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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR
ENDED 31 DECEMBER 2024**

Financial Highlights

- Revenue decreased by 19.78% to RMB2,079,022,000;
- Gross profit decreased by 13.46% to RMB567,158,000;
- The profit attributable to owners of the Company was RMB185,066,000, a decrease of 27.42% to that of year 2023;
- Basic and diluted earnings per share were RMB9.04 cents and RMB8.96 cents respectively;
- The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

The above are intended to be highlights to the salient aspects of the annual results of the Group for the year ended 31 December 2024 only. In order to acquire a comprehensive understanding of the Group's state of affairs and results of its operations, general investors are encouraged to refer to the body of this announcement for details.

The board of directors (the “**Board**”) of Jutal Offshore Oil Services Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	2,079,022	2,591,773
Cost of sales and services		(1,511,864)	(1,936,383)
Gross profit		567,158	655,390
Other income	5	26,876	30,374
Reversals of impairment losses/(Impairment losses) on trade and bills receivables		22,372	(6,122)
Reversal of impairment losses on other receivables		-	9
Impairment losses on contract assets		(20,425)	(2,935)
Administrative expenses		(313,232)	(197,932)
Other operating expenses	7	(51,671)	(72,812)
Profit from operations		231,078	405,972
Finance costs	8	(10,986)	(20,396)
Share of loss of a joint venture		(40)	-
Profit before tax		220,052	385,576
Income tax expense	9	(34,986)	(130,587)
Profit for the year	10	185,066	254,989
Attributable to:			
Owners of the Company		185,066	254,989
Earnings per share	12	RMB	RMB
Basic		9.04 cents	12.87 cents
Diluted		8.96 cents	12.87 cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2024

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Profit for the year	185,066	254,989
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	5,527	5,997
Share of other comprehensive income of a joint venture, net of related income tax	<u>1</u>	<u>-</u>
Other comprehensive income for the year, net of tax	<u>5,528</u>	<u>5,997</u>
Total comprehensive income for the year	<u><u>190,594</u></u>	<u><u>260,986</u></u>
Attributable to:		
Owners of the Company	<u><u>190,594</u></u>	<u><u>260,986</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Non-current assets			
Property, plant and equipment		932,127	917,719
Right-of-use assets		364,279	378,631
Interest in a joint venture		62	-
Goodwill		52,444	52,444
Intangible assets		4,176	5,487
Trade receivables, non-current		3,417	3,846
Deferred tax assets		8,394	5,228
		1,364,899	1,363,355
Current assets			
Inventories		93,228	110,569
Trade and bills receivables	13	284,653	1,119,485
Contract cost assets	14	1,271	1,298
Contract assets	15	476,685	504,704
Prepayments, deposits and other receivables		54,810	122,816
Derivative financial instruments		-	703
Current tax assets		1,791	-
Financial assets at fair value through profit or loss		-	58,283
Pledged bank deposits		64,618	51,069
Bank and cash balances		785,161	752,717
		1,762,217	2,721,644
Current liabilities			
Trade and bills payables	16	417,607	699,455
Contract liabilities	15	60,957	648,903
Accruals and other payables		109,317	113,742
Derivative financial instruments		1,532	7,886
Provisions	17	202,713	168,348
Bank borrowings		55,000	81,800
Other borrowings		958	-
Deferred income		2,751	4,100
Lease liabilities		7,959	7,312
Current tax liabilities		-	49,693
		858,794	1,781,239
Net current assets		903,423	940,405
Total assets less current liabilities		2,268,322	2,303,760

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
 AT 31 DECEMBER 2024

	Notes	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Non-current liabilities			
Deferred income		15,724	11,987
Lease liabilities		12,527	16,513
Bank borrowings		30,500	227,500
Deferred tax liabilities		34,170	36,021
		<hr/> 92,921	292,021
Net assets		<hr/> 2,175,401	2,011,739
Capital and reserves			
Share capital		19,145	17,783
Reserves		2,156,256	1,993,956
Total equity		<hr/> 2,175,401	2,011,739

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 10th Floor, Chiwan Petroleum Building, Shekou, Nanshan District, Shenzhen, the People's Republic of China (the "PRC"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONT'D)

(b) New and amendments to HKFRSs issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

	Effective for accounting periods beginning on or after
HKFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 9 and HKFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 - Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKAS 21 - Lack of exchangeability	1 January 2025
Amendments to HKFRS Accounting Standards - Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to Hong Kong Interpretation 5 - Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

3. ADOPTION OF NEW AND REVISED HKFRSs (CONT'D)

(b) New and amendments to HKFRSs issued but not yet effective (CONT'D)

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRSs, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by type of contract for the year is as follows:

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers within the scope of HKFRS 15	RMB'000	RMB'000
Disaggregated by type of contract		
- Revenue from construction contracts	1,858,561	2,375,682
- Trading of products	35,806	24,518
- Technical support and other services	184,655	191,573
	<u>2,079,022</u>	<u>2,591,773</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following type of contract:

For the year ended 31 December	Revenue from construction contracts		Trading products		Technical support and other services		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition								
Goods and services transferred at a point in time	7,223	12,591	35,806	24,518	1,259	-	44,288	37,109
Goods and services transferred over time	1,851,338	2,363,091	-	-	183,396	191,573	2,034,734	2,554,664
Total	<u>1,858,561</u>	<u>2,375,682</u>	<u>35,806</u>	<u>24,518</u>	<u>184,655</u>	<u>191,573</u>	<u>2,079,022</u>	<u>2,591,773</u>

For revenue from the transfer of goods and services over time, input and output methods are applied depends on the characteristics of the construction contracts and technical support and other services.

