
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Watts International Maritime Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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华滋国际海洋股份有限公司

Watts International Maritime Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2258)

**(1) CONTINUING CONNECTED TRANSACTION
2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT;
(2) PROPOSAL FOR AMENDMENTS TO THE AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION AND
ADOPTION OF THE SECOND AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from Zero2IPO Capital containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 19 to 32 of this circular.

A notice convening the EGM of the Company to be held at Room 203, Building B, Mobile Internet Innovation Park, 2816 Yixian Road, Baoshan District, Shanghai, the PRC on Thursday, 2 February 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the forthcoming EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such case, the form of proxy shall be deemed to be revoked.

11 January 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	17
LETTER FROM ZERO2IPO CAPITAL LIMITED	19
APPENDIX I — GENERAL INFORMATION	33
APPENDIX II — PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION	38
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:

“2023–2025 Master Construction Services Agreement”	the master engineering construction services agreement entered into on 7 December 2022 between the Company as service provider and Watts Gallop as service recipient, pursuant to which the Group will provide engineering construction services to Watts Gallop Group
“Amended M&A”	the second amended and restated memorandum and articles of association of the Company incorporating and consolidating all the Proposed Amendments
“Articles”	the amended and restated memorandum and articles of association of the Company currently in force
“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
“connected persons”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting (or any adjournment thereof) of the Company to be convened to consider and approve, among other things, the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder, the proposed annual caps, the Proposed Amendments and the adoption of the Amended M&A

DEFINITIONS

“Greentown Construction Agreement”	an agreement dated 1 July 2019 entered into between Watts Gallop Construction Engineering Group Co., Ltd (華滋奔騰建工集團有限公司) (“ Watts Gallop Construction ”, formerly known as Zhejiang Benteng Municipal Gardening Construction Engineering Co., Ltd. (浙江奔騰市政園林建設工程有限公司)), a direct wholly-owned subsidiary of Shanghai Municipal and an indirect wholly-owned subsidiary of the Company and Hangzhou Huazi Greentown in relation to the provision of construction services by Watts Gallop Construction to Hangzhou Huazi Greentown, the details of which are set out in the announcement of the Company dated 20 November 2019
“Group”	the Company and its subsidiaries from time to time
“Hangzhou Huazi Greentown”	Hangzhou Huazi Greentown Real Estate Co., Ltd.* (杭州華滋綠城房地產有限公司), a limited liability company established in the PRC on 9 February 2007, which is indirectly held as to an aggregate of approximately 71.79% by Mr. Wang Shizhong and the parties acting in concert with him (including Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng, Mr. Wang Shiqin and Mr. Wang Likai) and therefore is a connected person of the Company
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Zero2IPO Capital”	Zero2IPO Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps

DEFINITIONS

“Independent Shareholders”	Shareholders who do not have a material interest in the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder
“Independent Third Parties”	an individual(s) or a company(ies) who or which/are not connected person(s) of the Company within the meaning of the Listing Rules
“Latest Practicable Date”	30 December 2022, being the latest practicable date to ascertain certain information contained herein before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Construction Services Agreement”	the master engineering construction services agreement entered into on 25 September 2020 between the Company as service provider and Watts Gallop as service recipient, pursuant to which the Group will provide engineering construction services to Watts Gallop Group
“PRC”	the People’s Republic of China, which for the purpose of this circular only excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Proposed Amendments”	the proposed amendments to the Articles as set out in Appendix II to this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shanghai Municipal”	Shanghai Watts Benteng Municipal Public Engineering Co., Ltd.* (上海華滋奔騰市政工程有限公司), a company established in the PRC and acquired by the Company on 24 December 2019

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Watts Gallop”	Shanghai Watts Gallop Holding Group Co., Ltd.* (上海華滋奔騰控股集團有限公司), a company established in the PRC with limited liability and a connected person of the Company. As at the Latest Practicable Date, Watts Gallop is owned as to 56.00% by Mr. Wang Shizhong, 6.66% by Mr. Ye Kangshun, 6.00% by Mr. Wang Xiuchun, 4.00% by Mr. Li Weifei, 4.00% by Mr. Li Hongwei, 4.00% by Mr. Huang Guanming, 2.70% by Mr. Tang Jinxin, 2.06% by Mr. Pan Xinfu, 2.00% by Ms. Zhu Weier, 2.00% by Mr. Jiang Chunwei, 1.00% by Mr. Wang Likai, 1.50% by Ms. Zhou Meng, 1.36% by Mr. Shen Jianli, 1.36% by Mr. Wang Shiqin, 1.36% by Mr. Jin Yuhuan, 1.00% by Mr. Yan Xinheng, 1.00% by Mr. Lu Yang, 0.50% by Ms. Wan Yun, 0.50% by Ms. Zhu Qiulian, 0.50% by Mr. Xu Mingsong, and 0.50% by Mr. Chen Yan
“Watts Gallop Group”	Watts Gallop and its subsidiaries and/or associate from time to time

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Wang Xiuchun (*Chairman*)
Ms. Wan Yun (*Chief Executive Officer*)
Mr. Wang Lijiang
Mr. Wang Likai

Non-executive Director

Mr. Wang Shizhong

Independent Non-executive Directors

Mr. Wang Hongwei
Mr. How Sze Ming
Mr. Sun Dajian

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

Principal place of business in Hong Kong
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

*Principal place of business and headquarters
in the PRC*
5/F, Tower 17
2816 Yixian Road
Baoshan District, Shanghai, the PRC

11 January 2023

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION
2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT;
(2) PROPOSAL FOR AMENDMENTS TO THE AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION AND
ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM
AND ARTICLES OF ASSOCIATION; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

References are made to the announcements of the Company both dated 7 December 2022 in relation to (i) the 2023–2025 Master Construction Services Agreement and (ii) the Proposed Amendments and the adoption of the Amended M&A.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder and the proposed annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder and the proposed annual caps; (iii) a letter of advice from Zero2IPO Capital to the Independent Board Committee and the Independent Shareholders in relation to the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder and the proposed annual caps; (iv) information in respect of the Proposed Amendments and the adoption of the Amended M&A; and (v) a notice for convening the EGM.

2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT

As the Master Construction Services Agreement has expired on 31 December 2022, on 7 December 2022 (after trading hours), the Company as service provider and Watts Gallop as service recipient entered into the 2023–2025 Master Construction Services Agreement, pursuant to which the Group will provide engineering construction services to Watts Gallop Group from 1 January 2023 to 31 December 2025, subject to the terms and conditions provided under the 2023–2025 Master Construction Services Agreement.

The principal terms of the 2023–2025 Master Construction Services Agreement are summarized as follow:

Date

7 December 2022 (after trading hours)

Parties

- (1) the Company
- (2) Watts Gallop

Subject matter

Pursuant to the 2023–2025 Master Construction Services Agreement, the Group will, if engaged by Watts Gallop Group, provide engineering construction services to Watts Gallop Group. The engineering construction services shall include but not limited to (i) marine engineering construction services, (ii) municipal public engineering construction services and (iii) other engineering construction services that may be provided by the Group.

LETTER FROM THE BOARD

Term

The 2023–2025 Master Construction Services Agreement will be valid from 1 January 2023 to 31 December 2025.

Condition precedent

The 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder and the proposed annual caps is conditional upon the approval by the Independent Shareholders in accordance with the Listing Rules.

Pricing policy

When determining the fees to be charged by the Group for the engineering construction services to be provided by the Group under the 2023–2025 Master Construction Services Agreement, the Company will mainly consider the expected gross profit margin (based on nature, size, duration, potential risks, cost of raw material and complexity etc.). The expected gross profit margin shall be no less favourable than at least two recent comparable projects that the engineering construction services of which were provided by the Group to Independent Third Parties.

Reasons for and Benefits of the 2023–2025 Master Construction Services Agreement

The transactions contemplated under the 2023–2025 Master Construction Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The 2023–2025 Master Construction Services Agreement is intended to streamline the continuing connected transactions between the Group and Watts Gallop Group.

With years of stable and long-term business relationship between the Group and Watts Gallop Group and the Group's involvement in providing services to Watts Gallop Group since 2010, the Group is familiar with the business needs, quality standards and operation requirements of Watts Gallop Group while Watts Gallop Group is familiar with the Group's construction capacity and qualification. Based on the pricing policy of the 2023–2025 Master Construction Services Agreement, the Group is able to render revenue with terms not less favorable than Independent Third Parties. In addition, the long-term relation between the Group and Watts Gallop Group also create synergies such as more effective communication and higher work efficiency, while also reduce the administrative procedure and cost of the Group during the bidding process and less credit risk when collecting receivables.

LETTER FROM THE BOARD

Having considered the above reasons and benefits, the Board (other than Mr. Wang Xiuchun, Mr. Wang Shizhong, Mr. Wang Lijiang and Mr. Wang Likai who have abstained from voting on the relevant Board resolutions but including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) considers that the terms of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps are fair and reasonable and on normal commercial terms or better, the 2023–2025 Master Construction Services Agreement was entered in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2023–2025 Master Construction Services Agreement.

