allowance provision</b>	<b>8,280</b>	<b>7,052</b>	<b>500</b>	<b>30,600</b>	<b>46,432</b>

##### ii) Municipal public construction services group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Trade receivables</b>					
<b>At 30 June 2024 (Unaudited)</b>					
Expected loss rate	5.83%	16.91%	28.40%	74.76%	
Gross carrying amount	370,211	123,190	67,416	28,191	589,008
Collectively impaired loss allowance	21,564	20,837	19,147	21,074	82,622
Individually impaired loss allowance	—	—	19,943	15,152	35,095
<b>Total loss allowance provision</b>	<b>21,564</b>	<b>20,837</b>	<b>39,090</b>	<b>36,226</b>	<b>117,717</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

Trade and retention receivables (Continued)

##### ii) Municipal public construction services group (Continued)

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Retention receivables</b>					
<b>At 30 June 2024 (Unaudited)</b>					
Expected loss rate	7.80%	33.15%	58.74%	91.74%	
Gross carrying amount	119,805	9,351	1,898	5,604	136,658
Collectively impaired loss allowance	9,375	3,100	1,115	5,141	18,731
Individually impaired loss allowance	17,815	—	—	—	17,815
<b>Total loss allowance provision</b>	<b>27,190</b>	<b>3,100</b>	<b>1,115</b>	<b>5,141</b>	<b>36,546</b>
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Trade receivables</b>					
<b>At 31 December 2023</b>					
Expected loss rate	3.47%	9.55%	20.82%	71.43%	
Gross carrying amount	529,166	103,974	60,095	25,057	718,292
<b>Total loss allowance provision</b>	<b>18,373</b>	<b>9,925</b>	<b>12,510</b>	<b>17,899</b>	<b>58,707</b>
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
<b>Retention receivables</b>					
<b>At 31 December 2023</b>					
Expected loss rate	4.78%	32.92%	48.28%	92.03%	
Gross carrying amount	148,636	2,664	1,848	6,662	159,810
<b>Total loss allowance provision</b>	<b>7,104</b>	<b>877</b>	<b>892</b>	<b>6,131</b>	<b>15,004</b>

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

###### Contract assets

Contract assets relate to unbilled work in progress which have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Since the contract assets are still in performing, the payment is not due.

Individually impaired contract assets are related to projects under litigation claims. Management makes individual assessment on these contract assets based on historical settlement records, past experience, pledged assets as well as forward looking factors. As at 30 June 2024, the contract assets of RMB20,145,000 (2023: RMB20,145,000) from two customers are under litigation claims. The Group made an individual loss allowance of RMB6,111,000 for these contract assets as at 30 June 2024 (31 December 2023: RMB5,760,000).

The expected loss rates of the remaining contract assets are assessed to be 3.23% for marine construction and 5.83% for municipal public construction (2023: 2.11% and 3.47%, respectively), which are the same as that of trade receivables past due up to one year respectively.

As at 30 June 2024, the loss allowance for provision for contract assets of marine construction and municipal public construction was approximately RMB5,264,000 and RMB45,909,000 (2023: RMB4,206,000 and RMB29,492,000, respectively).

###### Long-term trade receivables

Long-term trade receivables relate to a public-private-partnership project in municipal public construction services and are recognised as contract assets when the project is still performing and transferred to receivables after the project is finished. Since the customer is a government owned company with strong reputation and the payment is not due according to the contract, the expected loss rate for the long-term receivables is assessed to be the same as that of the trade receivables past due up to one year. As at 30 June 2024, the loss allowance for provision for long-term trade receivables was approximately RMB4,249,000 (2023: RMB2,592,000).

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

Long-term trade receivables (Continued)

The loss allowance provision for trade receivables, retention receivables, long-term trade receivables and contract assets as at 30 June 2024 and 2023 reconciles to the opening loss allowance for that provision is as follows:

	Trade receivables RMB'000	Retention receivables RMB'000	Long- term trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
<b>At 1 January 2023 (Audited)</b>	77,137	53,955	3,099	35,389	169,580
(Reversal of)/Provision for loss allowance recognised in consolidated statement of comprehensive income	(807)	1,099	215	5,782	6,289
Currency translation differences	271	255	—	134	660
<b>At 30 June 2023 (Unaudited)</b>	76,601	55,309	3,314	41,305	176,529
	Trade receivables RMB'000	Retention receivables RMB'000	Long- term trade receivables RMB'000	Contract assets RMB'000	Total RMB'000
<b>At 1 January 2024 (Audited)</b>	92,666	61,436	2,592	33,698	190,392
Provision for/(Reversal of) loss allowance recognized in consolidated statement of comprehensive income					
— General provision/ (Reversal of) for collectively impaired loss allowance	40,176	(10,789)	1,657	17,244	48,288
— Specific provision for individually impaired loss allowance	27,441	16,963	—	351	44,755
Currency translation differences	(360)	(169)	—	(120)	(649)
<b>At 30 June 2024 (Unaudited)</b>	159,923	67,441	4,249	51,173	282,786

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets and contract assets (Continued)

###### Other receivables

The Group adopts general approach for expected credit losses of other receivables and considers it has not significantly increased in credit risk from initial recognition. Thus, it is still in stage one and only 12-month expected credit losses are considered.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity to meet contractual cash flow as performing. The Directors of the Company believe that there is no material credit risk in the Group's outstanding balance of other receivables.

