

**WATTS INTERNATIONAL MARITIME ENGINEERING LTD:**  
**THIS COMPANY HAS ALL THE HALLMARKS**  
**OF BEING A FINANCIAL SUCCESS IN YEARS TO COME**

About six months prior to the publication and dissemination of the Share Offer Prospectus of Watts International Maritime Engineering Ltd () (Code: 2258, Main Board, The Stock Exchange of Hongkong Ltd), Management had come into an agreement with regard to a financial commitment from a Pre-IPO corporate investor that had agreed to pay \$US9,584,744.54 (equivalent to 60 million renminbi) for a nine-percent stake in the Company as enlarged by the 180 million Share Subscription.

The Subscriber to the 180 million, New Shares in the Issued and Fully Paid-Up Share Capital of the Company was Worldlink Resources Ltd (), an investment company, having been incorporated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on January 23, 2013.

This HKSAR-incorporated company is wholly owned by Ms Olive Chen, a citizen of The Kingdom of Norway, but who is said to have an address in Beijing, the Capital City of the PRC.

**The Initial Public Offering (IPO) Of Watts International Maritime Engineering Ltd**

Watts International Maritime Engineering Ltd Offered a total of 206,350,000, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.20 to a high of \$HK1.56.

HKSAR Investors were Offered the opportunity to subscribe to 20,636,000 Shares and 185,714,000 Shares had been reserved for, presumably, International Investors – Institutions, Professionals, and/or select Well-Heeled Investors/Corporations – via Share Placements.

On Friday, November 16, 2018, it was announcement that the Offer Price Per Share had been struck at \$HK1.22 and that the Net Proceeds from the IPO were anticipated to be about \$HK202.90 million.

At Pages Seven and Eight of the November 16 public announcement, one was informed as to how the Net Proceeds of the IPO were intended to be utilised:

- I. Approximately, 32.30 percent, that is about \$HK65.50 million, *‘will be used primarily to fund our capital needs and cash flow under our existing projects in the PRC and Southeast Asia’*;
- II. Approximately, 17.60 percent, that is about \$HK35.70 million, *‘will be used primarily for purchasing new vessels and construction equipment’*;
- III. Approximately, 6.40 percent, that is about \$HK13.00 million, *‘will be used primarily for the recruitment of additional high quality comprehensive talent equipped with extensive port construction knowledge and working experience for both our operation in the PRC and Southeast Asia’*;
- IV. Approximately, 33.90 percent, that is about \$HK68.80 million, *‘will be used primarily for strategic equity investment into small to medium-sized design institute or research and development centre focusing on port, waterway and marine engineering industry’*; and,
- V. Approximately, 9.80 percent, that is about \$HK19.90 million, *‘will be used primarily to fund our working capital and for general corporate purposes’*.

### **The Business Of Watts International Maritime Engineering Ltd**

The business of Watts International Maritime Engineering Ltd was given in a business **‘OVERVIEW’**, contained at Page 178 of the Share Offer Prospectus, dated October 30, 2018:

*‘We are the largest non-state-owned port, waterway and marine engineering company in the PRC in terms of revenue according to Frost & Sullivan. We are also currently one of the only twelve non-state-owned enterprises in the PRC that possesses the first-grade general contractor qualification certificate granted by MOHURD [The Ministry of Housing and Urban-Rural Development of the PRC ()] for conducting port, waterway and marine engineering business in the PRC. According to Frost & Sullivan, Chinese*

*state-owned enterprises account for over 90% of the market share of the PRC port, waterway and marine engineering industry. We ranked ninth in the whole port, waterway and marine engineering industry in the PRC and we were also the second largest port, waterway and marine engineering company among all Chinese state-owned and non-state-owned companies in Southeast Asia, both in terms of revenue in 2017.*

*‘We have been operating in core and specialised areas of the PRC port, waterway and marine engineering industry, primarily focusing on port infrastructure and waterway engineering. Our port infrastructure work primarily includes wharf construction. We also conduct a small portion of other port infrastructure work, such as breakwater and revetment construction and land yard construction. Our waterway engineering work primarily includes waterway dredging and improvement and land reclamation. Throughout the years, we have gradually expanded our business to certain regions including Yangtze River Delta, Pearl River Delta, central and northern China. In 2016, we also became one of the pioneers in the PRC to set foot in Southeast Asia by expanding our business in Brunei and Indonesia following China’s Belt and Road Initiative. During the Track Record Period (the 40 months to April 30, 2018) and up to the Latest Practicable Date (October 22, 2018), we had completed 108 port infrastructure projects and 18 waterway engineering projects in the PRC. As at the Latest Practicable Date, we had a total of 37 projects in progress in the PRC and Southeast Asia, which represent contracts awarded to us but have not yet been completed, with a total contract value of approximately RMB3,221.4 million, and 11 projects on hand, which represent contracts awarded to us but have not yet been started, with a total contract value of approximately RMB859.8 million.*

*‘We have our own fleet of vessels and construction equipment that are specifically designed to carry out our port and waterway engineering work and services. As at the Latest Practicable Date, we owned two piling barges and a total of other 97 construction equipment.’*

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