Mr. Wang Xiuchun, Mr. Wang Shizhong, Mr. Wang Lijiang and Mr. Wang Likai, being Directors of the Company, have abstained from voting on the Board resolutions approving the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder.

Proposed Annual Caps and its Basis

The historical annual caps and historical transaction amount in respect of the engineering construction services provided by the Group to Watts Gallop Group for the two years ended 31 December 2021 and ten months ended 31 October 2022 are set out below:

Historical Annual Caps under Master Construction Services Agreement and Greentown Construction Agreement

	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
Master Construction Services Agreement	RMB57 million	RMB228 million	RMB347 million
Greentown Construction Agreement	<u>RMB150 million</u>	<u>RMB120 million</u>	<u>RMB30 million</u>
Total	<u><u>RMB207 million</u></u>	<u><u>RMB348 million</u></u>	<u><u>RMB377 million</u></u>

LETTER FROM THE BOARD

Historical Transaction Amount under Master Construction Services Agreement and Greentown Construction Agreement

	Year ended 31 December 2020	Year ended 31 December 2021	Ten months ended 31 October 2022
Master Construction Services Agreement	RMB53.5 million	RMB44.3 million	RMB65.4 million
Greentown Construction Agreement ^{Note}	<u>RMB120.1 million</u>	<u>RMB46.6 million</u>	<u>RMB29.4 million</u>
Total	<u><u>RMB173.6 million</u></u>	<u><u>RMB90.9 million</u></u>	<u><u>RMB94.8 million</u></u>
Utilization rate of the Historical Annual Caps	83.9%	26.1%	25.1%

The utilization rate of annual caps under the Master Construction Services Agreement for the year ended 31 December 2021 and ten months ended 31 October 2022 was relatively low, which was mainly due to the impact of the COVID-19 pandemic (such as periodic quarantine, lockdown and travel restrictions), which led to the delay of work schedule for the Group’s ongoing construction on the projects during the years of 2021 and 2022.

Note:

As disclosed in the announcement of the Company dated 24 December 2019, the Company completed the acquisition of the entire equity interest of Shanghai Municipal on 24 December 2019 (the “**Acquisition**”), Shanghai Municipal and its subsidiaries therefore have become indirect wholly-owned subsidiaries of the Company.

Upon completion of the Acquisition, Watts Gallop Construction, a wholly-owned subsidiary of Shanghai Municipal, has become an indirect wholly-owned subsidiary of the Company. Prior to the completion of the Acquisition, Watts Gallop Construction has entered into the Greentown Construction Agreement with Hangzhou Huazi Greentown on 1 July 2019, in relation to the provision of services by Watts Gallop Construction to Hangzhou Huazi Greentown. Consequently, upon completion of the Acquisition, the transaction under the Greentown Construction Agreement has constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 20 November 2019.

As (i) the Greentown Construction Agreement was entered into between the Group and Watts Gallop Group; and (ii) the subject matters, in respect of the transactions contemplated under the Greentown Construction Agreement cover, among other things, the construction services provided/to be provided by the Group to Watts Gallop Group are covered under the 2023–2025 Master Construction Services Agreement, the historical transaction amounts under the Greentown Construction Agreement were included when calculating the total historical amounts in respect of the engineering construction services provided to Watts Gallop Group for the two years ended 31 December 2021 and the ten months ended 31 October 2022.

LETTER FROM THE BOARD

Proposed Annual Caps under 2023–2025 Master Construction Services Agreement

The proposed annual caps for the transactions contemplated under the 2023–2025 Master Construction Services Agreement for each of the three years ending 31 December 2025 are set out as follows:

	Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Proposed Annual Caps	RMB362 million	RMB178 million	RMB118 million

The proposed annual caps under the 2023–2025 Master Construction Services Agreement were determined with reference to the historical transaction amounts listed above and after taking into consideration the following factors:

- (i) the historical transaction amounts under the Master Construction Services Agreement and the Greentown Construction Agreement;
- (ii) the expected demand of the Watts Gallop Group for the engineering construction services of eleven existing projects which were expected extended or rescheduled to 2023 or 2024 and one potential new project which is expected to start in 2024; and
- (iii) buffer reserved for any unexpected delay of the construction progress or due to potential variation of estimated demand of the Watts Gallop Group for the engineering constructions services.

The Company expects that according to the project schedule, (i) for the eleven existing projects, the amount of approximately RMB314.0 million is expected to be completed for the year ending 31 December 2023 and the amount of approximately RMB59.4 million is expected to be completed for the year ending 31 December 2024; and (ii) for the one potential new project, if materialized, the amount of approximately RMB35.0 million and RMB80.0 million is expected to be completed for the years ending 31 December 2024 and 31 December 2025 respectively.

Having considered of the actual completion schedule of historical projects, the Company reserved a buffer of 20% of the amount of estimated demand of 2023 for the unexpected delay in project progress when determining the annual cap for the year ending 31 December 2024. In addition, the Company also reserved buffers of 15% of the amount of estimated demand for the unexpected variation of work for each of the three years ending 31 December 2025 due to potential variation of estimated demand of the Watts Gallop Group for the engineering constructions services.

LETTER FROM THE BOARD

Internal Control Measures Regarding Continuing Connected Transactions

After identifying the potential projects from Watts Gallop Group, the marketing department will conduct the initial assessment on the prequalification requirements and assess the Group's estimated expected profit margin based on scope of work, nature, size, duration, cost of raw material and subcontractors, complexity etc.

The marketing department and the finance department of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of the continuing connected transactions. Before submitting tenders or quotations for projects of Watts Gallop Group, the marketing department will submit a report with the terms of the tender including the basis of the derivation of the expected profit margin and at least two comparable transactions with Independent Third Parties with similar terms to the finance department for approval, which shall be considered by the finance department based on, among others, the expected gross profit margin being not less favourable than at least two recent similar types of project (in terms of nature, size, duration, potential risks, cost of raw material and complexity etc.) that the engineering construction services of which were provided by the Group to Independent Third Parties and whether the proposed annual caps under the 2023–2025 Master Construction Services Agreement will be exceeded. The Board expects that the gross profit margins for the marine engineering construction services and municipal public engineering construction services will be in the range of 2% to 12% and 5% to 15% respectively.

The Company estimates projects' gross profit margins based on available information, the Company will seek quotations from various suppliers and/or subcontractors to assist the Company in estimating the project costs and will also consider factors such as, the geographical location of the projects, the scope and quantity of work and/or services to be provided, the quantity and costs of raw materials and subcontracting services, the vessels and construction equipment to be used, and labour required to complete the projects. Furthermore, the weather condition will also be considered since the majority of port and waterway engineering work and services are performed above and/or under the water, which are prone to adverse weather and seasonal conditions and may directly or indirectly affect the gross profit margins.

In addition, independent non-executive Directors will conduct annual review in relation to the transactions contemplated under the 2023–2025 Master Construction Services Agreement and provide annual confirmations in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole in the Company's annual report.

LETTER FROM THE BOARD

Information of the Relevant Parties

The Company

The Company is a company incorporated in the Cayman Islands on 20 December 2017. The Company is a leading port, waterway, maritime engineering and municipal public engineering services provider in the PRC and is committed to the services of (i) port infrastructure, (ii) waterway engineering, (iii) construction of public infrastructure within cities, (iv) urban greening and (v) construction of buildings.

Watts Gallop

Watts Gallop is an investment holding company established under the laws of the PRC on 13 November 2003, and as at the Latest Practicable Date, its subsidiaries are principally engaged in the real estate development, investment in property, property management, property leasing, production and manufacturing of transport and storage equipment for new energy, and trade service in the PRC.

As at the Latest Practicable Date, Watts Gallop is ultimately owned as to 56.00% by Mr. Wang Shizhong, 6.66% by Mr. Ye Kangshun, 6.00% by Mr. Wang Xiuchun, 4.00% by Mr. Li Hongwei, 4.00% by Mr. Huang Guanming, 4.00% by Mr. Li Weifei, 2.70% by Mr. Tang Jinxin, 2.06% by Mr. Pan Xinfu, 2.00% by Ms. Zhu Weier, 2.00% by Mr. Jiang Chunwei, 1.50% by Ms. Zhou Meng, 1.36% by Mr. Shen Jianli, 1.36% by Mr. Wang Shiqin, 1.36% by Mr. Jin Yuhuan, 1.00% by Mr. Lu Yang, 1.00% by Mr. Yan Xincheng, 1.00% by Mr. Wang Likai, 0.50% by Ms. Wan Yun, 0.50% by Mr. Xu Mingsong, 0.50% by Ms. Zhu Qiulian, and 0.50% by Mr. Chen Yan.