###### Cash and cash equivalents and bills receivables

For cash and cash equivalents, restricted cash and bills receivables, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. The Group considered counter parties having a low risk of default and a strong capacity to meet contractual cash flow in the near term. The identified impairment loss was immaterial.

###### Net impairment losses on financial assets and contract assets recognised in profit or loss

During the six months ended 30 June 2024 and 2023, the following losses were recognised in profit or loss in relation to impaired financial assets and contract assets:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	<b>2023</b> <b>Unaudited</b> <b>RMB'000</b>
Net impairment losses on financial assets and contract assets	<b>(93,043)</b>	(6,289)

Impairment losses on trade receivables, retention receivables, long-term trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2023 (Audited)</b>					
Bank borrowings	195,453	5,410	4,694	—	205,557
Lease liabilities	3,982	211	155	—	4,348
Trade and other payables	2,598,136	137,311	82,525	1,469	2,819,441
	<u>2,797,571</u>	<u>142,932</u>	<u>87,374</u>	<u>1,469</u>	<u>3,029,346</u>
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2024 (Unaudited)</b>					
Bank borrowings	309,486	5,071	2,318	—	316,875
Lease liabilities	2,968	70	—	—	3,038
Trade and other payables	1,776,834	102,694	109,518	1,949	1,990,995
	<u>2,089,288</u>	<u>107,835</u>	<u>111,836</u>	<u>1,949</u>	<u>2,310,908</u>

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation

##### (a) Financial assets and liabilities

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

##### Recurring fair value measurements

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 30 June 2024 (Unaudited)</b>				
Financial assets at fair value through other comprehensive income (a)	4,098	—	—	4,098
<b>At 31 December 2023 (Audited)</b>				
Financial assets at fair value through other comprehensive income	4,784	—	11,870	16,654

##### At 31 December 2023 (Audited)

Financial assets at fair value through other comprehensive income

- (a) During the six months ended 30 June 2024, the level 3 instrument of financial assets at fair value through other comprehensive income has been disposed with consideration of RMB37,718,000. The Group recognised post-tax other comprehensive income of RMB21,285,000 during the reporting period, and transferred the accumulated gain on disposal of this financial asset of RMB 29,936,000 to retained earnings.

There were no transfers between levels 1, 2, and 3 for recurring fair value measurements during the year.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Financial assets and liabilities (Continued)

###### (i) Fair value hierarchy (Continued)

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

###### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments discounted cash flow analysis.

The finance manager of the Group performs valuation on these level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instrument.

As at 30 June 2024 and 31 December 2023, the level 1 instrument of the Group mainly includes investment in listed securities, the fair value of the equity instrument is based on quoted market price at the end of the year. The instrument is included in level 1.

As at 31 December 2023, the level 3 instrument of the Group mainly includes investment in equity securities that are not publicly traded.

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) Financial assets and liabilities (Continued)

##### (ii) Valuation techniques used to determine fair values (Continued)

As the instrument in a wealth management product is not traded in an active market, its fair value has been determined using various applicable valuation techniques, including discounted cash flows approach and comparable transaction approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, recent market transactions and other exposure.

For the Group's investments in equity securities in level 3 that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date to assess the fair value.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 5 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 5 SEGMENT INFORMATION (Continued)

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

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

	Six months ended 30 June 2024 (Unaudited)		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
Revenue	300,050	415,158	715,208
Cost of sales	(272,740)	(398,134)	(670,874)
Gross profit	27,310	17,024	44,334
Unallocated items:			
Operating expenses			(139,198)
Other income			288
Other gains — net			4,787
Finance costs — net			(9,374)
Loss before income tax			(99,163)
Income tax expense (Note 7)			(24,705)
Loss for the period			(123,868)
Segment items included:			
Depreciation and amortisation	(4,811)	(3,583)	(8,394)
Net impairment reversal/(losses) on financial assets and contract assets (Note 3.1)	5,584	(98,627)	(93,043)

The segment assets and liabilities as at 30 June 2024 are as follows:

	As at 30 June 2024 (Unaudited)			
	Marine construction RMB'000	Municipal public construction RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	1,308,688	1,783,016	(102,529)	2,989,175
Total liabilities	839,132	1,614,116	(102,529)	2,350,719

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 5 SEGMENT INFORMATION (Continued)

