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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)**

## **CHANGE IN USE OF PROCEEDS**

References are made to the prospectus of Watts International Maritime Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 October 2018 (the “**Prospectus**”), the announcement of the Company dated 17 December 2020 and the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have same meanings as those defined in the Prospectus and the Annual Report.

## **CHANGE IN USE OF PROCEEDS**

The Group’s net proceeds from the Listing was approximately HK\$202.9 million (the “**Net Proceeds**”). As at the date of this announcement, the utilisation of Net Proceeds raised by the Group from the Listing is as below:

(HK\$ million)

	Original allocation of net proceeds as stated in the Prospectus	Revised allocation of net proceeds	Amount unutilised as at the date of this announcement
Funding our capital needs and cash flow under our existing projects in the PRC and Southeast Asia	65.5	21.3	—
Purchasing new vessels and construction equipment	35.7	24.5	—
Funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects ( <i>Note</i> )	—	44.2	—
Purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment ( <i>Note</i> )	—	11.2	—
Recruiting talent	13.0	13.0	—
Strategic equity investment	68.8	68.8	68.8
General working capital	19.9	19.9	—
	<u>202.9</u>	<u>202.9</u>	<u>68.8</u>

*Note:*

On 17 December 2020, the Board resolved to (i) change the use of the Net Proceeds for funding capital needs and cash flow under existing projects in the PRC and Southeast Asia which remains unutilised and approved that such amount of approximately HK\$44.2 million shall be reallocated as funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects; and (ii) change the use of Net Proceeds for purchasing new vessels and construction equipment and approved that the use of such amount of approximately HK\$11.2 million shall be expanded as purchasing new vessels and construction equipment and repair and maintenance of vessels and construction equipment. For details, please refer to the Company's announcement dated 17 December 2020.

On 15 June 2023, the Board resolved to change the use of the proceeds for strategic equity investment which remains unutilised and approved that such amount of approximately HK\$68.8 million shall be reallocated as funding the capital needs and cash flow under the Group's port, waterway and marine engineering projects (the “**Change of Use of Proceeds**”).

## REASONS FOR CHANGE IN USE OF PROCEEDS

As disclosed in the Prospectus, it was the Company's plan that approximately 33.9% of the Net Proceeds is expected to be used primarily for strategic equity investment into design institute or research and development centre focusing on port, waterway and marine engineering industry within two to three years to achieve vertical business integration and enhance the Company's integrated service capabilities. Since the Listing, the Company is proactively seeking the aforementioned investment opportunities. However, previous experience and recent market conditions have shown that it is difficult to ascertain the time scale when such opportunities would arise. In addition, the Group's actual demand of strategic equity investment is less than initial expectation.

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. Therefore, the Company is always proactively seeking the opportunities in appropriate markets and participating in tenders and undertaking contract work for, among others, port, waterway and marine engineering projects. The Group requires funds during the course of construction, such as issuance of performance deposits, subcontracting fees, construction material costs and labour costs, which are generally obtained from different sources such as internal resources and bank borrowings at the early stage of construction period.

The Change of Use of Proceeds will improve the efficiency of the use of the Net Proceeds and enable the Company to deploy its financial resources more effectively and reduce its finance costs, which will be more in line with current operational needs of the Company and will strengthen the Group's resources as the business continues to develop. Therefore, the Board considers the Change of Use of Proceeds is in the interest of the Group and the shareholders of the Company as a whole.

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

Shanghai, 15 June 2023

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