Listing Rules Implications

As at the Latest Practicable Date, Mr. Wang Shizhong, a non-executive Director and a controlling shareholder of the Company, owns 56% equity interest in Watts Gallop. Mr. Wang Shizhong and the parties acting in concert with him (including Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng, Mr. Wang Shiqin and Mr. Wang Likai) together own an aggregate of 72.52% equity interest in Watts Gallop. As such, Watts Gallop is a connected person of the Company. The 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the highest annual cap under the 2023–2025 Master Construction Services Agreement exceeds 5%, the 2023–2025 Master Construction Services Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Establishment of Independent Board Committee and Appointment of Independent Financial Adviser

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder. The Company has also appointed Zero2IPO Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps.

PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board has resolved at a meeting on 7 December 2022 to propose (i) to amend and restate the memorandum and articles of association of the Company in order to conform to the core shareholder protection standards set out in Appendix 3 of the Listing Rules which took effect on 1 January 2022, and to make some house-keeping amendments; and (ii) to adopt the Amended M&A incorporating and consolidating all the Proposed Amendments, in substitution for, and to the exclusion of, the amended and restated memorandum and articles of association of the Company.

Details of the Proposed Amendments are set out in Appendix II to this circular.

The Proposed Amendments are prepared in the English language. The Chinese translation of the Proposed Amendments is for reference only. In case there are any inconsistencies between the English version and the Chinese version, the English version shall prevail.

THE EGM

The EGM will be held by the Company at Room 203, Building B, Mobile Internet Innovation Park, 2816 Yixian Road, Baoshan District, Shanghai, the PRC on Thursday, 2 February 2023 at 10:00 a.m. to consider and, if thought fit, approve (i) the transactions contemplated under the

LETTER FROM THE BOARD

2023–2025 Master Construction Services Agreement and the proposed annual caps and (ii) the Proposed Amendments and the adoption of the Amended M&A. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

The resolutions to be proposed at the EGM will be voted on by poll. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to read the notice and to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible, but in any event not less than 48 hours before the time fixed for the EGM. The completion and return of a form of proxy will not preclude you from attending and voting at the EGM in person and any adjourned meeting thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTIONS

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolution(s) at the EGM. Since HuaZi Holding Limited, Ye Wang Zhou Holding Limited, HZ&BT Development Holding Limited and Mr. Wang Lijiang which are interested in an aggregate of 571,589,556 Shares, representing approximately 69.25% of the issued share capital of the Company as at the Latest Practicable Date, have material interest in the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder, each of HuaZi Holding Limited, Ye Wang Zhou Holding Limited, HZ&BT Development Holding Limited and Mr. Wang Lijiang and their associates must abstain from voting on the resolution(s) approving the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder at the EGM ^(Notes 1, 2, 3 and 4). To the best knowledge, information and belief of the Directors, save as disclosed in this circular, none of the other Shareholders must abstain from voting on the relevant resolution(s).

Notes:

1. As at the Latest Practicable Date, (i) HuaZi Holding Limited, a company holding 315,467,967 Shares, is wholly owned by Mr. Wang Shizhong; (ii) HZ&BT Development Holding Limited, a company holding 143,542,720 Shares, is owned as to 15.71%, 15.70%, 15.70%, 10.60%, 8.08%, 7.85%, 5.34%, 5.34%, 3.92%, 3.92%, 1.96%, 1.96%, 1.96% and 1.96% by Mr. Li Hongwei, Mr. Li Weifei, Mr. Huang Guanming, Mr. Tang Jinxin, Mr. Pan Xinfu, Ms. Zhu Weier, Mr. Shen Jianli, Mr. Jin Yuhuan, Mr. Yan Xinsheng, Mr. Lu Yang, Ms. Wan Yun, Ms. Zhu Qiulian, Mr. Xu Mingsong and Mr. Chen Yan, respectively; and (iii) Ye Wang Zhou Holding Limited, a company holding 104,324,869 Shares, is owned as to 46.76%, 32.40%, 8.10%, 7.34% and 5.40% by Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng, Mr. Wang Shiqin and Mr. Wang Likai, respectively.

LETTER FROM THE BOARD

2. Pursuant to the acting-in-concert confirmation dated 22 August 2004 entered into among Mr. Wang Shizhong, Mr. Ye Kangshun, Mr. Wang Xiuchun, Ms. Zhou Meng and Mr. Wang Shiqin (as supplemented by another acting-in-concert confirmation dated 25 May 2018 entered into among the same parties and Mr. Wang Likai), they 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.
3. Mr. Wang Shizhong is the brother of Mr. Wang Shiqin, and a distant relative of Mr. Wang Xiuchun (王秀春). Mr. Wang Lijiang is the nephew of Mr. Wang Shizhong and the son of Mr. Wang Shiqin. Mr. Wang Likai is the son of Mr. Wang Shizhong.
4. Mr. Wang Xiuchun, Mr. Wang Shizhong, Mr. Wang Lijiang and Mr. Wang Likai are Directors of the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of Zero2IPO Capital) is of the view that the terms of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps are fair and reasonable and on normal commercial terms or better, the 2023–2025 Master Construction Services Agreement was entered in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder and the proposed annual caps to be proposed at the EGM.

The Directors also recommend the Shareholders to vote in favour of the resolution for approving the Proposed Amendments and the adoption of the Amended M&A.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Zero2IPO Capital to the Independent Board Committee and the Independent Shareholders and the additional information as set out in the appendices to this circular.

Yours faithfully,

By order of the Board of

Watts International Maritime Company Limited

Wang Xiuchun

Chairman and Executive Director



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)

11 January 2023

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION
2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular dated 11 January 2023 (the “**Circular**”) issued by Watts International Maritime Company Limited (the “**Company**”) to the Shareholders, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless specified otherwise.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders in respect of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps. Zero2IPO Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of Zero2IPO Capital, together with the principal factors and reasons Zero2IPO Capital has taken into consideration, are set out on pages 19 to 32 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from Zero2IPO Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps. Your attention is also drawn to the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice of Zero2IPO Capital and the relevant information contained in the Letter from the Board, we consider that the terms of the transactions contemplated under the 2023–2025 Master Construction Services Agreement and the proposed annual caps are fair and reasonable and on normal commercial terms or better, the 2023–2025 Master Construction Services Agreement was entered in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the 2023–2025 Master Construction Services Agreement, the transactions contemplated thereunder and the proposed annual caps.

Yours faithfully,

for and on behalf

The Independent Board Committee of

Watts International Maritime Company Limited

Mr. Sun Dajian

Mr. How Sze Ming

Mr. Wang Hongwei

Independent Non-executive Directors

LETTER FROM ZERO2IPO CAPITAL LIMITED

Set out below is the text of a letter received from Zero2IPO Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023–2025 Master Construction Services Agreement, the proposed annual caps and the transactions contemplated thereunder in this circular.



Unit No. 1506B, Level 15,
International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong

11 January 2023

*To the Independent Board Committee and the Independent Shareholders of
Watts International Maritime Company Limited*

Dear Sirs/Madams,

RENEWAL OF CONTINUING CONNECTED TRANSACTION 2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2023–2025 Master Construction Services Agreement (the “**Transactions**”), the proposed annual caps (the “**Proposed Annual Caps**”) and the transactions contemplated thereunder in this circular, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 11 January 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise. We recommend the Independent Board Committee to advise the Independent Shareholders to read this Circular carefully before they decide to vote for or against the 2023–2025 Master Construction Services Agreement and the Proposed Annual Caps.

With reference to the Board Letter, on 7 December 2022, the Company as service provider and Watts Gallop as service recipient entered into the 2023–2025 Master Construction Services Agreement, pursuant to which the Group will provide engineering construction services to Watts Gallop Group from the 1 January 2023 to 31 December 2025, subject to the terms and conditions provided under the 2023–2025 Master Construction Services Agreement.