#### (b) Segment results and other information (Continued)

The segment information for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June 2023 (Unaudited)		
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	266,798	771,770	1,038,568
Cost of sales	<u>(234,710)</u>	<u>(733,195)</u>	<u>(967,905)</u>
Gross profit	<u>32,088</u>	<u>38,575</u>	<u>70,663</u>
Unallocated items:			
Operating expenses			(46,600)
Other income			2,342
Other losses — net			3,313
Finance costs — net			<u>(12,031)</u>
Profit before income tax			17,687
Income tax expense ( <i>Note 7</i> )			<u>(5,685)</u>
Profit for the period			<u>12,002</u>
Segment items included:			
Depreciation and amortisation	(5,163)	(3,483)	(8,646)
Net impairment losses on financial assets and contract assets ( <i>Note 3.1</i> )	<u>(5,063)</u>	<u>(1,226)</u>	<u>(6,289)</u>

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

	As at 31 December 2023 (Audited)			
	Marine construction <i>RMB'000</i>	Municipal public construction <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Total assets	<u>1,381,828</u>	<u>1,960,578</u>	<u>(103,385)</u>	<u>3,239,021</u>
Total liabilities	<u>929,199</u>	<u>1,661,110</u>	<u>(103,385)</u>	<u>2,486,924</u>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 5 SEGMENT INFORMATION (Continued)

#### (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)					
	2024			2023		
	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000	Marine construction RMB'000	Municipal public construction RMB'000	Total RMB'000
<b>PRC</b>						
Revenue	147,017	415,158	562,175	233,825	771,770	1,005,595
Cost of sales	(130,562)	(398,134)	(528,696)	(203,076)	(733,195)	(936,271)
	<b>16,455</b>	<b>17,024</b>	<b>33,479</b>	<b>30,749</b>	<b>38,575</b>	<b>69,324</b>
<b>Southeast Asia</b>						
Revenue	153,033	—	153,033	32,973	—	32,973
Cost of sales	(142,178)	—	(142,178)	(31,634)	—	(31,634)
	<b>10,855</b>	<b>—</b>	<b>10,855</b>	<b>1,339</b>	<b>—</b>	<b>1,339</b>

#### (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 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
PRC	80,230	90,331
Southeast Asia	4,880	6,876
<b>Total</b>	<b>85,110</b>	<b>97,207</b>

**5 SEGMENT INFORMATION** (Continued)**(e) Contract assets and liabilities**

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

	<b>As at</b>	
	<b>30 June 2024 Unaudited RMB'000</b>	31 December 2023 Audited RMB'000
<b>Contract assets</b>		
Current portion		
Marine construction	<b>145,302</b>	149,856
Municipal public construction	<b>357,185</b>	381,275
Less: allowance for impairment of contract assets <i>(Note 3.1(b))</i>	<b>(30,628)</b>	(21,464)
	<b>471,859</b>	509,667
Non-current portion		
Marine construction	<b>17,351</b>	49,282
Municipal public construction	<b>342,776</b>	322,385
Less: allowance for impairment of contract assets <i>(Note 3.1(b))</i>	<b>(20,545)</b>	(12,234)
	<b>339,582</b>	359,433
<b>Total contract assets</b>	<b>811,441</b>	869,100
<b>Contract liabilities</b>		
Marine construction	<b>7,500</b>	2,250
Municipal public construction	<b>51,497</b>	40,295
<b>Total contract liabilities</b>	<b>58,997</b>	42,545



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 5 SEGMENT INFORMATION (Continued)

#### (e) Contract assets and liabilities (Continued)

##### (i) Significant changes in contract assets and liabilities

The contract assets are the Group's right to consideration in the exchange for services that the Group has transferred to customers. The contract assets transferred to trade and retention receivables when receipt of the consideration is conditional only on the passage of time.

The Group expects that contract assets have the same risk characteristics as trade receivables. The impairment of contract assets does not have significant impact on the Group. The impairment of contract assets is disclosed in Note 3.1(b).

The contract liabilities above are due to the non-refundable advance payment made by customers. Such liabilities fluctuate as a result of the terms of different projects. A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders service to the customer.

Due to the completion of the construction, approximately RMB199,125,000 and RMB389,939,000 of contract assets were transferred to trade receivables, while approximately RMB47,434,000 and RMB70,762,000 of contract assets were transferred to retention receivables during the six months ended 30 June 2024 and 2023.

### 6 OPERATING PROFIT

The following items have been charged to the six months periods ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Raw materials and consumables used	367,067	480,305
Subcontracting costs	235,738	413,010
Operating lease payment	27,390	37,030
Wages and salaries, social welfare and benefits, including directors' emoluments	38,192	31,304
Depreciation of property, plant and equipment (Note 9)	7,292	7,858
Depreciation of right-of-use assets	1,070	700
Amortisation of intangible assets	32	88

## 7 INCOME TAX EXPENSE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	2023 Unaudited RMB'000
Current income tax	<b>3,463</b>	6,864
Deferred income tax	<b>21,242</b>	(1,179)
Income tax expense — net	<b>24,705</b>	5,685

### (a) Cayman Islands profit 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 2024 and 2023.

### (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% (2023: 25%) on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for the subsidiaries as disclosed below.