For revenue from the transfer of goods and services at a point in time, revenue is recognised when customer obtains control of the promised goods or services.

Both revenue from transfer of goods and services over time and at a point in time do not contain significant financing component.

4. REVENUE (CONT'D)

(b) **Transaction price allocated to the remaining performance obligation for contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue as follows:

	Construction contracts		Trading of products		Technical support and other services	
	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Within one year	90,234	2,105,479	-	-	82,124	142,888
More than one year but not more than two years	10,935	93,793	-	-	3,849	12,747
	<u>101,169</u>	<u>2,199,272</u>	<u>-</u>	<u>-</u>	<u>85,973</u>	<u>155,635</u>

The above amount does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts and technical support and other service contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

5. OTHER INCOME

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Net foreign exchange gains	1,325	-
Compensation income	361	4,891
Government grants recognised (note)	7,300	9,385
Interest income on bank deposits	14,673	13,409
Gain on early termination of lease contracts	10	25
Reversal of other receivable previously written off	3,000	-
Fair value change on financial assets at fair value through profit or loss	61	-
Others	146	2,664
	<u>26,876</u>	<u>30,374</u>

Note: For the year ended 31 December 2024, government grants of approximately RMB3,200,000 (2023: RMB4,184,000) are recognised in relation to compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs. Government grants of approximately RMB4,100,000 (2023: RMB5,201,000) are recognised in relation to certain research and development activities.

6. SEGMENT INFORMATION

The Group has two reportable segments as follows:

- (a) Fabrication of facilities and provision of integrated services for oil and gas industries
- (b) Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries

The Group's reportable segments are strategic business units that offer product and services to different industry sector. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segment mainly represents provision of undersea maintenance services and technical support and other services for industries other than oil and gas, new energy and refinery and chemical sectors. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'others' column.

Segment profits or losses do not include other income, certain administrative expenses and other operating expenses, finance costs, impairment losses/reversals of impairment losses on (i) trade and bills receivables; (ii) other receivables; (iii) contract assets and (iv) intangible assets and income tax expense. Segment assets do not include derivative financial instruments, current and deferred tax assets, pledged bank deposits, bank and cash balances, financial assets at fair value through profit or loss and other corporate assets. Segment liabilities do not include bank borrowings, other borrowings, derivative financial instruments, current and deferred tax liabilities and deferred income.

6. SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities:

	Fabrication of facilities and provision of integrated services for oil and gas industries	Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Revenue from external customers	1,843,134	235,589	299	2,079,022
Segment profit/(loss)	450,711	116,884	(437)	567,158
Depreciation and amortisation	113,815	1,846	212	115,873
Other material non-cash items:				
Reversal of impairment losses on trade and bills receivables, net				(22,372)
Impairment losses on contract assets				20,425
Allowances of inventories				5,258
Impairment losses on property, plant and equipment				30,510
Losses on derivative financial instruments				5,732
Additions to segment non-current assets				149,623
As at 31 December 2024				
Segment assets	2,096,722	113,688	61	2,210,471
Segment liabilities	735,379	75,694	7	811,080
Year ended 31 December 2023				
Revenue from external customers	2,377,445	202,916	11,412	2,591,773
Segment profit	532,312	122,629	449	655,390
Depreciation and amortisation	127,295	9,202	786	137,283
Other material non-cash items:				
Impairment losses on trade and bills receivables, net				6,122
Reversals of impairment losses on other receivables				(9)
Impairment losses on contract assets				2,935
Impairment losses on intangible assets				1,915
Allowances of inventories				26,488
Impairment losses on property, plant and equipment				5,365
Losses on derivative financial instruments				27,112
Additions to segment non-current assets				7,452
As at 31 December 2023				
Segment assets	3,127,061	29,699	2,308	3,159,068
Segment liabilities	1,614,650	39,290	333	1,654,273

6. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment profit or loss, assets and liabilities:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Profit or loss		
Total profit of reportable segments	567,158	655,390
Unallocated amounts:		
Finance costs	(10,986)	(20,396)
Reversals of impairment losses/(Impairment losses) on trade and bills receivables	22,372	(6,122)
Reversal of impairment losses on other receivables	-	9
Impairment losses on contract assets	(20,425)	(2,935)
Impairment losses on intangible assets	-	(1,915)
Other income	26,876	30,374
Other corporate expenses	(364,943)	(268,829)
Consolidated profit before tax for the year	<u>220,052</u>	<u>385,576</u>
Assets		
Total assets of reportable segments	2,210,471	3,159,068
Unallocated amounts:		
Bank and cash balances	785,161	752,717
Pledged bank deposits	64,618	51,069
Derivative financial instruments	-	703
Financial assets at fair value through profit or loss	-	58,283
Current tax assets	1,791	-
Deferred tax assets	8,394	5,228
Goodwill	52,444	52,444
Other corporate assets	4,237	5,487
Consolidated total assets	<u>3,127,116</u>	<u>4,084,999</u>
Liabilities		
Total liabilities of reportable segments	811,080	1,654,273
Unallocated amounts:		
Bank borrowings	85,500	309,300
Other borrowings	958	-
Derivative financial instruments	1,532	7,886
Current tax liabilities	-	49,693
Deferred income	18,475	16,087
Deferred tax liabilities	34,170	36,021
Consolidated total liabilities	<u>951,715</u>	<u>2,073,260</u>

6. SEGMENT INFORMATION (CONT'D)

Geographical information:

The Group's revenue from external customers by location of customers and information about its non-current assets (excluding interest in joint venture, deferred tax assets and trade receivables non-current portion) by location of assets are detailed below:

	Revenue		Non-current assets	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
PRC except Hong Kong	558,436	289,642	1,353,026	1,354,281
United States	35,942	39,940	-	-
Switzerland	197,956	458,717	-	-
Norway	-	244	-	-
Singapore	5,936	1,237	-	-
France	39,302	15,119	-	-
United Kingdom	8,058	200,356	-	-
Netherlands	2,226	68,741	-	-
United Arab Emirates	1,078,543	1,343,194	-	-
Others	152,623	174,583	-	-
Consolidated total	<u>2,079,022</u>	<u>2,591,773</u>	<u>1,353,026</u>	<u>1,354,281</u>

Revenue from major customers:

	Fabrication of facilities and provision of integrated services for oil and gas industries	Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Customer A	97,404	-	299	97,703
Customer B	194,593	-	-	194,593
Customer C	1,078,543	-	-	1,078,543
Customer D	-	233,363	-	233,363
Year ended 31 December 2023				
Customer A	133,585	124	8,763	142,472
Customer B	448,095	-	-	448,095
Customer C	1,330,579	-	-	1,330,579

6. SEGMENT INFORMATION (CONT'D)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% (2023: 10%) of the total revenue of the Group is as follows:

	<u>Revenue generated from</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Customer C	Fabrication of facilities and provision of integrated services for oil and gas industries	1,078,543	1,330,579
Customer D	Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	233,363	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER OPERATING EXPENSES

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Net losses on disposal of property, plant and equipment	705	269
Net foreign exchange losses	-	7,526
Allowances on inventories	5,258	26,488
Impairment losses on property, plant and equipment	30,510	5,365
Losses on derivative financial instruments	5,732	27,112
Written off of trade receivables	4,963	-
Impairment losses on intangible assets	-	1,915
Loss on deregistration of branches of a subsidiary	-	572
Loss on disposal of a subsidiary	282	-
Others	4,221	3,565
	<u>51,671</u>	<u>72,812</u>

8. FINANCE COSTS

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Interest on bank borrowings	7,592	18,601
Interest on lease liabilities	1,074	1,364
Others	<u>2,320</u>	<u>431</u>
	<u><u>10,986</u></u>	<u><u>20,396</u></u>

9. INCOME TAX EXPENSE

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Current tax - PRC Enterprise Income Tax		
Provision for the year	40,062	81,129
(Over)/Under-provision in prior years	<u>(59)</u>	<u>4,785</u>
	40,003	85,914
Deferred tax	<u>(5,017)</u>	<u>44,673</u>
	<u><u>34,986</u></u>	<u><u>130,587</u></u>

9. INCOME TAX EXPENSE (CONT'D)

(a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits arising in Hong Kong for the years ended 31 December 2024 and 2023.

(b) PRC Enterprise Income Tax

Pursuant to relevant laws and regulations in the PRC, the applicable PRC Enterprise Income Tax rates of the Group's PRC subsidiaries are as follows:

(i) Penglai Jutal Offshore Engineering Heavy Industries Company Limited ("Penglai Jutal")

Penglai Jutal was approved to be recognised as a new and high technology enterprise starting from 12 December 2022 to 11 December 2025.

During the year ended 31 December 2024, Penglai Jutal has met all required conditions and is therefore entitled to enjoy a reduced income tax rate of 15% (2023:15%).

(ii) Zhuhai Jutal Offshore Oil Services Company Limited ("Zhuhai Jutal")

Zhuhai Jutal was approved to be recognised as a new and high technology enterprise starting from 9 December 2020 to 8 December 2023. During the year ended 31 December 2023, Zhuhai Jutal has applied and being approved to continue to be recognised as a new and high technology enterprise for another three years until 27 December 2026.