LETTER FROM ZERO2IPO CAPITAL LIMITED

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee consisting of all the independent non-executive Directors, namely Mr. Wang Hongwei, Mr. How Sze Ming and Mr. Sun Dajian has been formed for the purposes of advising the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2023–2025 Master Construction Services Agreement (including the Proposed Annual Caps) and whose views and recommendation will be included in the Circular. We, Zero2IPO Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Zero2IPO Capital Limited is a licensed corporation to carry out regulated activities of advising on corporate finance under the SFO. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. We have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion regarding the 2023–2025 Master Construction Services Agreement and the Proposed Annual Caps, we have relied on the information and facts supplied, opinions expressed and representations made to us by the Directors, the management of the Group (the “**Management**”) (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the Directors and the Management were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects as at the Latest Practicable Date. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or

LETTER FROM ZERO2IPO CAPITAL LIMITED

information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We have reviewed currently available information and documents, among others: (i) the Master Construction Services Agreement and Greentown Construction Agreement (“**Existing Construction Service Agreement**”), and the 2023–2025 Master Construction Services Agreement; (ii) the Announcement; (iii) the annual report of the Company for two years ended 31 December 2021 (the “**2020&2021 Annual Report**”); (iv) the interim report for six months ended 30 June 2022 (the “**2022 Interim Report**”); (v) the internal control measures governing connected transactions of the Group; (vi) a schedule setting out a list of existing and potential new construction projects for the period between 1 January 2023 and 31 December 2025 prepared by Watts Gallop Group and confirmed by the Group (the “**Condensed Development Plan**”); and (vii) relevant market data and information available from public source which are made available to us and enable us to reach an informed view and justify our reliance on the information provided so as to provide a reasonable basis for our advice. We also held discussion with the Directors, the Management from time to time. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or prospects of the Group or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of entering the 2023–2025 Master Construction Services Agreement. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to consider events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM ZERO2IPO CAPITAL LIMITED

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources but we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have considered in assessing the 2023–2025 Master Construction Services Agreement (including the Proposed Annual Caps) in giving our recommendation to the Independent Board Committee and the Independent Shareholders are set out below:

Information on the Group

With reference to the Board Letter, 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 building.

With reference to the Company's interim report for the six months ended 30 June 2022, the Group will firmly seize the new market opportunities, highlight the main business, focus on construction, forge core technology and core team, improve market participation, and seek greater development. At the same time, the Group will focus on green construction and increase continuous investment in environmental technology business to make steady progress in the uncertain economic situation.

Information on Watts Gallop

With reference to the Board Letter, Watts Gallop is an investment holding company established under the laws of the PRC on 13 November 2003, and as at the Latest Practicable Date, its subsidiaries are principally engaged in the real estate development, investment in property, property management, property leasing, production and manufacturing of transport and storage equipment for new energy, and trade service in the PRC.

Reasons and benefits for entering the 2023–2025 Master Construction Services Agreement

With reference to the Board Letter, the transactions contemplated under the 2023–2025 Master Construction Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. With years of stable and long-term business relationship between the Group and Watts Gallop Group and

LETTER FROM ZERO2IPO CAPITAL LIMITED

the Group's involvement in providing services to Watts Gallop Group since 2010, the Group is familiar with the business needs, quality standards and operation requirements of Watts Gallop Group while Watts Gallop Group is familiar with the Group's construction capacity and qualification. Based on the pricing policy of the 2023–2025 Master Construction Services Agreement, the Group is able to render revenue with terms not less favorable than independent third parties. In addition, the long-term relation between the Group and Watts Gallop Group also creates synergies such as more effective communication and higher work efficiency, while also reduce the administrative procedure and cost of the Group during the bidding process and less credit risk when collecting receivables.

We have reviewed the 2021 Annual Report and the 2022 Interim Report and noted that the Group's consolidated revenue increased approximately 24.4% from RMB1,818.4 million for the year ended 31 December 2020 to RMB2,262.8 million for the year ended 31 December 2021, of which it was divided into marine construction segment and municipal public construction segment, with revenue of RMB871.2 million and RMB1,391.6 million respectively for the year ended 31 December 2021. The Group's consolidated revenue increased approximately 6.6% from RMB960.5 million for the six months ended 30 June 2021 to RMB1,024.0 million for the six months ended 30 June 2022, of which it was divided into marine construction segment, and municipal public construction segment, with the revenue of RMB240.3 million and RMB783.7 million, respectively for the six months ended 30 June 2022.

As confirmed by the Management, the Group and Watts Gallop Group have well-established cooperation foundation and smooth communication for over ten years, which is conducive to the implementation and furtherance of transactions. In addition, the payment by Watts Gallop Group is timely as stated in the relevant project agreement between the Group and Watts Gallop Group and well payment record through business cooperation in multiple projects. The entering into the 2023–2025 Master Construction Services Agreement will provide a stable revenue stream to the Group and further consolidate the Group's leading market status in port, waterway, municipal and construction sectors, which is in line with the Group's future plan as disclosed in the 2021 Annual Report.

As confirmed by the Directors, as the Transactions are conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis, it would be (i) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders as required by the Listing Rules, if necessary; and (ii) (if any) impracticable to seek Independent Shareholders' approval upon confirmation of the Group's successful bidding for the provision of construction services to Watts Gallop Group. Accordingly, the Directors are of the view that the Transactions will be beneficial to the Company and the Shareholders as a whole.

LETTER FROM ZERO2IPO CAPITAL LIMITED

In view of the above and that the transactions are of revenue nature, we concur with the Directors that the transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal Terms of the 2023–2025 Master Construction Services Agreement

The following table summarises the principal terms of the 2023–2025 Master Construction Services Agreement, details of which are set out under the section headed “2023–2025 MASTER CONSTRUCTION SERVICES AGREEMENT” of the Board Letter”:

Date

7 December 2022 (after trading hours)

Parties

- (1) the Company
- (2) Watts Gallop

Subject matter

Pursuant to the 2023–2025 Master Construction Services Agreement, the Group will, if engaged by Watts Gallop Group, provide engineering construction services to Watts Gallop Group. The engineering construction services shall include but not limited to (i) marine engineering construction services, (ii) municipal public engineering construction services and (iii) other engineering construction services that may be provided by the Group.

Term

The 2023–2025 Master Construction Services Agreement will be valid from the 1 January 2023 to 31 December 2025.

Condition precedent

The 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder and the Proposed Annual Caps is conditional upon the approval by the Independent Shareholders in accordance with the Listing Rules.

LETTER FROM ZERO2IPO CAPITAL LIMITED

Pricing policy and internal control measures

When determining the fees to be charged by the Group for the engineering construction services to be provided by the Group under the 2023–2025 Master Construction Services Agreement, the Company will mainly consider the expected gross profit margin of the project based on nature, size, duration, cost of raw material and complexity etc. The expected gross profit margin shall be no less favourable than at least two recent comparable projects that engineering construction services of which were provided to the independent third parties. According to the 2020&2021 Annual Report and 2022 Interim Report, the Group’s gross profit margin of marine construction segment and municipal public construction segment from 1 January 2020 to 30 June 2022 was in the range of 4.3% to 11.0% and 9.0% to 10.2% respectively. The Board expects that the gross profit margins for the marine engineering construction services and municipal public engineering construction services will be in the range of 2%-12% and 5%-15% respectively, which we consider they are acceptable.

As discussed with the Management and understood that the fee charged by Watts Gallop Group provided to the Group under the Existing Construction Agreement was determined after arm’s length negotiations between the Group and Watts Gallop Group. The relevant fee was determined based on the prevailing market price with reference to prices quoted on normal commercial terms by providers of similar services to independent third parties. The Group will adopt certain internal control measures (the “**IC Measures**”) regarding the Transactions, details of which are set out in under the section headed “INTERNAL CONTROL MEASURES REGARDING CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. According to the internal control measures of the Group, there was a comparison procedure with at least two comparable transactions with independent third parties with similar terms and the gross profit margins for the potential project shall be no less favourable than those two comparable transactions with independent third parties before submitting tenders or quotations for projects of Watts Gallop Group.

To ascertain the Group’s pricing policy standard and systematic assessment procedures, we enquired and obtained from the Group a project list of construction services by Watts Gallop Group and the independent third parties and we noticed that more than 800 projects were provided construction services by the Group to the independent third parties, and 15 projects were provided construction services by the Group to Watts Gallop Group during the period between 1 January 2020 to 30 June 2022. We consider this period is fair as the number of projects during the period is sufficient for us to review the internal control procedure and choose comparable projects. Of these 15 projects with Watts Gallop Group, we have reviewed all the internal control procedures taken by the Company such as internal control approval forms and comparison of gross profit margin with similar independent third party and noted the internal control department compared each connected project with at least two similar projects awarded by independent third parties with

LETTER FROM ZERO2IPO CAPITAL LIMITED

respect to provision of similar project services, and notice that the range of gross profit margin with the 15 projects was generally in the range of 3% to 15%, as the gross profit margin of comparison projects for the independent third parties was generally in the range of 2% to 11% respectively. We also discussed with the Management on the comparison mechanism and the basis of the expected gross profit margin (in terms of nature, size, duration, cost of raw material and complexity etc.) of projects and terms provided to the Watts Gallop Group are no less favourable than the pricing basis and terms provided to the independent third parties. We have reviewed the IC measures regarding to the Existing Construction Services Agreement taken by the Group, which is align with the IC Measures requirement. We further understood from the Management that staff from Group's marketing department and finance department were aware of the IC Measures and complied with IC Measures when conducting transactions contemplated under the Existing Construction Services Agreement. Accordingly, we do not doubt the effectiveness of the implementation of the internal procedures for the Transactions.

Based on the factors and reasons discussed above, we concur with the view of Directors that the terms of the 2023–2025 Master Construction Service Agreement are fair and reasonable and on normal commercial terms as far as the Independent Shareholders are concerned. We are also of the view that the effective implementation of the internal control measures will ensure the fair pricing of the Transactions.

