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JUTAL

巨濤海洋石油服務有限公司

Jutal Offshore Oil Services Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03303)

CONNECTED TRANSACTION WITH A SUBSIDIARY OF A SUBSTANTIAL SHAREHOLDER

THE AGREEMENT

The Board is pleased to announce that on 14 November 2023 (after trading hours), the Agreement was entered into between Shenzhen Jutal and Suzhou Hengsheng, pursuant to which Shenzhen Jutal, an indirect wholly-owned subsidiary of the Company, has agreed to provide the Services and Suzhou Hengsheng has agreed to engage Shenzhen Jutal to provide the Services at the Consideration of RMB6,870,500 (equivalent to approximately HK\$7,351,435). The Agreement will be completed within 24 months after the signing of the Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement and based on the records available to the Company, Suzhou Hengsheng is a wholly-owned subsidiary of Beijing Haixin, which in turn wholly owns Sanju, a substantial shareholder and a connected person of the Company holding 641,566,556 Shares, representing approximately 32.38% of the issued share capital of the Company. Therefore, Suzhou Hengsheng is deemed as a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Agreement exceeds 0.1% but is less than 5%, the Agreement and the transactions contemplated thereunder will be subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Set out below are the principal terms of the Agreement:

Date: 14 November, 2023

Parties: (i) Shenzhen Jutal Machinery Equipment Company Limited* (深圳巨濤機械設備有限公司), as the seller.

As at the date of this announcement, Shenzhen Jutal is an indirect wholly-owned subsidiary of the Company.

Shenzhen Jutal is a company established in the PRC with limited liability. Shenzhen Jutal is principally engaged in the provision of integrated services for oil and gas industries and new energy and refining and chemical industries.

(ii) Suzhou Hengsheng New Materials Co., Ltd.* (蘇州恒升新材料有限公司), as recipient of the Services.

As at the date of this announcement and based on the records available to the Company, Suzhou Hengsheng is a wholly-owned subsidiary of Beijing Haixin, which wholly owns Sanju, a substantial shareholder and a connected person of the Company. Therefore, Suzhou Hengsheng is deemed as a connected person of the Company under the Listing Rules.

Based on the records available to the Company, Suzhou Hengsheng is a company established in the PRC with limited liability and is principally engaged in the sale of petrochemical catalysts and plastic additives, production and sale of desulfurization devices, research and development in high-tech materials, machinery and equipment design and leasing.

Provision of the Services

Pursuant to the Agreement, Shenzhen Jutal has agreed to provide the Services and Suzhou Hengsheng has agreed to engage Shenzhen Jutal to provide the Services in accordance to the quality requirements and technical standards stipulated in the Agreement.

Consideration and payment

The Consideration of RMB6,870,500 (equivalent to approximately HK\$7,351,435), which include the respective value added taxes payable by Shenzhen Jutal, shall be paid by Suzhou Hengsheng in installments by bank draft or telegraphic transfer to the bank account as designated by Shenzhen Jutal in the following manner:

- (i) RMB687,050 (the “**Initial Payment**”), being 10% of the Consideration

After the signing of the Agreement, Shenzhen Jutal will issue a VAT invoice (增值稅專用發票) for the Initial Payment to Suzhou Hengsheng who shall pay the Initial Payment to Shenzhen Jutal within 7 days of the receipt of the VAT invoice. If Suzhou Hengsheng has not settled the Initial Payment before the aforementioned payment date, Shenzhen Jutal shall have the right to suspend the work. Upon Shenzhen Jutal has received the Initial Payment, Shenzhen Jutal will commence the work for the Services.

- (ii) RMB2,748,200 (the “**Materials Fee**”), being 40% of the Consideration

Shenzhen Jutal will issue a VAT invoice for the Materials Fee to Suzhou Hengsheng who shall pay the Materials Fee to Shenzhen Jutal within 7 days of the receipt of the VAT invoice. Shenzhen Jutal will commence the procurement of project materials and calculate the project timeline after Shenzhen Jutal has received the Materials Fee.

- (iii) RMB687,050, being 10% of the Consideration, prior to the commencement of the structural work upon Shenzhen Jutal issue a VAT invoice to Suzhou Hengsheng.

- (iv) RMB1,374,100, being 20% of the Consideration, upon Shenzhen Jutal issue a VAT invoice to Suzhou Hengsheng after completing the process of container prefabrication* (容器預製).

- (v) RMB1,030,575, being 15% of the Consideration, upon Shenzhen Jutal issue a VAT invoice to Suzhou Hengsheng after the completion of the pressure testing.

- (vi) RMB343,525, the balance of the Consideration, being the remaining 5% of the Consideration, upon Shenzhen Jutal issue a VAT invoice to Suzhou Hengsheng once the delivery conditions are met.