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

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 7 INCOME TAX EXPENSE (Continued)

#### (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 2024 and 2023.

#### (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 2024, income tax was provided at the rate of 2.65%-4% on the revenue from construction services (2023: 2.65%-4%) and income tax of 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 2024 and 2023.

### 8 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the six months ended 30 June 2024 and 2023 attributable to the Shareholders of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2024 Unaudited	2023 Unaudited
(Loss)/Profit attributable to the Shareholders of the Company (RMB'000)	(123,868)	12,002
Weighted average number of ordinary shares in issue (thousands)	819,008	819,008
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Group (RMB cents)	(15.12)	1.47

#### (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 2024 and 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 9 PROPERTY, PLANT AND EQUIPMENT

	Industrial machinery and equipment RMB'000	Transport equipment RMB'000	Buildings RMB'000	Office supplies and electronic equipment RMB'000	Leasehold Improvements RMB'000	Construction-in- progress RMB'000	Total RMB'000
<b>At 1 January 2023</b>							
Cost	171,117	14,352	16,526	13,330	4,181	2,724	222,230
Accumulated depreciation	(116,447)	(13,114)	(7,310)	(5,721)	(2,557)	—	(145,149)
<b>Net book amount</b>	<b>54,670</b>	<b>1,238</b>	<b>9,216</b>	<b>7,609</b>	<b>1,624</b>	<b>2,724</b>	<b>77,081</b>
<b>Six months ended 30 June 2023</b>							
Opening net book amount	54,671	1,238	9,216	7,609	1,623	2,724	77,081
Additions	1,377	—	—	370	13	441	2,201
Depreciation charge	(5,307)	(182)	(707)	(1,293)	(369)	—	(7,858)
Disposals	(64)	—	(88)	(1,092)	—	—	(1,244)
Currency translation differences	310	—	—	186	—	—	496
<b>Closing net book amount</b>	<b>50,987</b>	<b>1,056</b>	<b>8,421</b>	<b>5,780</b>	<b>1,267</b>	<b>3,165</b>	<b>70,676</b>
<b>At 30 June 2023</b>							
Cost	172,740	14,352	16,438	12,794	4,194	3,165	223,683
Accumulated depreciation	(121,754)	(13,296)	(8,017)	(7,014)	(2,926)	—	(153,007)
<b>Net book amount</b>	<b>50,986</b>	<b>1,056</b>	<b>8,421</b>	<b>5,780</b>	<b>1,268</b>	<b>3,165</b>	<b>70,676</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 9 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Industrial machinery and equipment RMB'000	Transport equipment RMB'000	Buildings RMB'000	Office supplies and electronic equipment RMB'000	Leasehold Improvements RMB'000	Construction- in-progress RMB'000	Total RMB'000
<b>At 1 January 2024</b>							
Cost	176,314	14,352	16,522	11,609	5,137	3,780	227,714
Accumulated depreciation	(126,639)	(13,438)	(8,810)	(6,760)	(3,575)	—	(159,222)
Net book amount	49,675	914	7,712	4,849	1,562	3,780	68,492
<b>Six months ended 30 June 2024</b>							
Opening net book amount	49,675	914	7,712	4,849	1,562	3,780	68,492
Additions	20	—	—	8	917	2,110	3,055
Depreciation charge	(4,542)	(64)	(1,012)	(1,270)	(404)	—	(7,292)
Disposals	(668)	(42)	(476)	(3)	—	—	(1,189)
Currency translation differences	(94)	—	—	(90)	—	—	(184)
<b>Closing net book amount</b>	<b>44,391</b>	<b>808</b>	<b>6,224</b>	<b>3,494</b>	<b>2,075</b>	<b>5,890</b>	<b>62,882</b>
<b>At 30 June 2024</b>							
Cost	170,635	13,446	11,940	11,232	6,002	5,890	219,145
Accumulated depreciation	(126,244)	(12,638)	(5,716)	(7,738)	(3,927)	—	(156,263)
<b>Net book amount</b>	<b>44,391</b>	<b>808</b>	<b>6,224</b>	<b>3,494</b>	<b>2,075</b>	<b>5,890</b>	<b>62,882</b>

During the six months ended 30 June 2024 and 2023, the amounts of depreciation expenses charged to “Cost of sales”, “Administrative expenses”, “Other operating expenses” and “Selling and distribution expenses” are as follows:

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Cost of sales	3,374	3,645
Administrative expenses	3,880	4,167
Other operating expenses	30	30
Selling and distribution expenses	8	16
	<b>7,292</b>	<b>7,858</b>