Basis of the Proposed Annual Caps

(i) Review of the historical figures

The historical annual caps and historical transaction amount under the Existing Construction Services Agreement (“**Historical Annual Caps**”) for the two years ended 31 December 2021 and ten months ended 31 October 2022 are set out below,

Historical annual caps under the Existing Construction Services Agreement

	Year ended 31 December 2020	Year ended 31 December 2021	Year ending 31 December 2022
Master Construction Service Agreement	RMB57 million	RMB228 million	RMB347 million
Greentown Construction Agreement	<u>RMB150 million</u>	<u>RMB120 million</u>	<u>RMB30 million</u>
Total Historical Annual Caps	<u><u>RMB207 million</u></u>	<u><u>RMB348 million</u></u>	<u><u>RMB377 million</u></u>

LETTER FROM ZERO2IPO CAPITAL LIMITED

Historical transaction amount under the Existing Construction Services Agreement

	Year ended 31 December 2020	Year ended 31 December 2021	Ten months ended 31 October 2022
Master Construction Service Agreement	RMB53.5 million	RMB44.3 million	RMB65.4 million
Greentown Construction Agreement	RMB120.1 million	RMB46.6 million	RMB29.4 million
Total historical transaction	<u>RMB173.6 million</u>	<u>RMB90.8 million</u>	<u>RMB94.8 million</u>
Utilization rate of the Historical Annual Caps	83.9%	26.1%	25.1%

As discussed with the Management, the total contract sums in respect of the historical transactions amounted to approximately RMB173.6 million for the year ended 31 December 2020, which is close to the total Historical Annual Cap RMB207.0 million in 2020, the total contract sums in respect of the historical transactions amounted to approximately RMB 90.8 million and approximately RMB 94.8 million for the year ended 31 December 2021 and for ten months ended 31 October 2022, and the utilization rates of Historical Annual Caps as at 31 December 2021 and 31 October 2022 are relatively low, mainly due to the impact of the COVID-19 pandemic (such as periodic quarantine, lockdown and travel restrictions), which led to the delay of work schedule for the Group's ongoing construction on the projects during the years of 2021 and 2022. We also confirmed with Watts Gallop Group and concur with the Management of the low utilization rate of Historical Annual Cap are reasonable.

Assessment of the Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the 2023–2025 Master Construction Services Agreement for the each of three years ending 31 December 2025 are set out as follows:

Proposed Annual Caps under 2023–2025 Master Construction Services Agreement

	Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Proposed Annual Caps	RMB362 million	RMB178 million	RMB118 million

LETTER FROM ZERO2IPO CAPITAL LIMITED

According to the Board Letter, the Proposed Annual Caps under the 2023–2025 Master Construction Services Agreement were determined with reference to and after taking into consideration the following factors:

- (i) the historical transaction amounts under the Master Construction Services Agreement and the Greentown Construction Agreement;
- (ii) the expected demand of the Watts Gallop Group for the engineering construction services of eleven existing projects which were expected extended or rescheduled to 2023 or 2024 and one potential new project which is expected to start in 2024; and
- (iii) buffer reserved for any unexpected delay of the construction progress or due to potential variation of estimated demand of the Watts Gallop Group for the engineering constructions services.

The 2023–2025 Estimated Demand

The Group is expected to:

- (a) participate in eleven projects held by Watts Gallop Group for the year ending 31 December 2023 is mainly comprised with (i) nine engineering construction projects; and (ii) two miscellaneous projects in provision of asphalt and dredging related engineering construction services to Watts Gallop Group (“**Misc Project**”) advised by the management of the Group.
- (b) participate in twelve projects for the year ending 31 December 2024, which comprised (i) the uncompleted nine existing projects; (ii) two Misc Projects, which services estimated to be continuously provided by the Group; and (iii) one new potential project which is expected to tender in the year ending 31 December 2024.
- (c) participate in three projects for the year ending 31 December 2025, which comprised (i) two Misc Projects, which services estimated to be provided continuously by the Group; and (ii) the new potential project which is available to tender for the year ending 31 December 2024.

We have reviewed and discussed with the Management regarding the Condensed Development Plan, including but not limited to the difference between the contract values and finished work value, the expected construction process schedule of the projects and the expected workload of the ongoing projects and also confirmed by Watts Gallop Group for each of the three years ending 31 December 2025. We have also obtained the contracts of the eleven existing

LETTER FROM ZERO2IPO CAPITAL LIMITED

projects. We understood from the Management that the contract value sum of the existing nine engineering construction contracts was approximately RMB752.0 million, of which the transaction amount of approximately RMB409.1 million is expected to be completed by the year ending 31 December 2022, for the rest of workload which the amount of approximately RMB298.8 million is expected to complete for the year ending 31 December 2023 and the amount of approximately RMB44.2 million is expected to complete for the year ending 31 December 2024. As interviewed by the management from Watts Gallop Group, we also understand from the Watts Gallop Group that the anticipated workload was determined based on estimated construction schedule and during the engineering construction progress and anticipated investment amounts provided by Watts Gallop Group.

In relation to the service from the two Misc Projects, as advised by Management, it is mainly included the provision of asphalt and dredging related engineering construction services continuously to Watts Gallop Group. The demand of two Misc Projects service expect to be estimated amounted of RMB15.2 million for each of three years ending 31 December 2025 confirmed by Watts Gallop Group. We reviewed and obtained the sample contracts of two Misc Projects for the two years ended 31 December 2021 and ten months ended 31 October 2022, and understood that the two Misc Projects is on a recurring basis based on the nature of asphalt and dredging related engineering construction services which is required to perform every year. Based on the historical information, the estimated amounts of the Misc Projects for each of three years ending 31 December 2025 are in line with the historical transaction amounts for the years ended/ending 2021 and 2022.

In addition, as discussed with the management of Group and confirmed by the management of Watts Gallop Group, one potential project will be available for tender in year 2024, it is great possibility to win the tender based on the Company and Watts Gallop Group have well-established cooperation foundation and smooth communication for over ten years. And the amount of the construction project is expected to be approximately RMB35.0 million for the year ending 31 December 2024 and RMB80.0 million for the year ending 31 December 2025 according to the anticipated project schedule and anticipated investment amounts.

Taking the above factors into account, we consider the estimated demand of the Watts Gallop Group for the engineering construction services for each of three years ending 31 December 2025 to be fair and reasonable.

Buffer regarding delay in progress

As advised by the Management, a buffer of 20% workload for unexpected delay in project progress was applied on the estimated demand of the Watts Gallop Group for the engineering construction services for the year ending 31 December 2024. We have obtained a list of existing

LETTER FROM ZERO2IPO CAPITAL LIMITED

projects progress including the projects completion rate for the year ended 31 December 2021, through comparison of the actual project completion schedule and the anticipated investment amounts and anticipated project schedule of engineering construction services, there is an average of approximately 27% of project progress delay for the year ended 31 December 2021, mainly due to the severe impact of COVID-19 pandemic (such as periodic quarantine, lockdown and travel restrictions).

Taking into account the possibility due to relaxation of COVID-19 pandemic control in 2023, but the construction projects would still be possible temporarily suspended due to unsuitable weather or impact of 19th Asian Games Hangzhou to be held in 2023, a buffer of 20% amount of estimated demand in 2023 from prudent perspective was considered as the estimated delay workload which expected to be extended to the end of 2024.

Buffer regarding variation of work

As advised by the Management, when determining the proposed annual caps for the three years ending 31 December 2025, buffers regarding variation of work of 15% were applied on the estimated demand of the Watts Gallop Group for each of the three years ending 31 December 2025.

As advised by the Directors, tentative estimated contract value may vary according to, among other things, (i) ad hoc adjustments in the scope of work, such as additional works as required by Watts Gallop Group based on the anticipated construction plan during the engineering construction process or the occurrence of any unforeseeable changes which may involve unpredictable costs, shall be settled by payment subject to negotiations between the parties (ii) ad hoc requests of Watts Gallop Group in terms of hasten progress. As interviewed with the management of Watts Gallop Group, we understood the difference between the expected workload and the actual workload is quite common, and usually the actual workload is generally 15% or higher than the anticipated workload as the expected workload was planned in the situation of most tight budget.

We have reviewed the completed project list of the Group for three years ending 31 December 2022 with original contract value over RMB10 million. We noted that for those projects that has a higher actual workload than the original contract value, the difference of actual workload and original contract value was within the range of 1% to 18%.

In light of the above factors, we concur with the Directors that buffers regarding variation of work of 15% on the estimated demand of the Watts Gallop Group for the engineering construction services for each of the three years ending 31 December 2025 to be acceptable.

