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 2017

Financial Highlights

- Turnover increased by 0.40% to RMB724,469,000
- Gross profit decreased by 26.54% to RMB89,426,000
- Net profit attributable to owners of the Company increased by 379.73% to RMB 55,581,000
- Basic and diluted earnings per share were RMB0.0432 and RMB0.0427
- The Board of the Directors recommend the payment of a final dividend of HK$0.03 per share for the year ended 31 December 2017

The above are intended to be highlights to the salient aspects of the annual results of the Group for the year ended 31 December 2017 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 2017 together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		RMB'000	RMB'000
Turnover	4	**724,469**	721,614
Cost of sales and services		**(635,043)**	(599,875)
Gross profit		**89,426**	121,739
Other income	5	**67,886**	13,446
Administrative expenses		**(122,014)**	(123,615)
Other operating expenses		**(6,499)**	(15,375)
Profit/(loss) from operations		**28,799**	(3,805)
Finance costs	7	**(10,749)**	(8,547)
Share of profit of an associate		**37,931**	29,608
Profit before tax		**55,981**	17,256
Income tax expense	8	**(400)**	(5,670)
Profit for the year	9	**55,581**	11,586
Attributable to:			
Owners of the Company		**55,581**	11,586
Earnings per share	11		
		RMB	RMB
Basic		**4.32 cents**	1.45 cents
Diluted		**4.27 cents**	1.45 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017**	2016
		RMB'000	RMB'000
Profit for the year		**55,581**	11,586
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(64,127)**	15,799
Other comprehensive income for the year, net of tax		**(64,127)**	15,799
Total comprehensive income for the year		**(8,546)**	27,385
Attributable to:			
Owners of the Company		**(8,546)**	27,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	**2017**	2016
		RMB'000	RMB'000
Non-current assets			
Fixed assets		**1,621,710**	528,970
Prepaid land lease payments		**352**	417
Goodwill		**54,648**	202,327
Intangible assets		**2,942**	2,974
Investment in an associate	15(i)	**-**	337,794
Deferred tax assets		**2,268**	282
		1,681,920	1,072,764
Current assets			
Inventories		**57,268**	24,392
Trade and bills receivables	12	**424,799**	214,774
Gross amount due from customers for contract work	13	**410,882**	186,820
Prepayments, deposits and other receivables		**158,565**	49,420
Derivative financial instruments		**4,865**	176
Due from directors		**411**	2,710
Current tax assets		**613**	1,086
Pledged bank deposits		**298,554**	43,527
Bank and cash balances		**1,443,302**	100,535
		2,799,259	623,440
Current liabilities			
Trade and bills payables	14	**955,435**	175,125
Gross amount due to customers for contract work	13	**37,524**	15,469
Accruals and other payables		**126,715**	49,490
Loan from ultimate holding company		**80,000**	-
Provisions		**221,828**	1,866
Bank borrowings		**567,772**	213,628
Current tax liabilities		**44,167**	33
		2,033,441	455,611
Net current assets		**765,818**	167,829
Total assets less current liabilities		**2,447,738**	1,240,593

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2017

	Note	**2017**	2016
		RMB'000	RMB'000
Non-current liabilities			
Deferred revenue		**39,870**	24,629
Bank borrowings		**278,000**	-
Deferred tax liabilities		**70,934**	35,422
		388,804	60,051
NET ASSETS		**2,058,934**	1,180,542
Capital and reserves			
Share capital		**14,739**	7,506
Reserves		**2,044,195**	1,173,036
TOTAL EQUITY		**2,058,934**	1,180,542

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. The Group is principally engaged in fabrication of facilities and provision of integrated services for oil and gas industries, other energy and refining and chemical industries and provision of technical support services for shipbuilding industry.

In the opinion of the directors of the Company, as at 31 December 2017, Sanju Environmental Protection (Hong Kong) Limited, a company incorporated in Hong Kong, is the immediate parent of the Company; and Beijing Sanju Environmental Protection & New Materials Co., Limited ("Beijing Sanju"), a company incorporated in PRC and listed on the Shenzhen Stock Exchange, is the ultimate parent of the 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 HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(i) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets.