**9 PROPERTY, PLANT AND EQUIPMENT** (Continued)

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values of 0% to 5% over their estimated useful lives, as follows:

- Industrial machinery and equipment 3–25 years
- Transport equipment 3–8 years
- Buildings 5–20 years
- Office supplies and electronic equipment 3–5 years
- Leasehold improvements 3 years

**10 INVESTMENT PROPERTIES**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	<b>2023</b> <b>Unaudited</b> <b>RMB'000</b>
<b>Opening net book amount</b>	<b>16,735</b>	—
Disposal	<b>(1,533)</b>	—
Impairment	<b>(3,610)</b>	—
Depreciation	<b>(242)</b>	—
<b>Closing net book amount</b>	<b>11,350</b>	—

The Group's investment properties are stated at historical cost at the end of each reporting period.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 11 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Trade receivables (i)	1,205,040	1,302,077
Less: allowance for impairment of trade receivables	(159,923)	(92,666)
Trade receivables — net	1,045,117	1,209,411
Retention receivables (ii)	317,289	322,635
Less: allowance for impairment of retention receivables	(67,441)	(61,436)
Retention receivables — net	249,848	261,199
Bills receivables (i)	74,803	92,686
Long-term trade receivables (iii, iv)	44,390	43,235
Less: allowance for impairment of long-term trade receivables	(4,249)	(2,592)
Long-term trade receivables — net	40,141	40,643
Other receivables	135,356	75,036
Prepayments	116,396	119,868
Prepaid taxation	1,661	1,698
	1,663,322	1,800,541
<b>Less: non-current portion</b>		
Retention receivables (ii)	(73,403)	(69,954)
Long-term trade receivables (iii, iv)	(36,390)	(36,810)
Other receivables	(18,880)	(8,879)
	(128,673)	(115,643)
<b>Current portion</b>	1,534,649	1,684,898

**11 TRADE AND OTHER RECEIVABLES** (Continued)

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

As at 30 June 2024, bills receivables with a total net book amount of RMB41,671,000 were pledged as collateral for the Group's bank borrowings (2023: RMB31,669,000), as disclosed in Note 16.

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade and bills receivables based on the payment requests acknowledged by the customers is as follows:

	<b>As at</b>	
	<b>30 June 2024 Unaudited RMB'000</b>	31 December 2023 Audited RMB'000
Within 3 months	<b>352,412</b>	548,739
4 to 6 months	<b>177,196</b>	72,456
7 to 12 months	<b>317,570</b>	374,768
1 to 2 years	<b>185,962</b>	167,238
2 to 3 years	<b>144,238</b>	80,453
Over 3 years	<b>102,465</b>	151,109
	<b>1,279,843</b>	1,394,763



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 11 TRADE AND OTHER RECEIVABLES (Continued)

- (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 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Within 1 year	208,369	117,668
1 to 2 years	14,113	17,534
2 to 3 years	42,255	72,019
3 to 4 years	11,679	40,035
4 to 5 years	26,167	51,560
Over 5 years	14,706	23,819
	<b>317,289</b>	322,635

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

- (iii) Long-term trade receivables represent amounts due from customers for services relating to a public-private-partnership performed by the private investor with quarterly instalment in fifteen years. Long-term trade receivables were measured at amortised cost using the effective interest method at average rate of 5.39%.
- (iv) As at 30 June 2024, the Group pledged long-term trade receivables with carrying amount of approximately RMB40,141,000 (As at 31 December 2023: RMB40,643,000) for the long-term bank borrowings amounted to RMB14,500,000 (As at 31 December 2023: RMB14,500,000) as disclosed in Note 16.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 12 TIME DEPOSITS

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Time deposits (i)	—	1,800
Accrued interest (ii)	—	31
	—	1,831

- (i) Time deposits held by the Group as at 31 December 2023 bear interests at 2.05% per annum with a duration of one year.

As at 31 December 2023, the Group pledged the time deposits with carrying amount of RMB1,831,000 for the letter of guarantee.

- (ii) The interest on financial instruments accrued based on the effective interest rate method has been included in the balance of the corresponding financial instruments.