LETTER FROM ZERO2IPO CAPITAL LIMITED

Having considered the above factors, we are of the view that the Proposed Annual Caps for are fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenue/income to be generated from the Transactions. Consequently, we express no opinion as to how closely the actual revenue/income to be generated under the Transactions will correspond with the proposed annual caps.

LISTING RULES IMPLICATIONS

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the proposed annual caps; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps.

In the event that the total amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the 2023–2025 Master Construction Services Agreement and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM ZERO2IPO CAPITAL LIMITED

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the entering into of the 2023–2025 Master Construction Services Agreement is in the ordinary course of business of the Group; (ii) the terms of the 2023–2025 Master Construction Services Agreement are on normal commercial terms and which, altogether with the Proposed Annual Caps, are fair and reasonable, and the transactions contemplated under the 2023–2025 Master Construction Services Agreement are in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,

For and on behalf of

Zero2IPO Capital Limited

Xu Shaobo Wang Qiong

Executive Director Senior Vice President

Mr. Xu Shaobo is a licensed person registered with the Securities and Futures Commission and a responsible officer of Zero2IPO Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 5 years of experience in investment banking industry.

Ms. Wang Qiong is a licensed person registered with the Securities and Futures Commission and a responsible officer of Zero2IPO Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 5 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ASSOCIATED CORPORATIONS

At the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered on the register maintained by the Company referred to therein, or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/Chief Executive	Capacity/Nature of Interest	Number of Shares held	Approximate percentage (%) of the issued share capital of the Company
Mr. Wang Xiuchun ³	Interest held jointly with another person	419,792,836	50.86
Mr. Wang Shizhong ³	Interest in a controlled corporation	315,467,967	
	Interest held jointly with another person	104,324,869	
		419,792,836	50.86
Mr. Wang Likai ³	Interest held jointly with another person	419,792,836	50.86
Ms. Wan Yun	Beneficial owner	18,571,444	2.25
Mr. Wang Lijiang	Beneficial owner	8,254,000	1.00

Notes:

1. All interests stated are long positions.
2. The calculation is based on the total number of 825,400,000 Shares in issue as at the Latest Practicable Date.
3. HuaZi Holding Limited is beneficially and wholly owned by Mr. Wang Shizhong (王士忠). By virtue of the SFO, Mr. Wang Shizhong 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. Pursuant to 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)), they have acknowledged and confirmed, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) (the “**Acting-in-concert Confirmation**”). As such, Mr. Wang Shizhong (王士忠) and Mr. Wang Xiuchun (王秀春) are deemed to be interested in each other’s interest in the Shares.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules.

Mr. Wang Shizhong, a non-executive Director, is the director of HuaZi Holding Limited, a substantial shareholder (within the meaning of the Part XV of the SFO) of the Company. Mr. Wang Likai, an executive Director, is the director of Ye Wang Zhou Holding Limited, a substantial shareholder (within the meaning of the Part XV of the SFO) of the Company.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of Group.

5. OTHER INTEREST OF THE DIRECTORS

As at the Latest Practicable Date:

- a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2021 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- b) save as the 2023–2025 Master Construction Services Agreement and other connected transactions as disclosed in the annual report of the Company for the year ended 31 December 2021, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2021 (being the date to which the latest published audited accounts of the Group were made up) were made up.

8. EXPERT AND CONSENT

The names and the qualifications of the expert who has given opinion or advice which is contained or referred to in this circular are as follows:

Name	Qualification
<i>Zero2IPO Capital Limited</i>	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Zero2IPO Capital had no direct or indirect shareholdings in any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Zero2IPO Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report or opinion and reference to its name in the form and context in which they respectively appear.

The letter, reports and recommendation from Zero2IPO Capital is given as of the date of this circular for incorporation herein.

9. GENERAL

- a) The joint company secretaries of the Company are Mr. Wang Lijiang and Ms. Zhang Xiao. Mr. Wang Lijiang is not a member of the Hong Kong Institute of Certified Public Accountants, a member of The Hong Kong Chartered Governance Institute, nor a solicitor or barrister as defined in the Legal Practitioners Ordinance. Ms. Zhang Xiao has been an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute since 2019.
- b) The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman, KY1-1002, Cayman Islands.
- c) The principal place of business of the Company in Hong Kong is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

- d) The principal place of business and headquarters in the PRC is 5/F, Tower 17, 2816 Yixian Road, Baoshan District, Shanghai, the PRC.
- e) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- f) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

10. DOCUMENTS ON DISPLAY

Copy of the 2023–2025 Master Construction Services Agreement will be published and displayed on the website of HKEXnews at <http://www.hkexnews.hk> and on the website of the Company at <http://www.shbt-china.com> for a period of 14 days from the date of this circular.

PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED MEMORANDUM AND
ARTICLES OF ASSOCIATION

Set out below are the Proposed Amendments:

Memorandum of Association	
Before amendments	After amendments
<p>Article 1</p> <p>The name of the Company is Watts International Maritime Engineering Limited 華滋國際海洋工程有限公司. The Company is a company limited by shares.</p>	<p>Article 1</p> <p>The name of the Company is Watts International Maritime Engineering Limited Watts International Maritime Company Limited 華滋國際海洋工程有限公司. The Company is a company limited by shares.</p>
<p>Article 2</p> <p>The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman, KY1-1002, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.</p>	<p>Article 2</p> <p>The registered office of the Company is at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman, KY1-1002, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.</p>
<p>Article 5</p> <p>The Company shall have the power, subject to the provisions of the Cayman Islands Companies Law and with the approval of a special resolution, to transfer and be registered by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside of the Cayman Islands and to be de-registered in the Cayman Islands.</p>	<p>Article 5</p> <p>The Company shall have the power, subject to the provisions of the Cayman Islands Companies Law Act and with the approval of a special resolution Special Resolution, to transfer and be registered by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside of the Cayman Islands and to be de-registered in the Cayman Islands.</p>
<p>Newly added</p>	<p>Article 10</p> <p><u>The financial year end of the Company is 31 December or such other date as the Directors may from time to time decide and annex to this Memorandum.</u></p>
Articles of Association	
Before amendments	After amendments
<p>Article 1(d)</p> <p>At all times during the Relevant Period a resolution shall be a Special Resolution when it has been passed by a majority of not less than three-quarters of the votes cast by such Shareholders as, being entitled so to do, vote in person or by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representatives at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.</p>	<p>Article 1(d)</p> <p>At all times during the Relevant Period a resolution shall be a Special Resolution when it has been passed by a majority of not less than three-quarters fourths of the votes cast voting rights held by such Shareholders as, being entitled so to do, vote in person or by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representatives at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.</p>

<p>Newly added</p>	<p><u>Article 1(h)</u></p> <p><u>Subject to Article 5(a), the provisions of Special Resolutions and Ordinary Resolutions shall apply mutatis mutandis to any resolutions passed by the holders of any class of Shares.</u></p>
<p>Article 5(a)</p> <p>If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall <i>mutatis mutandis</i> apply, provided that:</p> <p>(i) the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or representing by proxy one-third in nominal value of the issued Shares of that class. In the event of any adjourned meeting as a result of a lack of quorum, two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) shall be a quorum; and</p> <p>(ii) any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.</p>	<p>Article 5(a)</p> <p>If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than <u>at least</u> three-quarters in nominal value of the issued Shares of that class, or with the sanction <u>fourths</u> of the issued Shares of that class, or with the sanction <u>approval</u> of a Special Resolution <u>resolution</u> passed by at a separate general meeting of <u>separate meeting of</u> at least three-fourths of the votes cast by <u>at least three-fourths of the votes cast by</u> the holders of the Shares of that class <u>present and voting in person or by proxy at a separate meeting of such holders</u>. To every such separate general meeting the provisions of these Articles relating to general meetings shall <u>apply</u> mutatis mutandis apply, provided that:</p> <p>(i) the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or representing by proxy <u>at least</u> one-third in nominal value of the issued Shares of that class. In the event of any adjourned meeting as a result of a lack of quorum, two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) shall be a quorum; and</p> <p>(ii) any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.</p>