(ii) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, there will be no significant impact on the Group's consolidated financial statements.

(iii) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The changes in HKFRS 9 relating to hedge accounting will have no impact as the Group does not currently apply hedge accounting.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment performed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the construction contracts and other services rendered is recognised over time, whereas revenue from the sale of goods is generally recognized when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group is unable to estimate the impact of the new revenue standard may have on how it recognises revenue from the construction contracts and other services rendered until the assessment is completed.

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 15 Revenue from Contracts with Customers (cont'd)

(b) Warranty obligations

The Group generally provides for warranties for repairs to any defective works on it's fabrication contracts and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under HKFRS 15, which will continue to be accounted for under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office, staff quarters, warehouses and machineries leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office, staff quarters, warehouses and machineries leases amounted to approximately RMB15,404,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted unless they qualify for low value or short-term leases. The amount will be adjusted for the effects of discounting and the transition reliefs available to the Group.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. TURNOVER

An analysis of the Group's turnover for the year is as follows:

	2017	2016
	RMB'000	RMB'000
Revenue from construction contracts	**497,680**	623,205
Sales of goods	**145,621**	27,629
Other services rendered	**81,168**	70,780
	724,469	721,614

5. OTHER INCOME

	2017	2016
	RMB'000	RMB'000
Gain on deemed disposal of an associate (note 15(ii))	**28,266**	-
Government grants recognised	**19,224**	7,677
Interest income on bank deposits	**4,878**	363
Net foreign exchange gains	**14,693**	3,193
Fair value gains on derivative financial instruments	**62**	-
Others	**763**	2,213
	67,886	13,446

6. SEGMENT INFORMATION

For the year ended 31 December 2016, the Group's reportable segments are strategic business units that offer different products and services.

During the year ended 31 December 2017, the Group has reassessed the segment reporting information and rearranged the segments reporting structure by industry sectors for the reason that the revised segment information would be more aligned with the internal financial information reported to the chief operating decision maker for making strategic decisions about resources allocation. Accordingly, two operating segments previously separately reported namely (i) provision of technical support and related services for oil and gas industry and sales of related equipment and materials and (ii) fabrication of oil and gas facilities and oil and gas processing skid equipment were aggregated into a single operating segment – "fabrication of facilities and provision of integrated services for oil and gas industries" for the year ended 31 December 2017. The presentation of segment information for the year ended 31 December 2016 has been restated to reflect the change of segment composition.

The Group has three 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 other energy and refining and chemical industries

(c) Provision of technical support services for shipbuilding industry

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 unit requires different technology and marketing strategies.

The Group's other operating segment mainly represents provision of undersea maintenance services for industries other than oil and gas, other energy and refining and chemical and shipbuilding. This segment does not meet any of the quantitative thresholds for determining reportable segments. The information of this other operating segments is included in the 'others' column.

Segment profits or losses do not include other income, administrative expenses, other operating expenses, finance costs, share of profit of an associate and income tax expense. Segment assets do not include goodwill, investment in an associate, derivative financial instruments, current and deferred tax assets, pledged bank deposits, bank and cash balances and other corporate assets. Segment liabilities do not include bank borrowings, derivative financial instruments, current and deferred tax liabilities, deferred revenue, loan from ultimate holding company and other corporate liabilities.