The Consideration, which include the respective value added taxes payable by Shenzhen Jutal, was determined after arm’s length negotiations between Shenzhen Jutal and Suzhou Hengsheng based on normal commercial terms with reference to:

- (i) the amount of value added tax payable by Shenzhen Jutal;
- (ii) usual pricing standard of the industry;
- (iii) usual pricing standard of the Group;
- (iv) not less than the fee offered by the Group to the Independent Third Parties for similar Services; and
- (v) the principle of “cost-plus profit”, which is based on the estimated cost plus a profit at ordinary level with reference to the use of resource and complexity of the relevant service.

Accordingly, the Board considers that the Consideration are fair and reasonable and on normal commercial terms and are in the interest of the Company and its Shareholders as a whole.

Quality Warranty

Shenzhen Jutal shall provide a quality letter (質量保函) (the “**Warranty**”) for an amount equal to 5% of the Consideration in favour of Suzhou Hengsheng to warrant the quality of the Services provided by Shenzhen Jutal. The Warranty shall lapse after 18 months after the Delivery Date (as defined below) or 12 months after the completion of the installation of the Equipment, whichever is earlier.

Shenzhen Jutal shall also provide product certificate* (產品合格證) to Suzhou Hengsheng.

Delivery date

The tentative delivery date for the Services is 6 April 2024. The actual delivery date shall be 5 months after Shenzhen Jutal has received the Initial Payment (the “**Delivery Date**”).

If Shenzhen Jutal fails to deliver the Equipment on the Delivery Date, save and except for force majeure events, Shenzhen Jutal shall compensate Suzhou Hengsheng at the rate of 1% of the Consideration for each week of delay in the delivery of Equipment. The total compensation payable by Shenzhen Jutal under the Agreement shall not exceed 5% of the Consideration.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Company is an investment holding company. The Group is principally engaged in the provision of integrated services including high-end equipment fabrication and engineering services to customers in the energy, refinery and chemical industries. The Group has two large-scale equipment fabrication bases in Penglai site and Zhuhai site, and provides construction of large-scale module, offshore engineering and new energy equipment.

The provision of the Services is an ordinary and usual course of business of the Group and the provision of the Services under the Agreement will increase the revenue of the Group. The amount of the Consideration, was negotiated between the parties after arm’s length negotiation, which is not less than the fee offered by the Group to the Independent Third Parties for similar Services. The Group has further negotiated with Suzhou Hengsheng on the terms and conditions of the Agreement after arm’s length negotiation, and the terms and conditions of the Agreement are not less favorable than those provided by the Group to Independent Third Parties for similar Services.

Based on the above, the Directors (including the independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolution are of the opinion that, the Consideration and the terms and conditions of the Agreement have been determined on an arm’s length basis and the Agreement was entered into during the usual and ordinary course of business of the Group on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement and based on the records available to the Company, Suzhou Hengsheng is a wholly-owned subsidiary of Beijing Haixin, which in turn wholly owns Sanju, a substantial shareholder and a connected person of the Company holding 641,566,556 Shares, representing approximately 32.38% of the issued share capital of the Company. Therefore, Suzhou Hengsheng is deemed as a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Agreement exceeds 0.1% but is less than 5%, the Agreement and the transactions contemplated thereunder will be subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors have a material interest in the transaction under the Agreement. Accordingly, none of the Directors abstained from voting on the board resolutions approving the Agreement and the transaction contemplated thereunder.

DEFINITIONS

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

“Agreement”	the agreement dated 14 November 2023 and entered into between Shenzhen Jutal and Suzhou Hengsheng in relation to the provision of Services
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Haixin”	Beijing Haixin Energy Technology Co., Ltd.* (北京海新能源科技股份有限公司), a company established in the PRC with limited liability and listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange Stock Code 300072), which wholly owns Sanju, and hence is deemed as a substantial shareholder and a connected person of the Company
“Board”	the board of Directors
“Company”	Jutal Offshore Oil Services Limited (Stock Code: 03303), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB6,870,500.00 (equivalent to approximately HK\$7,351,435) for the Services
“Director(s)”	the director(s) of the Company
“Equipment”	natural gas purification units* (乾法脫硫裝置)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries and their respective associates, and the term “Independent Third Party” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sanju”	Sanju Environmental Protection (Hong Kong) Limited (三聚環保(香港)有限公司), a company incorporated in Hong Kong with limited liability, which is a substantial shareholder and a connected person of the Company
“Services”	fabrication and supply of the Equipment by Shenzhen Jutal pursuant to the Agreement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Shenzhen Jutal”	Shenzhen Jutal Machinery Equipment Company Limited (深圳巨濤機械設備有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Suzhou Hengsheng”	Suzhou Hengsheng New Materials Co., Ltd. (蘇州恒升新材料有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Beijing Haixin
“%”	per cent.

By order of the Board
Jutal Offshore Oil Services Limited
Cao Yunsheng
Executive Director

Hong Kong, 14 November 2023

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1=HK\$1.07. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the executive directors are Mr. Wang Lishan (Chairman), Mr. Cao Yunsheng and Mr. Liu Yunian, the non-executive director is Mr. Han Guimao and the independent non-executive directors are Ms. Choy So Yuk, Mr. Tam Kin Yip and Mr. Cheung Ngar Tat Eddie.

* *For identification purpose only*