<p>Article 11(b)</p> <p>Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares or other securities of the Company, to make, or make available, and may resolve not to make, or make available, any such allotment, offer, option or Shares or other securities to Shareholders or others with registered addresses in any jurisdiction outside of the Relevant Territory, or in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable, or the existence or extent of the requirement for such registration statement or special formalities might be expensive (whether in absolute terms or in relation to the rights of the Shareholder(s) who may be affected) or time consuming to determine. The Board shall be entitled to make such arrangements to deal with fractional entitlements arising on an offer of any unissued Shares or other securities as it thinks fit, including the aggregation and the sale thereof for the benefit of the Company. Shareholders who may be affected as a result of any of the matters referred to in this paragraph (b) shall not be, and shall be deemed not to be, a separate class of Shareholders for any purposes whatsoever.</p>	<p>Article 11(b)</p> <p>Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares or other securities of the Company, to make, or make available, and may resolve not to make, or make available, any such allotment, offer, option or Shares or other securities to Shareholders or others with registered addresses in any jurisdiction outside of the Relevant Territory, or in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this<u>doing so</u> would or might, in the opinion of the Board, be unlawful or impracticable, or the existence or extent of the requirement for such registration statement or special formalities might be expensive (whether in absolute terms or in relation to the rights of the Shareholder(s) who may be affected) or time consuming to determine. The Board shall be entitled to make such arrangements to deal with fractional entitlements arising on an offer of any unissued Shares or other securities as it thinks fit, including the aggregation and the sale thereof for the benefit of the Company. Shareholders who may be affected as a result of any of the matters referred to in this paragraph (b) shall not be, and shall be deemed not to be, a separate class of Shareholders for any purposes whatsoever.</p>
<p>Article 13(b)</p> <p>consolidate or divide all or any of its share capital into Shares of larger or smaller amount than its existing Shares; and on any consolidation of fully paid Shares into Shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interest or may be paid to the Company for the Company's benefit;</p>	<p>Article 13(b)</p> <p>consolidate or divide all or any of its share capital into Shares of <u>a</u> larger or smaller amount than its existing Shares; and on any consolidation of fully paid Shares into Shares of <u>a</u> larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interest or may be paid to the Company for the Company's benefit;</p>

<p>Article 17(c)</p> <p>During the Relevant Period (except when the Register is closed), any Shareholder may inspect during business hours any Register maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.</p>	<p>Article 17(c)</p> <p>During the Relevant Period (except when the Register is closed <u>in accordance with the terms equivalent to the relevant section of the Companies Ordinance</u>), any Shareholder may inspect during business hours any Register maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.</p>
<p>Article 17(d)</p> <p>The Register may be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by Ordinary Resolution determine, provided that such period shall not be extended beyond 60 days in any year).</p>	<p>Article 17(d)</p> <p>The Register may be closed <u>in accordance with the terms equivalent to the relevant section of the Companies Ordinance</u> at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by Ordinary Resolution determine, provided that such period shall not be extended beyond 60 days in any year).</p>
<p>Article 24</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given, in the manner in which notices may be sent to Shareholders of the Company as provided in these Articles, to the registered holder for the time being of the Shares, or the person entitled by reason of such holder's death, bankruptcy or winding-up to the Shares.</p>	<p>Article 24</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given, in the manner in which notices may be sent to Shareholders of the Company as provided in these Articles, to the registered holder for the time being of the Shares, or the person entitled <u>to the Shares</u> by reason of such holder's death, bankruptcy or winding-up to the Shares.</p>
<p>Article 45</p> <p>If the Board shall refuse to register a transfer of any Share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal and, except where the subject Share is not a fully paid Share, the reason(s) for such refusal.</p>	<p>Article 45</p> <p>If the Board shall refuse <u>refuses</u> to register a transfer of any Share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal and, except where the subject Share is not a fully paid Share, the reason(s) for such refusal.</p>

<p>Article 62</p> <p>At all times during the Relevant Period other than the year of the Company's adoption of these Articles, the Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 Months (or such longer period as may be authorised by the HK Stock Exchange) shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings.</p>	<p>Article 62</p> <p>At all times during the Relevant Period other than the year of the Company's adoption of these Articles, the Company shall in each financial year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 Months (or such longer period as may be authorised by the HK Stock Exchange) shall elapse between the date of onesuch annual general meeting shall be held within six months after the end of the Company and that of the next's financial year. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings.</p>
<p>Article 64</p> <p>The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.</p>	<p>Article 64</p> <p>The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of oneOne or more Shareholders holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the paid upvoting rights (on a one vote per share basis) in the share capital of the Company havingmay also make a requisition to convene an extraordinary general meeting and/or add resolutions to the rightagenda of voting at general meetings ameeting. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.</p>

<p>Article 65</p> <p>An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, the hour and the agenda of the meeting and particulars of the resolutions to be considered at that meeting and in case of special business (as defined in Article 67), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed:</p> <p>(a) in the case of a meeting called as the annual general meeting, by all the Shareholders entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent of the total voting rights at the meeting of all members of the Company.</p>	<p>Article 65</p> <p>An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, the hour and the agenda of the meeting and particulars of the resolutions to be considered at that meeting and in case of special business (as defined in Article 67), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article, <u>if permitted by the Listing Rules</u>, be deemed to have been duly called if it is so agreed:</p> <p>(a) in the case of a meeting called as the annual general meeting, by all the Shareholders entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent of the total voting rights at the meeting of all members of the Company.</p>
<p>Article 70</p> <p>The chairman (if any) of the Company or if he is absent or declines to take the chair at such meeting, the Vice chairman (if any) of the Company shall take the chair at every general meeting, or, if there be no such chairman or Vice chairman, or, if at any general meeting neither of such chairman or Vice chairman is present within 15 minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number as chairman of the meeting, and if no Director be present or if all the Directors present decline to take the chair or if the chairman chosen shall retire from the chair, then the Shareholders present shall choose one of their number to be chairman of the meeting.</p>	<p>Article 70</p> <p>The chairman (if any) of the Company or if he is absent or declines to take the chair at such meeting, the Vicevice chairman (if any) of the Company shall take the chair at every general meeting, or, if there be no such chairman or Vicevice chairman, or, if at any general meeting neither of such chairman or Vicevice chairman is present within 15 minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number as chairman of the meeting, and if no Director be present or if all the Directors present decline to take the chair or if the chairman chosen shall retire from the chair, then the Shareholders present shall choose one of their number to be chairman of the meeting.</p>

<p>Article 73</p> <p>Where a resolution is voted on by a show of hands, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution.</p>	<p>Article 73</p> <p>Where a resolution is voted on by a show of hands <u>as permitted under the Listing Rules</u>, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution.</p>
<p>Article 80</p> <p>Where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.</p>	<p>Article 80</p> <p>Where<u>All Shareholders of</u> the Company has<u>knowledge that (including a Shareholder which is a Clearing House (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration.</u> Where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.</p>
<p>Article 86</p> <p>Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Shareholder. On a poll or a show of hands votes may be given either personally (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as proxy as such Shareholder could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he acts as proxy as such Shareholder could exercise if it were an individual Shareholder.</p>	<p>Article 86</p> <p>Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. <u>A corporation which is a Shareholder may execute a form of proxy under the hand of a duly authorised officer.</u> A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Shareholder. On a poll or a show of hands votes may be given either personally (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as proxy as such Shareholder could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he acts as proxy as such Shareholder could exercise <u>as if it were an individual Shareholder present in person at any general meeting.</u></p>

<p>Article 93</p> <p>(a) Any corporation which is a Shareholder may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company, and the person so authorised shall be entitled to exercise the same rights and powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder. References in these Articles to a Shareholder present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a Shareholder represented at the meeting by such duly authorised representative.</p> <p>(b) Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 94) authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Shareholders, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including the right to vote individually on a show of hands.</p>	<p>Article 93</p> <p>(a) Any corporation which is a Shareholder may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company, and the person so authorised shall be entitled to exercise the same rights and powers on behalf of the corporation which he represents as that corporation could exercise <u>as</u> if it were an individual Shareholder. References in these Articles to a Shareholder present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a Shareholder represented at the meeting by such duly authorised representative.</p> <p>(b) Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 94) <u>appoint proxies or</u> authorise such person or persons as it thinks fit to act as its representative or representatives, <u>who enjoy rights equivalent to the rights of other Shareholders,</u> at any meeting of the Company <u>(including but not limited to general meetings and creditors meetings)</u> or at any meeting of any class of Shareholders, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including the right to <u>speak and</u> vote individually on a show of hands <u>or on a poll.</u></p>
<p>Article 106(h)</p> <p>if he shall be removed from the office by notice in writing served on him signed by not less than three-quarters in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.</p>	<p>Article 106(h)</p> <p>if he shall be removed from the office by notice in writing served on him signed by not less than three-quartersfourths in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.</p>

<p>Article 108(d)</p> <p>A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his Close Associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:</p> <p>...</p>	<p>Article 108(d)</p> <p>A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his Close Associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution); but this, <u>This</u> prohibition shall not apply to any of the following matters namely:</p> <p>...</p>
<p>Article 112</p> <p>The Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 109.</p>	<p>Article 112</p> <p>The Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill (including a casual vacancy or as an additional <u>managing</u> Director. Any other executive Director so appointed shall be subject to retirement by rotation pursuant to Article 109).</p>
<p>Article 113</p> <p>The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.</p>	<p>Article 113</p> <p>The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting <u>or these Articles</u>. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board <u>or</u> as an addition to the existing Board shall hold office only until the next following <u>first</u> annual general meeting of the Company <u>after his appointment</u> and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.</p>
<p>Article 115</p> <p>The Company may by Ordinary Resolution remove any Director (including a managing director or other executive director) before the expiration of his term of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by Ordinary Resolution elect another person in his stead. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 109.</p>	<p>Article 115</p> <p>The Company <u>Shareholders</u> may by Ordinary Resolution remove any Director (including a managing director or other executive director) before the expiration of his term of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by Ordinary Resolution elect another person in his stead. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 109.</p>