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 other energy and refining and chemical industries	Provision of technical support services for shipbuilding industry	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2017					
Turnover from external customers	**460,148**	**225,885**	**18,019**	**20,417**	**724,469**
Segment profit	**38,207**	**46,745**	**(2,453)**	**6,927**	**89,426**
Depreciation and amortisation	**30,176**	**1,600**	**696**	**-**	**32,472**
Other material non-cash items:					
Allowance for trade and other receivables, net	**1,007**	**123**	**42**	**206**	**1,378**
Impairment losses on gross amount due from customers for contract work	**3,110**	**-**	**-**	**-**	**3,110**
Additions to segment non-current assets	**10,769**	**-**	**-**	**-**	**10,769**
As at 31 December 2017					
Segment assets	**2,291,592**	**288,652**	**32,443**	**18,985**	**2,631,672**
Segment liabilities	**1,154,848**	**150,249**	**17,558**	**4,239**	**1,326,894**
Year ended 31 December 2016					
Turnover from external customers (restated)	681,224	-	31,946	8,444	721,614
Segment profit (restated)	109,458	-	8,285	3,996	121,739
Depreciation and amortisation (restated)	32,235	-	470	-	32,705
Other material non-cash items:					
Allowance for trade and other receivables, net (restated)	1,757	-	578	-	2,335
Impairment losses on gross amount due from customers for contract work (restated)	6,204	-	485	-	6,689
Additions to segment non-current assets (restated)	26,163	-	-	-	26,163
As at 31 December 2016					
Segment assets (restated)	945,947	-	15,310	7,562	968,819
Segment liabilities (restated)	216,748	-	3,873	1,723	222,344

6. SEGMENT INFORMATION (CONT'D)

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

	2017	2016
	RMB'000	RMB'000
Profit or loss		
Total profit or loss of reportable segments	**89,426**	121,739
Unallocated amounts:		
Finance costs	**(10,749)**	(8,547)
Other income	**67,886**	13,446
Other corporate expenses	**(128,513)**	(138,990)
Share of profit of an associate	**37,931**	29,608
Consolidated profit before tax for the year	**55,981**	17,256
Assets		
Total assets of reportable segments	**2,631,672**	968,819
Unallocated amounts:		
Bank and cash balances	**1,443,302**	100,535
Pledged bank deposits	**298,554**	43,527
Derivative financial instruments	**4,865**	176
Current tax assets	**613**	1,086
Deferred tax assets	**2,268**	282
Investment in an associate	**-**	337,794
Goodwill	**54,648**	202,327
Other corporate assets	**45,257**	41,658
Consolidated total assets	**4,481,179**	1,696,204
Liabilities		
Total liabilities of reportable segments	**1,326,894**	222,344
Unallocated amounts:		
Bank borrowings	**845,772**	213,628
Current tax liabilities	**44,167**	33
Deferred revenue	**39,870**	24,629
Deferred tax liabilities	**70,934**	35,422
Loan from ultimate holding company	**80,000**	-
Other corporate liabilities	**14,608**	19,606
Consolidated total liabilities	**2,422,245**	515,662

6. SEGMENT INFORMATION (CONT'D)

Geographical information:

The Group's turnover from external customers by location of customers and information about its non-current assets (excluding deferred tax assets) by location of assets are detailed below:

	Turnover		Non-current assets	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC except Hong Kong	**538,072**	367,000	**1,679,595**	1,072,364
Singapore	**10,782**	187,143	**-**	-
Portugal	**369**	167,471	**-**	-
France	**100,096**	-	**-**	-
Spain	**73,675**	-	**-**	-
Others	**1,475**	-	**57**	118
Consolidated total	**724,469**	721,614	**1,679,652**	1,072,482

7. FINANCE COSTS

	2017	2016
	RMB'000	RMB'000
Interest on bank borrowings	**9,234**	7,999
Amount capitalised	**-**	(178)
	9,234	7,821
Interest on loan from ultimate holding company	**80**	-
Others	**1,435**	726
	10,749	8,547

The weighted average capitalisation rate on funds borrowed generally is at a rate of 5.1% per annum for the year ended 31 December 2016.

8. INCOME TAX EXPENSE

	2017	2016
	RMB'000	RMB'000
Current tax - PRC Enterprise Income Tax		
Provision for the year	**18,947**	209
Under-provision in prior years	**218**	427
	19,165	636
Deferred tax	**(18,765)**	5,034
	400	5,670

(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 2017 and 2016.