### 13 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Cash on hand	596	652
Cash at bank	407,068	416,122
Less: Restricted cash	(136,212)	(161,020)
	271,452	255,754

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 13 CASH AND CASH EQUIVALENTS (Continued)

The restricted cash represents the following balances:

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Deposits for wages of migrant labours	61,969	80,511
Cash for specific project expenditure	56,684	62,958
Restricted cash for litigation	17,246	17,246
Deposits for issuing bank acceptance notes	313	305
	<b>136,212</b>	<b>161,020</b>

### 14 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Number of issued and fully paid shares	Amount		
			Equivalent nominal value of ordinary share Unaudited RMB'000	Share premium Unaudited RMB'000	Total Unaudited RMB'000
<b>As at 1 January 2023</b>	10,000,000,000	825,400,000	7,303	280,092	287,395
Dividends	—	—	—	(6,783)	(6,783)
<b>As at 30 June 2023</b>	10,000,000,000	825,400,000	7,303	273,309	280,612
<b>As at 1 January 2024</b>	10,000,000,000	825,400,000	7,303	273,074	280,377
Dividends	—	—	—	(7,630)	(7,630)
<b>As at 30 June 2024</b>	10,000,000,000	825,400,000	7,303	265,444	272,747

The total number of issued share capital of the Company comprised 825,400,000 ordinary shares with a par value of HK\$0.01 each as at 30 June 2024 and 31 December 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 15 TRADE AND OTHER PAYABLES

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Trade payables (i)	1,302,819	1,525,923
Bills payables (i)	31,000	20,000
Retention payables (ii)	118,877	175,416
Long-term payables (iii)	217,642	202,396
Payroll and social security	23,127	20,709
Other payables	135,164	123,870
Dividends payable	7,684	—
Other tax liabilities excluding income tax liabilities	118,336	148,561
	<b>1,954,649</b>	2,216,875
<b>Less: non-current portion</b>		
Retention payables (ii)	(81,971)	(117,656)
Long-term payables (iii)	(78,957)	(59,639)
Other payables	(20,947)	(19,947)
	<b>(181,875)</b>	(197,242)
<b>Current portion</b>	<b>1,772,774</b>	2,019,633

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

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade and bills payables based on the payment requests or demand notes is as follows:

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Within 3 months	308,367	299,432
4 to 6 months	169,410	258,707
7 to 12 months	190,940	259,133
1 to 2 years	289,679	313,762
2 to 3 years	196,493	137,678
Over 3 years	178,930	277,211
	<b>1,333,819</b>	1,545,923

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 15 TRADE AND OTHER PAYABLES (Continued)

- (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 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Within 1 year	15,698	26,977
1 to 5 years	94,811	131,611
Over 5 years	8,368	16,828
	<b>118,877</b>	175,416

- (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 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Within 1 year	17,920	41,184
1 to 5 years	177,582	137,831
Over 5 years	22,140	23,381
	<b>217,642</b>	202,396

## 16 BORROWINGS

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
<b>Non-current</b>		
Long-term bank borrowings — Secured (i)	7,000	9,500
<b>Current</b>		
Long-term bank borrowings due within one year — Secured (i)	7,500	5,000
Short-term bank borrowings — Secured (ii)	299,161	188,669
<b>Total borrowings</b>	<b>313,661</b>	203,169

The loan is a fixed rate, RMB dominated loan which is carried at amortised cost. It therefore did not have any impact on the Group's exposure to foreign exchange and cash flow interest rate risk.

- (i) As at 30 June 2024, the secured long-term bank borrowings of RMB14,500,000 (As at 31 December 2023: RMB14,500,000) were guaranteed by Zhejiang Kexin Engineering Materials Co., Ltd. ("**Zhejiang Kexin**"), a third party, and were secured by the pledge of long-term trade receivables carrying amount of approximately RMB40,685,000 (As at 31 December 2023: RMB40,643,000) (Note 11).
- (ii) As at 30 June 2024, secured short-term borrowings of RMB121,500,000 (As at 31 December 2023: RMB82,000,000) were guaranteed by Third Harbor Maritime, secured short-term borrowings of RMB105,990,000 (As at 31 December 2023: RMB65,000,000) were guaranteed by Shanghai Watts Gallop Holding Group Co., Ltd. ("**Watts Gallop**"), secured short-term borrowings of RMB30,000,000 (As at 31 December 2023: nil) were guaranteed by Hangzhou Fuyang Huazi Zhongyue Enterprise Management Co., Ltd. ("**Huazi Zhongyue**") (Note 19(c)).

As at 31 December 2023, secured short-term borrowings of RMB10,000,000 were guaranteed by Third Harbor Construction.

As at 30 June 2024, short-term borrowings of RMB41,671,000 (As at 31 December 2023: RMB31,669,000) were secured by the pledged of the Group's bills receivables with net book amount of RMB41,671,000 (As at 31 December 2023: RMB31,669,000) (Note 11).

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 16 BORROWINGS (Continued)

Movements in borrowings are analysed as follows:

	Unaudited RMB'000
<b>Six months ended 30 June 2023</b>	
Opening amount as at 1 January 2023 (Audited)	245,911
New borrowings	116,491
Repayments of borrowings	<u>(146,141)</u>
Closing amount as at 30 June 2023 (Unaudited)	<u>216,261</u>
<b>Six months ended 30 June 2024</b>	
Opening amount as at 1 January 2024 (Audited)	<b>203,169</b>
New borrowings	<b>257,171</b>
Repayments of borrowings	<b><u>(146,679)</u></b>
Closing amount as at 30 June 2024 (Unaudited)	<b><u>313,661</u></b>

### 17 DIVIDENDS

At a meeting held on 28 March 2024, the Board proposed a final dividend of HK\$1.02 cents (equivalent to RMB0.92 cent) per share for the year ended 31 December 2023. This proposed dividend, representing total amount of approximately HK\$8,419,000 (equivalent to RMB7,630,000), was reflected as an appropriation of share premium for the six months ended 30 June 2024 upon approval by the Shareholders at the annual general meeting of the Company held on 25 June 2024. This final dividend has been paid in August 2024.