<p>Article 123</p> <p>The Board may from time to time appoint any one or more of them to the office of managing director, joint managing director, deputy managing director or other executive director and/or such other office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Article 104.</p>	<p>Article 123</p> <p>The Board may from time to time appoint any one or more of them<u>the Directors</u> to the office of managing director, joint managing director, deputy managing director or other executive director and/or such other office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Article 104.</p>
<p>Article 133</p> <p>The Board may from time to time elect or otherwise appoint one of them to the office of chairman of the Company and another to be the vice chairman of the Company (or two or more vice Chairmen) and determine the period for which each of them is to hold office. The chairman of the Company or, in his absence, the vice chairman of the Company shall preside as chairman at meetings of the Board, but if no such chairman or vice chairman be elected or appointed, or if at any meeting the chairman or vice chairman is not present within five minutes after the time appointed for holding the same and willing to act, the Directors present shall choose one of their number to be chairman of such meeting. All the provisions of Articles 104, 109, 124, 125 and 126 shall mutatis mutandis apply to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Article.</p>	<p>Article 133</p> <p>The Board may from time to time elect or otherwise appoint one of them<u>the Directors</u> to the office of chairman of the Company and another to be the vice chairman of the Company (or two or more vice Chairmen) and determine the period for which each of them is to hold office. The chairman of the Company or, in his absence, the vice chairman of the Company shall preside as chairman at meetings of the Board, but if no such chairman or vice chairman be elected or appointed, or if at any meeting the chairman or vice chairman is not present within five minutes after the time appointed for holding the same and willing to act, the Directors present shall choose one of their number to be chairman of such meeting. All the provisions of Articles 104, 109, 124, 125 and 126 shall apply mutatis mutandis apply to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Article.</p>
<p>Article 138</p> <p>The Board may delegate any of its powers to committees consisting of such member(s) of them and such other person(s) as it thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.</p>	<p>Article 138</p> <p>The Board may delegate any of its powers to committees consisting of such member(s) of them<u>it</u> and such other person(s) as it thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.</p>
<p>Article 141</p> <p>All acts <i>bona fide</i> done by any meeting of the Board or by any such committee or by any person acting as a Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee.</p>	<p>Article 141</p> <p>All-acts <i>bona fide</i> acts done by any meeting of the Board or by any such committee or by any person acting as a Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee.</p>

<p>Article 146</p> <p>The Secretary shall attend all meetings of the Shareholders and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Companies Law and these Articles, together with such other duties as may from time to time be prescribed by the Board.</p>	<p>Article 146</p> <p>The Secretary shall attend all meetings of the Shareholders and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. HeThe Secretary shall perform such other duties as are prescribed by the Companies Law and these Articles, together with such other duties as may from time to time be prescribed by the Board.</p>
<p>Article 151</p> <p>The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Relevant Territory or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit Shares), with power to sub-delegate, and may authorise the members of any regional or local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.</p>	<p>Article 151</p> <p>The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Relevant Territory or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit Shares), with the power to sub-delegate, and may authorise the members of any regional or local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, The, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.</p>

<p>Article 177</p> <p>(a) The Company shall at each annual general meeting appoint one or more firms of auditors to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board, but if an appointment is not made, the Auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of any such Director, officer or employee shall not be appointed Auditors of the Company. The Board may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditors (if any) may act. The remuneration of the Auditors shall be fixed by or on the authority of the Company in the annual general meeting except that in any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board and the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Board.</p> <p>(b) The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditors by Special Resolution at any time before the expiration of the term of office and shall, by Ordinary Resolution, at that meeting appoint new auditors in its place for the remainder of the term.</p>	<p>Article 177</p> <p>(a) The CompanyShareholders shall at each annual general meeting appoint one or more firms of auditors by Ordinary Resolution to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board, but if an appointment is not made, the Auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of any such Director, officer or employee shall not be appointed Auditors of the Company. TheSubject to compliance with the Listing Rules, the Board may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditors (if any) may act. The remuneration of the Auditors shall be fixed by or on the authority of the CompanyShareholders in the annual general meeting by Ordinary Resolution except that in any particular year the CompanyShareholders in general meeting may by Ordinary Resolution delegate the fixing of such remuneration to the Board and, subject to compliance with the Listing Rules, the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Board.</p> <p>(b) The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditors by SpecialOrdinary Resolution at any time before the expiration of the term of office and shall, by Ordinary Resolution, at that meeting appoint new auditorsAuditors in itstheir place for the remainder of the term.</p>
<p>Article 184</p> <p>A notice or document may be given by the Company to the person entitled to a Share in consequence of the death, mental disorder, bankruptcy or liquidation of a Shareholder by sending it through the post in a prepaid envelope or wrapper addressed to him by name, or by the title of representative of the deceased, the trustee of the bankrupt or the liquidator of the Shareholder, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice or document in any manner in which the same might have been given if the death, metal disorder, bankruptcy or winding up had not occurred.</p>	<p>Article 184</p> <p>A notice or document may be given by the Company to the person entitled to a Share in consequence of the death, mental disorder, bankruptcy or liquidation of a Shareholder by sending it through the post in a prepaid envelope or wrapper addressed to him by name, or by the title of representative of the deceased, the trustee of the bankrupt or the liquidator of the Shareholder, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice or document in any manner in which the same might have been given if the death, metamental disorder, bankruptcy or winding up had not occurred.</p>

<p>Article 186</p> <p>Any notice or document delivered or sent by post to, or left at the registered address of any Shareholder in pursuance of these Articles, shall notwithstanding that such Shareholder be then deceased, bankrupt or wound up and whether or not the Company has notice of his death, bankruptcy or winding up, be deemed to have duly served in respect of any registered Shares whether held solely or jointly with other persons by such Shareholder until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such Shares.</p>	<p>Article 186</p> <p>Any notice or document delivered or sent by post to, or left at the registered address of any Shareholder in pursuance of these Articles, shall notwithstanding that such Shareholder be then deceased, bankrupt or wound up and whether or not the Company has notice of his death, bankruptcy or winding up, shall be deemed to have been duly served in respect of any registered Shares whether held solely or jointly with other persons by such Shareholder until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such Shares.</p>
<p>Expression Adjustment</p>	<ol style="list-style-type: none">1. It is proposed that to amend all “Companies Law” in the Articles to “Companies Act”.2. It is proposed that to amend all “moneys” in the Articles to “monies”.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Watts International Maritime Company Limited (the “**Company**”) will be held at Room 203, Building B, Mobile Internet Innovation Park, 2816 Yixian Road, Baoshan District, Shanghai, the PRC on Thursday, 2 February 2023 at 10:00 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the 2023–2025 Master Construction Services Agreement (as defined in the circular of the Company dated 11 January 2023 (the “**Circular**”)), a copy of which is marked “A” and initialled by the Chairman of the EGM for the purpose of identification, the terms, the transactions contemplated thereunder together with the proposed annual caps as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2023–2025 Master Construction Services Agreement and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

2. “**THAT:**

- (a) the proposed amendments to the amended and restated memorandum and articles of association of the Company (the “**Proposed Amendments**”), the details of which are set out in Appendix II to the circular of the Company dated 11 January 2023, be and are hereby approved;
- (b) the second amended and restated memorandum and articles of association of the Company incorporating and consolidating all the Proposed Amendments (**Amended M&A**”), a copy of which has been produced to this meeting and marked “B” and initialled by the chairman of the meeting for the purpose of identification, be and is hereby approved and adopted as the memorandum and articles of association of the Company in substitution for, and to the exclusion of, the amended and restated memorandum and articles of association of the Company with immediate effect; and
- (c) any director, company secretary or the registered office provider of the Company be and is hereby authorised to do all such acts and things and execute all such documents, deeds and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Amended M&A, including without limitation, attending to the necessary filings with the Registrar of Companies in the Cayman Islands and Hong Kong.”

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

Shanghai, 11 January 2023

Notes:

- (i) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (ii) To be valid, the instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM if so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.
- (iv) To ascertain a member's entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed for registration of transfer of shares of the Company ("**Shares**") from Monday, 30 January 2023 to Thursday, 2 February 2023, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 27 January 2023.
- (v) References to time and dates in this notice are to Hong Kong time and dates.
- (vi) As at the date of this notice, the Board comprises Mr. Wang Xiuchun, Ms. Wan Yun, Mr. Wang Lijiang, Mr. Wang Likai as executive Directors; Mr. Wang Shizhong as non-executive Director; Mr. Wang Hongwei, Mr. How Sze Ming and Mr. Sun Dajian as independent non-executive Directors.