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

Zhuhai Jutal was approved to recognise as a new and high technology enterprise in the PRC since the year ended 31 December 2010 and until year ending 31 December 2018 (the "Period"). Zhuhai Jutal is therefore entitled to enjoy a reduced income tax rate of 15% throughout the Period.

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

(c) Tax charge on profits assessable elsewhere have 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.

9. PROFIT FOR THE YEAR

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

	2017	2016
	RMB'000	RMB'000
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**161,736**	227,969
Retirement scheme contributions	**10,114**	12,768
Share-based payments	**3,359**	2,465
	175,209	243,202
(b) Others items:		
Amortisation of intangible assets	**1,302**	1,150
Amortisation of prepaid land lease payments	**65**	65
Depreciation	**31,105**	31,490
Net loss on disposals of property, plant and equipment*	**184**	766
Net foreign exchange gains	**(14,693)**	(3,193)
Gain on deemed as disposal of an associate	**(28,266)**	-
Operating lease charges		
- Plant and equipment	**561**	9,574
- Land and buildings	**2,458**	5,485
Research and development expenditure	**24,440**	31,149
Auditor's remuneration	**1,238**	1,097
Cost of inventories utilised in construction contracts and sold	**323,711**	150,059
Allowance for inventories*	**1,480**	598
Allowance for trade and other receivables*	**3,429**	2,491
Reversal of allowance for trade and other receivables*	**(2,051)**	(156)
Impairment loss on gross amount due from customers for contract work*	**3,110**	6,689
Fair value changes on derivative financial instruments	**(62)**	2,054

* These amounts are included in "Other operating expenses"

10. DIVIDENDS

	2017	2016
	RMB'000	RMB'000
2015 final dividend of HK$0.01 per ordinary share	**-**	6,803

After the reporting period, the Board of the Directors recommend the payment of a final dividend of HK$0.03 per share for the year ended 31 December 2017 and subject to the approval by shareholders of the Company in the coming general meeting.

11. EARNINGS PER SHARE

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

	2017	2016
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**55,581**	11,586

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,285,799,017**	800,354,278
Effect of dilutive potential ordinary shares arising from share options	**17,322,823**	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,303,121,840**	800,354,278

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.

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.

12. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	RMB'000
Trade receivables	**421,874**	211,030
Allowance for doubtful debts	**(8,215)**	(7,510)
	413,659	203,520
Bills receivables	**11,140**	11,254
	424,799	214,774

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 contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2017	2016
	RMB'000	RMB'000
Billed		
0 to 30 days	**107,482**	80,655
31 to 90 days	**61,505**	47,481
91 to 365 days	**53,777**	50,121
Over 365 days	**15,722**	25,263
	238,486	203,520
Unbilled (note a)	**175,173**	-
	413,659	203,520

Note a: The unbilled balance was mainly attributable to sales of goods which will be billed within next twelve months from the end of the reporting date in accordance with the payment terms stipulated in the relevant contracts entered into between the Group and the contract customers. These receivables were neither past due nor impaired and relate to a number of customers for whom there was no recent history of default.

As at 31 December 2017, trade receivables aged over 90 days includes retentions receivables amounted to approximately RMB13,550,000 (2016: RMB12,828,000).

12. TRADE AND BILLS RECEIVABLES (CONT'D)

As at 31 December 2017, collateral which represents either tangible assets, securities or personal guarantee was obtained by the Group against certain trade receivables balance of RMB145,581,000 (2016: Nil).

At 31 December 2017, none of the trade and bill receivables (2016: RMB10,000,000) were pledged to banks to secure certain bank borrowings.