During the year ended 31 December 2024, Zhuhai Jutal has met all required conditions and is therefore entitled to enjoy a reduced income tax rate of 15% (2023:15%).

(iii) The tax rate applicable to other Group's PRC subsidiaries were 25% (2023: 25%) during the year.

(c) Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Profit before tax	<u>220,052</u>	<u>385,576</u>
Tax at the PRC enterprise income tax rate of 25% (2023: 25%)	55,013	96,394
Tax effect of income that is not taxable	(3,124)	(231)
Tax effect of expenses that are not deductible	19,548	15,792
Tax effect of tax loss previously not recognised	(15,936)	(1,958)
Tax effect of tax losses not recognised	2,558	17,930
Deferred tax on undistributed earnings of the PRC subsidiaries	(1,392)	1,962
Tax effect on deferred tax assets previously recognised	8,750	53,323
Tax benefit for qualifying research and development expenses	(6,442)	(6,589)
(Over)/Under -provision in prior years	(59)	4,785
Effect of different tax rates of subsidiaries	<u>(23,930)</u>	<u>(50,821)</u>
Income tax expense	<u><u>34,986</u></u>	<u><u>130,587</u></u>

10. PROFIT FOR THE YEAR

The Group's profit for the year is stated after (crediting)/charging the following:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	374,515	352,313
Retirement scheme contributions	36,888	31,623
Share-based payments	116,221	3,506
	<u>527,624</u>	<u>387,442</u>
(b) Other items:		
	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Amortisation of intangible assets	1,311	1,716
Depreciation on property, plant and equipment	95,775	115,417
Depreciation on right-of-use assets	18,787	20,150
Net loss on disposals of property, plant and equipment*	705	269
Net foreign exchange (gains)/losses*	(1,325)	7,526
Research and development expenditure	78,262	99,557
Auditor's remuneration	1,650	1,550
Cost of inventories utilised in construction contracts and sold	324,917	513,840
Cost of service	356,826	257,320
Allowances for inventories*	5,258	26,488
(Reversals of impairment losses)/Impairment losses on trade and bills receivables	(22,372)	6,122
Impairment losses on contract assets	20,425	2,935
Impairment losses on property, plant and equipment*	30,510	5,365
Impairment losses on intangible assets	-	1,915
Losses on derivative financial instruments*	5,732	27,112

*This amount is included in "Other income" / "Other operating expenses".

11. DIVIDENDS

Dividends attributable to the year

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Interim dividend of HK\$0.03 per ordinary share	54,882	-

There was no dividends attributable to the previous financial year, approved and paid during the year.

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>185,066</u>	<u>254,989</u>
	<u>2024</u>	<u>2023</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,047,506,859	1,981,598,389
Effect of dilutive potential ordinary shares arising from share options	<u>18,049,634</u>	<u>78,022</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,065,556,493</u>	<u>1,981,676,411</u>

Basic earnings per share attributable to owners of the Company is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the year. For the year ended 31 December 2024, the number of shares used in the calculation of basic earnings per share include the weighted average number of shares in issue and vested shares at nil consideration less shares not yet awarded held for share award scheme.

Diluted earnings per share attributable to owners of the Company is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue during the year after adjusting for the number of diluted potential ordinary shares granted under the Company's share option scheme.

13. TRADE AND BILLS RECEIVABLES

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Trade receivables	365,421	1,215,162
Allowance for doubtful debts	<u>(78,701)</u>	<u>(101,073)</u>
	286,720	1,114,089
Bills receivables	<u>1,350</u>	<u>9,242</u>
	<u>288,070</u>	<u>1,123,331</u>
	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Classified as:		
Trade receivables, non-current	3,417	3,846
Trade and bills receivables, current	<u>284,653</u>	<u>1,119,485</u>
	<u>288,070</u>	<u>1,123,331</u>

The Group's trading terms with customers are mainly on credit. The credit terms other than retentions receivables generally range from 30 to 90 days. The credit terms for retentions receivables generally range from 12 to 24 months after completion of the respective construction and other services contracts. The credit terms for bills receivables generally range from 180 to 270 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the directors.

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Billed		
0 to 30 days	136,215	867,651
31 to 90 days	115,542	229,171
91 to 365 days	30,277	16,704
Over 365 days	<u>42,500</u>	<u>58,821</u>
	324,534	1,172,347
Unbilled (note a)	<u>40,887</u>	<u>42,815</u>
	<u>365,421</u>	<u>1,215,162</u>

Note a: The unbilled balance mainly in relation to provision of construction and other services which will be billed in accordance with the payment terms stipulated in the relevant contracts entered into between the Group and the contract customers. As at 31 December 2024, unbilled balance of RMB3,417,000 (2023: RMB3,846,000) will be billed after one year from the end of the reporting date.