### 18 COMMITMENTS

#### (a) Capital commitments

As at 30 June 2024 and 31 December 2023, 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.

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

**18 COMMITMENTS** (Continued)**(b) Non-cancellable operating leases** (Continued)**As lessee** (Continued)

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

	<b>As at</b>	
	<b>30 June 2024 Unaudited RMB'000</b>	31 December 2023 Audited RMB'000
No later than 1 year	<b>608</b>	905
Later than 1 year and no later than 2 years	<b>365</b>	222
Later than 2 years and no later than 3 years	<b>111</b>	111
	<b>1,084</b>	1,238

**As lessor**

As at 30 June 2024 and 31 December 2023, the Group had no future minimum lease receivables under the non-cancellable operating leases.

**19 RELATED PARTY TRANSACTIONS**

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2024 and 2023, and balances arising from related party transactions as at the respective balance sheet dates.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 19 RELATED PARTY TRANSACTIONS (Continued)

Name and relationship with related parties are set out below:

<b>Related party</b>	<b>Relationship</b>
Mr. Wang Shizhong Watts Gallop	Ultimate controlling shareholder Controlled by the same ultimate controlling shareholder
Watts Gallop Real Estate	Controlled by the same ultimate controlling shareholder
Jiangsu Shenyu Port Engineering Co., Ltd. ("Jiangsu Shenyu")	Subsidiary of Watts Gallop
Jiangsu Watts Energy & Engineering Co., Ltd. ("Watts Energy & Engineering")	Subsidiary of Watts Gallop
Zhejiang Huazikexin Cultural Tourism Development Co., Ltd. (formerly known as Zhejiang Zhongjiao Tonglu Construction Co., Ltd.) ("Huazikexin Cultural")	Subsidiary of Watts Gallop
Third Harbor Construction Huazi Zhongyue	Subsidiary to Watts Gallop Subsidiary of Watts Gallop
Zhejiang Benteng Transportation Engineering Co., Ltd. ("Benteng Transportation")	Associate of Watts Gallop
Ningguo Huazi Zhuyou Building Materials Technology Co., Ltd. ("Ningguo Huazi Zhuyou")	Associate of Watts Gallop
Zhejiang Huazi Renewable Resources Utilization Co., Ltd ("Huazi Renewable")	Subsidiary of Watts Gallop
Shanghai Ziguang Property Management Co., Ltd. ("Ziguang Property")	Subsidiary of Watts Gallop
Hangzhou Huazi Greentown Real Estate Co., Ltd. ("Hangzhou Huazi Greentown")	Subsidiary of Watts Gallop Real Estate
Zhejiang Sanmei Real Estate Development Co., Ltd. ("Zhejiang Sanmei")	Subsidiary of Watts Gallop Real Estate

**19 RELATED PARTY TRANSACTIONS** (Continued)**(a) Transactions with related parties**

Save as disclosed elsewhere in these financial statements, during the six months ended 30 June 2024 and 2023, the following transactions were carried out with related parties at terms mutually agreed by both parties:

**(i) Provision of construction services**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	<b>2023</b> <b>Unaudited</b> <b>RMB'000</b>
<b>Continuing connected transactions</b>		
— Watts Gallop Real Estate (a)	<b>10,124</b>	6,729
— Hangzhou Huazi Greentown (a)	<b>7,743</b>	36,016
— Third Harbor Construction (a)	<b>1,560</b>	—
— Watts Gallop Real Estate (b)	<b>148</b>	—
— Huazi Renewable (a)	<b>—</b>	32,385
	<b>19,575</b>	75,130

(a) The Group has entered into construction services agreement and provided building construction services to these related parties during the six months ended 30 June 2024 and 2023.

(b) The Group has entered into construction services agreement and provided public infrastructure construction services to these related parties during the six months ended 30 June 2024.

**(ii) Purchases of goods and services**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	<b>2023</b> <b>Unaudited</b> <b>RMB'000</b>
<b>Continuing connected transactions</b>		
Purchasing raw materials		
— Jiangsu Shenyu	<b>4,327</b>	—
— Ningguo Huazi Zhuyou	<b>—</b>	602
	<b>4,327</b>	602

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 19 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with related parties (Continued)

##### (iii) Rental from related parties

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
— Huazi Renewable	750	—
— Third Harbor Construction	195	132
	<b>945</b>	<b>132</b>

##### (iv) Property service

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
<b>Continuing connected transactions</b>		
— Ziguang Property	77	131

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions were in the ordinary course of business of the Group and in accordance with terms of the underlying agreements.