As at 31 December 2017, an allowance was made for estimated irrecoverable trade receivables of approximately RMB8,215,000 (2016: RMB7,510,000). The reconciliation of allowance for trade receivables is as follows:

	2017	2016
	RMB'000	RMB'000
At 1 January	**7,510**	5,019
Allowance for the year	**2,756**	2,491
Reversal	**(2,051)**	-
At 31 December	**8,215**	7,510

13. GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017	2016
	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**5,263,235**	973,091
Less: Progress billings	**(4,880,166)**	(806,273)
Exchange differences	**(9,711)**	4,533
	373,358	171,351
Gross amount due from customers for contract work	**410,882**	186,820
Gross amount due to customers for contract work	**(37,524)**	(15,469)
	373,358	171,351

In respect of construction contracts in progress at the end of the reporting period, retentions receivables included in trade and bills receivables amounted to approximately RMB14,278,000 (2016: RMB13,918,000). Retentions receivables expected to be recovered after more than twelve months amounted to approximately RMB738,000 (2016: RMB6,816,000).

Advances received in respect of construction contracts amounted to approximately RMB2,405,000 at 31 December 2017 (2016: RMB720,000) and is included in accruals and other payables.

14. TRADE AND BILLS PAYABLES

	2017	2016
	RMB'000	RMB'000
Trade payables	**821,750**	175,125
Bills payables	**133,685**	-
	955,435	175,125

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

	2017	2016
	RMB'000	RMB'000
0 to 30 days	**609,354**	63,842
31 to 90 days	**81,379**	39,708
91 to 365 days	**74,950**	57,991
Over 365 days	**56,067**	13,584
	821,750	175,125

15. ACQUISITION OF A SUBSIDIARY

As at 31 December 2016, the Group held a 30% equity interests in Penglai Jutal Offshore Engineering Heavy Industries Company Limited ("Penglai Jutal") and Penglai Jutal was accounted for as an associate of the Group. On 29 December 2017, the Group completed its acquisition of the further 70% equity interests (the "Completion Date") in Penglai Jutal for a consideration of RMB571,868,000 (the "Acquisition"). The Acquisition has been accounted for as a step acquisition under HKFRS 3 (Revised) – Business Combination, where the fair value of any non-controlling interests in the acquiree that was held immediately before obtaining control has been used in the determination of the total consideration of the step acquisition.

Penglai Jutal is principal engaged in (a) Sales and construction of offshore oil and natural gas exploration facilities; quayside machineries and chemical engineering facilities; (b) Design, fabrication, installation and repair of steel formation structures; and (c) Provision of other quayside and warehouse services.

The Acquisition enables the Group to carry on the above mentioned principal business which Penglai Jutal is skilled at and provide a fuller spectrum of services to the customers.

(i) Information relating to the investment in an associate

The following table summarises the information relating to the carrying amount of investment in Penglai Jutal immediately before completion of the Acquisition:

	2017	2016
	RMB'000	RMB'000
As at 1 January	**337,794**	308,186
Share of profit of an associate	**37,931**	29,608
Dividend received from an associate	**(120,000)**	-
Deemed disposal	**(255,725)**	-
As at 31 December	**-**	337,794

(ii) Gain on deemed disposal of an associate

The Group recognised a gain of RMB28,266,000 as a result of measuring at fair value its 30% equity interest in Penglai Jutal held before the Acquisition. The gain is included in other income (note 5).

15. ACQUISITION OF A SUBSIDIARY (CONT'D)

(iii) The following summarised the nature of consideration transferred, and recognised amounts of assets acquired and liabilities assumed as the Completion Date:

	Fair values on acquisition
Net assets acquired:	RMB000
Fixed assets	1,121,529
Intangible assets	99
Inventories	22,859
Trade and bill receivables	37,252
Gross amount due from customers for contract work	143,863
Prepayments, deposits and other receivables	19,793
Derivative financial assets	4,865
Pledged bank deposits	5,040
Pledged bank deposits with maturity less than three months	135
Bank and cash balances	1,017,931
Trade and bill payables	(592,753)
Accruals and other payables	(94,748)
Provisions	(219,962)
Bank borrowings	(379,700)
Current tax liabilities	(39,303)
Deferred revenue	(4,562)
Deferred tax liabilities	(52,291)
Net identifiable assets	990,047
Consideration for 70% equity interests in Penglai Jutal	571,868
Fair value of 30% equity interest in Penglai Jutal held immediately before obtaining control	470,623
Total consideration	1,042,491
Goodwill	52,444
Satisfied by:	
Cash	571,868
Net cash inflow arising on acquisition:	
Cash consideration paid	(571,868)
Cash and cash equivalents acquired	1,018,066
	446,198

BUSINESS REVIEW

2017 marked a milestone in the development of the Group. During the year, we gained strong support in both capital and business by introducing new controlling shareholder. Through external acquisitions and internal business restructuring, we further strengthened our engineering and manufacturing capabilities and actively explored new business areas and models with an aim to make strategic deployment for our future development.