13. TRADE AND BILLS RECEIVABLES (CONT'D)

As at 31 December 2024, trade receivables aged over 90 days includes retentions receivables amounted to approximately RMB11,208,000 (2023: RMB12,820,000).

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
RMB	274,298	1,026,749
United States Dollar ("US\$")	12,468	95,306
Hong Kong Dollar ("HK\$")	<u>1,304</u>	<u>1,276</u>
Total	<u><u>288,070</u></u>	<u><u>1,123,331</u></u>

14. CONTRACT COST ASSETS

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Contract cost assets	<u><u>1,271</u></u>	<u><u>1,298</u></u>

The amount represents the costs incurred relate directly to an existing contract or to specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. The movement of the contract cost assets is as follows:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
At 1 January	1,298	10,091
Additions	-	26
Amortisation for the year	<u>(27)</u>	<u>(8,819)</u>
At 31 December	<u><u>1,271</u></u>	<u><u>1,298</u></u>

15. CONTRACT ASSETS / CONTRACT LIABILITIES

Contract assets	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Arising from performance under construction contracts	393,058	453,074
Arising from performance under technical support and other services	<u>83,627</u>	<u>51,630</u>
	<u><u>476,685</u></u>	<u><u>504,704</u></u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and bills receivables"	<u><u>288,070</u></u>	<u><u>1,123,331</u></u>

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. Payment for technical support and other services are not due from the customer until the related services are complete and therefore a contract asset is recognised over the period in which the technical support and other services are performed to represent the entity's right to consideration for the services performed to date.

During the reporting period, decrease in contract assets mainly due to decrease in recognising revenue before being unconditionally entitled to the consideration under the payment terms set out in respective contracts.

The amount of revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous period is RMB176,000 (2023: RMB1,860,000), mainly due to the changes in the final transaction price of certain construction and service contracts.

No contract assets is expected to be recovered after more than one year (2023: Nil).

15. CONTRACT ASSETS / CONTRACT LIABILITIES (CONT'D)

Contract liabilities	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Billings in advance of performance obligation		
- Construction contracts	57,875	640,133
- Technical support and other services	<u>3,082</u>	<u>8,770</u>
	<u>60,957</u>	<u>648,903</u>

Contract liabilities relating to construction contracts/technical support and other services are balances due to customers under construction contracts/technical support and other services. These arise if a particular milestone payment exceeds the revenue recognised to date under the percentage of completion method.

During the reporting period, decrease in the contract liabilities balance mainly because of decrease in advance payments from contract customers and the fulfilment of performance obligations.

Movements in contract liabilities:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Balance at 1 January	648,903	128,220
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(641,320)	(120,877)
Increase in contract liabilities as a result of billing in advance of construction activities	<u>53,374</u>	<u>641,560</u>
Balance at 31 December	<u>60,957</u>	<u>648,903</u>

No billings in advance are expected to be recognised as income after more than one year (2023: Nil).

16. **TRADE AND BILLS PAYABLES**

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Trade payables	417,607	652,050
Bills payables	-	47,405
	<u>417,607</u>	<u>699,455</u>

The ageing analysis of trade payables, based on the date of receipt of goods and services, is as follows:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
0 to 30 days	279,475	530,981
31 to 90 days	45,832	41,295
91 to 365 days	36,113	21,325
Over 365 days	56,187	58,449
	<u>417,607</u>	<u>652,050</u>

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	<u>2024</u> RMB'000	<u>2023</u> RMB'000
RMB	412,865	694,026
US\$	1,779	4,030
Euro	1,907	1,284
HK\$	117	115
GBP	939	-
Total	<u>417,607</u>	<u>699,455</u>

17. PROVISIONS

	<u>Warranty provision (note (i))</u>		<u>Provision for onerous contract (note (ii))</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	168,348	59,685	-	72,232	168,348	131,917
Additional provisions	36,128	114,476	-	-	36,128	114,476
Provisions used	(1,135)	-	-	(72,232)	(1,135)	(72,232)
Unused provisions reversed	(628)	(5,813)	-	-	(628)	(5,813)
At 31 December	202,713	168,348	-	-	202,713	168,348

Note:

- (i) The warranty provision represents the Group's best estimate of the Group's liability under 18 - 84 months (2023: 18 - 84 months) warranties granted to its customers in relation to certain construction contracts under which defective works are rectified or replaced.

The amount of the warranty provision is estimated based on past experience and current expectation of the level of defective works and the estimation basis is reviewed on an ongoing basis and revised where appropriate.

- (ii) The provision for onerous contracts related to the Group's exposure to the unavoidable cost of meeting its obligations under the contract, which exceeds the expected benefits to be received by the Group. The provision was measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

BUSINESS REVIEW

In 2024, the global economy demonstrated resilience amidst multiple challenges, though uncertainties remained due to factors such as geopolitical conflicts and rising trade protectionism. In this complex environment, the energy industry exhibited a trend of “resilience with evolving developments”, with natural gas consumption reaching a record high, the share of renewable energy increasing, and the green transition progressing steadily.