##### (v) Provision of borrowings

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Certain shareholders (Note 15)	—	310

##### (vi) Repayments of borrowings

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Certain shareholders (Note 15)	—	10,000

**19 RELATED PARTY TRANSACTIONS** (Continued)**(a) Transactions with related parties** (Continued)**(vii) Key management compensation**

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	2023 Unaudited RMB'000
Salaries, wages and allowances	<b>1,102</b>	1,377
Bonuses	<b>456</b>	599
Pension costs	<b>154</b>	84
	<b>1,712</b>	2,060

**(b) Balances with related parties****(i) Amounts due from related parties**

	<b>As at</b>	
	<b>30 June</b> <b>2024</b> <b>Unaudited</b> <b>RMB'000</b>	31 December 2023 Audited RMB'000
Trade and retention receivables		
— Hangzhou Huazi Greentown	<b>84,505</b>	168,773
— Huazi Renewable	<b>33,891</b>	38,193
— Zhejiang Sanmei	<b>19,070</b>	32,101
— Benteng Transportation	<b>7,423</b>	8,001
— Watts Energy & Engineering	<b>5,209</b>	6,109
— Third Harbor Construction	<b>5,172</b>	4,295
— Watts Gallop Real Estate	<b>1,195</b>	10,225
	<b>156,465</b>	267,697

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 19 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (i) Amounts due from related parties (Continued)

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Contract assets		
— Hangzhou Huazi Greentown	76,661	76,661
— Watts Gallop Real Estate	5,296	10,891
— Huazi Renewable	1,059	1,059
	<b>83,016</b>	<b>88,611</b>

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Other receivables		
— Third Harbor Construction	28,462	3,800
— Watts Gallop	5,000	—
— Jiangsu Shenyu	2,000	2,000
— Benteng Transportation	1,169	1,169
— Hangzhou Huazi Greentown	100	100
— Ziguang Property	14	14
	<b>36,745</b>	<b>7,083</b>

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Prepayments		
— Huazi Renewable	4,300	5,050
— Ziguang Property	—	9
	<b>4,300</b>	<b>5,059</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 19 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (ii) Amounts due to related parties

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Trade and retention payables		
— Jiangsu Shenyu	5,796	3,052
— Ningguo Huazi Zhuyou	447	1,054
— Third Harbor Construction	130	130
— Ziguang Property	—	26
	<b>6,373</b>	<b>4,262</b>

	As at	
	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Other payables		
— Watts Gallop	386	388

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 19 RELATED PARTY TRANSACTIONS (Continued)

#### (c) Guarantees

As at 30 June 2024 and 31 December 2023, the Group has been guaranteed by related parties as follows:

	<b>As at</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>Unaudited RMB'000</b>	Audited RMB'000
— Watts Gallop	<b>450,000</b>	330,000
— Huazi Zhongyue	<b>156,455</b>	6,855
— Watts Gallop Real Estate	<b>114,210</b>	114,210
— Third Harbor Construction	<b>20,000</b>	20,000
	<b>740,665</b>	471,065

### 20 CONTINGENCIES

As at 30 June 2024, there are two outstanding claims against Watts Gallop Construction. According to the legal advisers for the claims, potentially liability, legal fees and costs, and interest are not expected to be significant. As such, these legal proceedings individually or in aggregate would not have material financial or operational adverse impact on the Group's condensed consolidated interim financial statements.

### 21 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no other material subsequent events undertaken by the Company or by the Group after 30 June 2024.

Acting-in-concert Confirmation	the acting-in-concert confirmation dated 22 August 2004 entered into among Mr. Wang Shizhong (王士忠), Mr. Ye Kangshun (葉康舜), Mr. Wang Xiuchun (王秀春), Ms. Zhou Meng (周萌) and Mr. Wang Shiqin (王士勤) (as supplemented by another acting-in-concert confirmation dated 25 May 2018 entered into among the same parties and Mr. Wang Likai (王利凱))
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	the Company's shares were listed on the Main Board of the Stock Exchange on 19 November 2018
Listing Date	19 November 2018, the date on which the shares of the Company were listed on the Main Board of the Stock Exchange and approved for trading
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, MYR and US\$, the major currencies used by the Group in conducting its business
MYR	Malaysian Ringgit, the lawful currency of Malaysia
PRC or China	the People's Republic of China, but for the purpose of this report 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 Taiwan



## Definitions

Prospectus	the prospectus of the Company on 30 October 2018
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 2024
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
Share Award Scheme	the share award scheme adopted by the Company on 24 March 2020
Share Option Scheme	the share option scheme conditionally approved and adopted by the Company on 19 October 2018
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.