In June 2017, Beijing Sanju Environmental Protection & New Materials Co., Ltd ("Sanju") completed the subscription of new shares issued by the Company through its wholly-owned subsidiary Sanju Environmental Protection (Hong Kong) Limited ("Hong Kong Sanju"), becoming the controlling shareholder of the Company. Being a listed company in the Shenzhen Stock Exchange in China, Sanju is a conglomerate that serves in the green industry and is engaged in clean energy, chemicals and ecological agriculture. Its business areas cover petrochemical and modern coal chemical business as well as technical services in ecological agriculture, green energy and chemicals. With Sanju investing into the Company, the Group's financial needs are satisfied and businesses of both parties are complemented with synergies achieved. Sanju owns a number of core technologies and project resources, while the Group as a provider offering leading equipment fabrication and engineering technologies as well as integrated service in the energy industries for a long time, has a strong presence and extensive experience in equipment fabrication, engineering construction and international projects. As a result, both parties can complement each other and enhance their competitiveness in the market through the dual strategy of "professionalism + capital", which will be favorable to the expansion of our business in China and overseas markets as well as the long-term development of the Group. At the end of 2017, the Group has begun to participate in a number of projects of Sanju, including the project of shale gas desulfurization equipment in North America.

At the end of 2017, we completed the acquisition of the other 70% equity interest of Penglai Jutal Offshore Engineering Heavy Industries Company Limited ("Penglai Jutal"). Penglai Jutal bases in the Penglai Economic and Technological Development Zone in Yantai of Shandong Province in China and owns plants in Bohai Bay, with a total area of approximately 630,000 square meters. It has profound experience in and enjoys an international reputation for certain construction work such as large-scale catheterostat , onshore LNG modules, FPSO/FLNG related modules, offshore platform upper modules, offshore wind power and single point mooring system. In 2017, Penglai Jutal operated 9 projects in total and has completed all the construction of a total of 33 modules and delivered in advance for Russia's YAMAL LNG project undertaken in 2014, representing a realization of over 25 million working hours of zero accident, with excellent quality and high level of safety. After completion of the acquisition, Penglai Jutal became a wholly-owned subsidiary of the Company, which strengthened the Group's construction capabilities remarkably and also enabled the Group to optimize its resource allocation and implement more efficient management by making full use of its advantage of having two major construction sites in both northern and southern China.

While maintaining our traditional oil and gas engineering and service projects, we had extended our footstep to the areas of refinery market, environmental protection market, wind power market and biodiesel last year, taking up a production project of a series of modules for an oil refinery plant located in Argentina and undertaking the structure manufacturing and machinery installation for the first ever offshore wind power project in Guangdong province. We also provided domestic chemical projects with comprehensive engineering services including engineering design, construction, equipment supply and project management. During the year, we prepare for our further development in the biomass energy business with establishment of professional teams.

PROSPECTS

With global economy picking up, oil prices have stabilized and regained upward momentum and oil companies are expanding their investments in the exploration and development of oil and gas, which in turn facilitates the gradual recovery of the oil and gas engineering and technical service industry.

After years of development, we have already built up strong capability in equipment and modular engineering manufacturing and are highly recognized by international energy companies and general contracting companies in the industry. We will continue to establish our bases in Penglai and Zhuhai to make appropriate and reasonable investments with a view to enhance our project management and construction capabilities as well as our core competitiveness and identify market opportunities in a timely manner.