Over the past year, the Group has navigated numerous challenges arising from both macroeconomic conditions and market challenges. Notably, in June 2024, Penglai Jutal Offshore Engineering Heavy Industries Company Limited* (蓬萊巨濤海洋工程重工有限公司) (“**Penglai Jutal**”), a wholly-owned subsidiary of the Company, was included in the Specially Designated Nationals and Blocked Persons List (“**SDN List**”) by the Office of Foreign Assets Control (“**OFAC**”) of the United States Department of the Treasury. Although the Group currently does not have any asset or business in the United States, this development has significantly affected intentions of some clients for the business cooperation and is bringing uncertainties to Penglai Jutal’s potential orders and some contracts settlement, which may have a significant adverse impact on part of the Group's business development.

Demonstrating unwavering resilience in the face of challenges, the Group closely monitored the situation, conducted ongoing assessments, and maintained proactive communication with all relevant parties. It implemented various measures to address accounts receivable issues, strengthened risk management throughout its operations, and advanced its business initiatives in a steady and sound manner. Through unwavering efforts, the Group successfully delivered outstanding performance across existing projects, achieving robust results.

In accordance with the business development strategic plan, the Group has established a detailed engineering department in the second half of 2024 to establish a full-professional engineering team related to detailed module design and develop design management processes and standards to form detailed design capabilities for the module business and promote the strategic transformation of the module business to high added value.

During the year, the Group also continued to upgrade and renovate its construction site, expanding site areas and equipment to meet project assembly requirements.

During the reporting period, the Group continued its efforts to reduce costs and improve efficiency. Specifically, it promoted the localization of project materials, reformed and optimized operational plans and processes, and further advanced the upgrade and application of digital systems and intelligent equipment. The Group successfully developed system functionalities covering design, supply chain management, construction, and work-hour tracking, thereby enhancing operational and management efficiency.

The Group places great importance on safety management and fosters a culture of care, with leaders at all levels actively engaging in the integration of safety and production management. In 2024, the Group intensified health, safety and environmental protection training, strengthened on-site inspections, and maintained a strong record in project safety and production quality. Lost workday incident rate has remained at zero for ten consecutive years, with a total of 133 million safe working hours without lost workdays. All projects successfully met their quality targets, with no major quality incidents or significant customer complaints, earning a high level of customer satisfaction.

* For identification purpose only

PROSPECTS

The global economy is expected to maintain moderate-to-low growth through 2025. However, geopolitical uncertainties and trade protectionism may pose challenges to the recovery process. Emerging markets will remain the primary drivers of global economic growth, while China seeks to consolidate its position in the global economy through green transformation and industrial upgrading.

Global energy demand is expected to experience modest growth, with the share of fossil fuels in the primary energy consumption mix gradually declining. The transformation towards a green and low-carbon economy remains a long-term trend. In this context, both nations and businesses must strengthen resilience amidst uncertainty, leveraging innovation and collaboration to navigate changes and seize new opportunities.

The future development of offshore wind power in both China and internationally is characterized by rapid growth and technological innovation. At the end of 2024, the Ministry of Natural Resources of the PRC introduced policies aimed at advancing offshore wind power development in deeper and more remote waters, while optimizing the utilization of maritime resources. In overseas markets, Europe and the Asia-Pacific region are expected to see mid-to-long-term demand growth, with deep-sea and floating wind power technologies emerging as global priorities.

Based on industry trends and feedback from relevant project tracking, the offshore wind power market is expected to present significant opportunities in the coming years. The Group is actively advancing its business transformation and upgrading efforts, positioning offshore wind power equipment construction as a key focus for its future development. To this end, the Group has established a dedicated business development team to implement targeted strategic plans to seize business opportunities in various regional markets. At the same time, the Group will continue to enhance the EPC capabilities of its existing module business.

Given that the current site conditions and related facilities are insufficient to meet the capacity requirements of upcoming prospective large-scale projects and wind power construction projects, the Group will commence the construction of a new quay in Zhuhai and introduce advanced facilities and equipment. Further site construction and modifications will be arranged in a timely manner based on order demand.

In the new year, the Group will implement its strategic plan with a focus on seizing opportunities, identifying risks, advancing reforms, and continuously enhancing its competitiveness in pursuit of new breakthroughs.

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL AND BUSINESS REVIEW

Revenue

As compared with last year, the workload of the Group's construction sites decreased. In year 2024, the Group recorded a revenue of approximately RMB2,079,022,000 representing a decrease of 19.78% or RMB512,751,000 as compared with that of year 2023. Among them, revenue from the fabrication of facilities and provision of integrated services for oil and natural gas industries decreased by 22.47% or RMB534,311,000 as compared with that of year 2023. Revenue from the fabrication of facilities and provision of integrated services for new energy and refining and chemical industries increased by 16.10% or RMB32,673,000 as compared with that of year 2023, and other revenue decreased by 97.38% or RMB11,113,000 as compared with that of year 2023.

The table below sets out the analysis of revenue by business segments for the years 2024, 2023 and 2022 respectively:

Business Segments	For the financial year ended 31 December					
	2024		2023		2022	
	RMB'000	Percentage to total revenue (%)	RMB'000	Percentage to total revenue (%)	RMB'000	Percentage to total revenue (%)
1 Fabrication of facilities and provision of integrated services for oil and gas industries	1,843,134	92	2,377,445	91	1,569,849	90
2 Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	235,589	8	202,916	8	167,142	9
3 Others	299	-	11,412	1	13,936	1
Total	2,079,022	100	2,591,773	100	1,750,927	100

Cost of sales and services

Cost of sales and services of the Group amounted to approximately RMB1,511,864,000 in year 2024, representing a decrease of approximately 21.92% or approximately RMB424,519,000 as compared with RMB1,936,383,000 in year 2023. Cost of sales and services comprised direct costs and manufacturing overheads. Direct costs in the current year amounted to approximately RMB1,295,770,000, representing approximately 85.71% of the total cost of sales and services, and a decrease of approximately RMB417,051,000 or approximately 24.35% from RMB1,712,821,000 of last year. The Group calculates the cost of sales and services of projects on an order-by-order basis. Since the composition of cost differs for each project, the composition of cost of sales and services varies from project to project. Manufacturing overheads have decreased by approximately RMB7,468,000 or 3.34% from RMB223,562,000 in last year to approximately RMB216,094,000 in year 2024.

Gross profit

The total gross profit of the Group for the year 2024 amounted to approximately RMB567,158,000, representing a decrease of approximately 13.46% or approximately RMB88,232,000 as compared with RMB655,390,000 in year 2023. The overall gross profit margin rose to approximately 27.28% from 25.29% of last year. The gross profit margin of the fabrication of facilities and provision of integrated services for oil and natural gas industries rose from 22.39% in year 2023 to approximately 24.45%. The gross profit margin of the fabrication of facilities and provision of integrated services for new energy and refining and chemical industries dropped from 60.43% in year 2023 to approximately 49.61%. The gross profit margin of other businesses dropped from 3.93% in year 2023 to a gross loss rate of approximately 146.15%. Changes in business structure resulted in various changes in the gross profit margin of different business segments during the current period. In addition to changes in business composition, the increase in the overall gross profit margin was mainly due to the Group's improvement in project management and strictly controlled costs, which resulted in higher gross profit in some items.

The following shows the breakdown of gross profit/(loss) by business segments for the years 2024, 2023 and 2022 respectively:

Business Segments	For the financial year ended 31 December								
	2024			2023			2022		
	RMB'000	Gross profit margin (%)	Percentage to total gross profit (%)	RMB'000	Gross profit margin (%)	Percentage to total gross profit (%)	RMB'000	Gross profit margin (%)	Percentage to total gross profit (%)
1 Fabrication of facilities and provision of integrated services for oil and gas industries	450,711	24	79	532,312	22	81	102,857	7	242
2 Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	116,884	50	21	122,629	60	19	(60,886)	(36)	(143)
3 Others	(437)	(146)	-	449	4	-	559	4	1
Total	567,158		100	655,390		100	42,530		100

Other income

Other income of the Group in year 2024 amounted to approximately RMB26,876,000, mainly comprising interest income from bank deposits and income from government grants.

Administrative and other operating expenses

Administrative and other operating expenses in aggregate increased by approximately 34.78% or approximately RMB94,159,000 as compared with that of year 2023 to approximately RMB364,903,000. Among them, the administrative expenses increased by approximately RMB115,300,000 as compared with that of year 2023, primarily resulting from the increase in the accrued employee compensation and the share based payment expense recognized in the year. Other operating expenses decreased by approximately RMB21,141,000.

Finance costs

Finance costs in aggregate amounted to approximately RMB10,986,000 in year 2024, which was mainly comprised of interests on bank borrowings of approximately RMB7,592,000 and bank charges and other finance costs of approximately RMB3,394,000.

Profit attributable to owners of the Company and profit per share

In summary, in year 2024, profit attributable to owners of the Company amounted to approximately RMB185,066,000 (2023: RMB254,989,000). Basic and diluted earnings per share attributable to owners of the Company for year 2024 was approximately RMB9.04 cents and RMB8.96 cents respectively.

2. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the working funds (cash and cash equivalent) of the Group amounted to approximately RMB785,161,000 (2023: RMB752,805,000). During the year, net cash inflow from operating activities amounted to approximately RMB477,366,000, net cash outflow from investing activities amounted to approximately RMB79,011,000, and net cash outflow from financing activities amounted to approximately RMB373,867,000.

As at 31 December 2024, the Group had approximately RMB200,000,000 (2023: RMB104,290,000) of available undrawn banking facilities. Available undrawn banking facilities include bank borrowings, letters of credit, etc.