In line with the "One Belt, One Road" development strategy of China and leveraging on the Group's edges in engineering and fabrication and Sanju's advanced super-suspension bed technology, we will not only expand our business into energy and refining and chemical industries and the area of efficient and clean use of energy, but also participating in and undertaking relevant engineering construction and project management business, while actively promoting the development of modular manufacturing in overseas markets.

Sanju is actively allocating its resource into the ecological agriculture and green energy industry, which in turn will create a great number of market opportunities for the Group.

It is said that Sanju intends to carry out a large number of soil improvement projects in China by means of straw carbonization in the future. Relying on our advantages in engineering and equipment installation, we hope to provide services in terms of installation and supply of specialized equipment and play our part in the project construction.

The Group will also focus on the biomass energy business. Biomass energy is the fourth largest energy source following coal, oil and natural gas. With advanced technologies, agricultural and forestry processing waste as well as animal and vegetable fats can be converted into conventional solid, liquid, or gaseous fuels. Using such renewable energy is consistent with the global development trend of environmental protection and energy utilization. In order to achieve rapid development, we established professional teams to maintain sales channels and identify manufacturers with suitable production capacity in Northern China and Hainan Province and carried out various forms of cooperation.

In the coming year, we will accelerate the upgrading and transformation of our business and establish a business model that combines product sales and service operation. Meanwhile, we will also identify suitable resources to carry out capital reorganization by capital acquisitions, so as to become a professional service provider of equipment manufacturing, engineering services and industrial operations in the fossil energy and green energy industries.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial and business review

Turnover

During the year, the Group expanded its business scope by carrying out the new fabrication of facilities and provision of integrated service for other energy and refining and chemical industries. It also combined the business of provision of technical support and related services for oil and gas industries and sales of related equipment and materials and the business of fabrication of oil and gas facilities and oil and gas processing skid equipment, which are collectively referred to as the fabrication of facilities and provision of integrated services for oil and gas industries. In year 2017, the Group recorded turnover of approximately RMB724,469,000, representing an increase of 0.40% or RMB2,855,000 as compared with year 2016. Turnover from fabrication of facilities and provision of integrated services for oil and gas industries decreased by 32.45% or RMB221,076,000 as compared with year 2016. Turnover from the provision of technical support services for shipbuilding industry decreased by 43.60% or RMB13,927,000 as compared with year 2016. Turnover from the fabrication of facilities and provision of integrated service for other energy and refining and chemical industries amounted to RMB225,885,000. Turnover from the fabrication of facilities and provision of integrated services for oil and gas industries as well as the provision of technical support services for shipbuilding industry decreased as compared with the same period of the previous year, which was mainly attributable to decrease in workload or service prices of these two types of business of the Group due to significant reduction of investment in these industries as a result of the continuous downturn in investments of the global oil and gas industries and in shipbuilding markets.

The table below sets out the analysis of turnover by business segments for the years 2017, 2016 and 2015:

		For the financial year ended 31 December					
		2017		2016		2015	
	Business Segments	**RMB'000**	**Percentage to total turnover (%)**	**RMB'000**	**Percentage to total turnover (%)**	**RMB'000**	**Percentage to total turnover (%)**
1	**Fabrication of facilities and provision of integrated services for oil and gas industries**	**460,148**	**64**	681,224	95	614,311	93
2	**Fabrication of facilities and provision of integrated services for other energy and refining and chemical industries**	**225,885**	**31**	-	-	-	-
3	**Provision of technical support services for shipbuilding industry**	**18,019**	**2**	31,946	4	44,255	7
4.	**Others**	**20,417**	**3**	8,444	1	-	-
	Total	**724,469**	**100**	721,614	100	658,566	100

Cost of sales and services

Cost of sales and services of the Group amounted to approximately RMB635,043,000 in year 2017, representing an increase of 5.86% or RMB35,168,000 as compared with year 2016. Cost of sales and service comprised direct costs and manufacturing overheads. Direct costs in the current period amounted to approximately RMB580,344,000, representing 91.39% of total cost of sales and service, and an increase of RMB52,924,000 or a rise of 10.03% from RMB527,420,000 in last year. The Group calculates the cost of sales and service of projects on an order-by-order basis. Since the composition of cost differs for each project, the composition of cost of sales and service varies from project to project. Manufacturing overheads has decreased by RMB17,756,000 or 24.51% from RMB72,455,000 in last year to approximately RMB54,699,000 in current reporting period, which was mainly due to the reduction in workload of the fabrication of facilities and provision of integrated services for oil and gas industries.