As at 31 December 2024, the Group had obtained bank guarantees under performance bonds for construction contracts of approximately RMB270,100,000 (2023: RMB299,066,000).

3. CAPITAL STRUCTURE

As of 31 December 2024, the share capital of the Company comprises 2,131,598,389 ordinary shares (2023: 1,981,598,389 ordinary shares). As at 31 December 2024, net assets of the Group amounted to approximately RMB2,175,401,000 (2023: RMB2,011,739,000), comprising non-current assets of approximately RMB1,364,899,000 (2023: RMB1,363,355,000), net current assets of approximately RMB903,423,000 (2023: RMB940,405,000) and non-current liabilities of approximately RMB92,921,000 (2023: RMB292,021,000).

4. SIGNIFICANT INVESTMENT

In the first half of this year, the renovation works of the west factory area of Penglai site were in the peak level and the renovation is expected to be completed in 2025.

Except as mentioned above, during the year ended 31 December 2024, the Group had no other significant investments, acquisitions or disposals.

5. FOREIGN EXCHANGE RISK

The principal place of production and operation of the Group is in the PRC, and the functional currency of the principal operating subsidiaries of the Group is RMB. The Group also operates its business overseas and possesses assets which are denominated in currencies other than RMB. Fluctuation of RMB against other currencies like United States Dollars (“USD”) and Euros would bring certain foreign exchange risk to the Group. The Group would minimise the volume of business settlement and assets which were denominated in other currencies like USD and Euros, perform rolling estimates on foreign exchange rates, and would consider potential foreign exchange risk when entering business contracts.

6. ASSETS PLEDGED BY THE GROUP

As at 31 December 2024, approximately RMB64,618,000 (2023: RMB51,069,000) of the bank deposits of the Group were pledged as security deposits for bank borrowings, the issuance of performance bonds, letter of credits and bank acceptance, etc.

7. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have significant contingent liabilities.

8. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital by using a gearing ratio, which is total borrowings and lease liabilities divided by total equity of the Group. The Group's policy is to keep the gearing ratio at a reasonable level.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Bank borrowings	85,500	309,300
Lease liabilities	20,486	23,825
Total equity	2,175,401	2,011,739
Gearing ratio	<u>4.87%</u>	<u>16.56%</u>

The decrease in gearing ratio for the period resulted mainly from the increase in total equity caused by profit incurred in year 2024 and decrease in bank borrowings and lease liabilities. The Group adjusts the amount of bank loan facilities from time to time to meet the Group's working capital needs.

9. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had total 2,181 employees (31 December 2023: 2,281 employees), of which 967 (31 December 2023: 1,026) were management and technical staff, and 1,214 (31 December 2023: 1,255) were technicians.

The Group encourages staff to long-term service, and strives to create a fair and open competition environment, committed to develop talents with management experience, professional skills and dedication. The Group determines the remuneration and incentives of employees with reference to the prevailing industry practice, and based on their position, duties and performance. The Group continues to optimize its salary and welfare policies to ensure that employees enjoy relevant benefits and rights in accordance with the law. By establishing an effective performance evaluation mechanism, the group regularly assesses employees' work performance, encourages employees to be proactive and improve performance. The Group contributes to social security funds and housing funds for employees according to the local laws and regulations.

The Group puts emphasis on staff development, encourages employees to pursue continuous education, and formulates training programs for employees.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company comprises of four independent non-executive directors. The audit committee has reviewed the consolidated results of the Group for the year ended 31 December 2024.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the Corporate Governance Codes set out in Appendix C1 of the Listing Rules (the “**Corporate Governance Code**”) for the year ended 31 December 2024, save for the deviations from the code provisions as follows:

Under code provision D.1.2, Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects in sufficient detail.

The Company provides the board member, namely Mr. Cao Yunsheng, Mr. Tang Hui and Mr. Zhao Wuhui, with monthly internal financial statements, during their tenure, instead of all board members, because they are responsible for overseeing the financial affairs of the Company. The remaining Directors have access to the monthly internal financial statements as well. The reason for such deviation from the Corporate Governance Code is to enhance the Company’s efficiency.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions.

Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code regarding Directors’ securities transactions in the reporting year.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed interest in any of the Company’s listed securities during the year ended 31 December 2024.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Company’s auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and, consequently, no assurance has been expressed by Grant Thornton Hong Kong Limited on this results announcement.

PUBLICATION OF FINAL RESULTS

This results announcement will be published on the website of the Stock Exchange and the Company’s website (www.jutal.com). The annual report for the year ended 31 December 2024 containing all the information required under Appendix 16 to the Listing Rules will be disseminated in due course.

By order of the Board
Jutal Offshore Oil Services Limited
Wang Lishan
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the executive directors are Mr. Wang Lishan (Chairman) and Mr. Tang Hui, the independent non-executive directors are Ms. Choy So Yuk, Mr. Tam Kin Yip, Mr. Cheung Ngar Tat Eddie and Mr. Zhang Hua.