Gross profit

The total gross profit of the Group for the year 2017 amounted to approximately RMB89,426,000, representing a decrease of 26.54% or RMB32,313,000 as compared with RMB121,739,000 in year 2016. The overall gross profit margin decreased from 16.87% in year 2016 to 12.34%. The gross profit margin of the fabrication of facilities and provision of integrated services for oil and gas industries decreased from 16.07% in year 2016 to 8.30%, and the gross profit margin of the provision of technical support services for shipbuilding industry decreased from 25.93% in year 2016 to negative 13.61%, whereas the gross profit margin of the fabrication of facilities and provision of integrated service for other energy and refining and chemical industries amounted to 20.69%. Changes in business structure resulted in various changes in the gross profit margin of our different business segments. Gross profit margins of the fabrication of facilities and provision of integrated services for oil and gas industries as well as the provision of technical support services for shipbuilding industry decreased significantly, as the Group has proactively conducted downward adjustment in profit expectation in bid proposals so as to tackle with the intense market competitions resulted from the continuous sluggish in investments of the global oil and gas industry and the depressed shipbuilding industry.

The following shows the breakdown of gross profit / (loss) by business segments for the years 2017, 2016 and 2015:

	For the financial year ended 31 December								
	2017			2016			2015		
Business Segments	**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	**38,207**	**8**	**43**	109,458	16	90	124,610	20	97
2 Fabrication of facilities and provision of integrated services for other energy and refining and chemical industries	**46,745**	**21**	**52**	-	-	-	-	-	-
3 Provision of technical support services for shipbuilding industry	**(2,453)**	**(14)**	**(3)**	8,285	26	7	4,159	9	3
4 Others	**6,927**	**34**	**8**	3,996	47	3	-	-	-
Total	**89,426**		**100**	121,739		100	128,769		100

Other income

Other income for the year increased by 404.88% or RMB54,440,000 from 2016, which was mainly due to the gain on deemed disposal of an associate of RMB28,266,000 recognized. Income from government grants, net foreign exchange gains and interest income on bank deposit increased by RMB11,547,000, RMB11,500,000 and RMB4,515,000 respectively.

Administrative and other operating expenses

Administrative and other operating expenses in aggregate decreased by 7.54% or RMB10,477,000 as compared with year 2016 to approximately RMB128,513,000, primarily due to the decrease in salary, rental and impairment of trade receivables and amount due from customers for contract work while increase in travelling expenses and service fee charged by professional institutions.

Finance costs

Finance costs reached approximately RMB10,749,000 in year 2017, which was mainly comprised of interests on bank borrowings and interests on loan from ultimate holding company of approximately RMB9,314,000 and bank charges and other finance costs of approximately RMB1,435,000.

Share of profit of an associate

The Group held 30% of equity interest in Penglai Jutal before completing the acquisition of additional 70% equity interest in Penglai Jutal. In year 2017, Penglai Jutal recorded net profit after tax of approximately RMB126,437,000. The Group's share of profit of an associate amounted to approximately RMB37,931,000 under the equity method of accounting.

Profit attributable to owners of the Company and earnings per share

In summary, in year 2017, profit attributable to owners of the Company amounted to approximately RMB55,581,000, which represented an increase of 379.73% or RMB43,995,000 as compared to that of RMB11,586,000 in year 2016. Basic and diluted earnings per share attributable to owners of the Company for year 2017 were RMB0.0432 and RMB0.0427 respectively.

2. Liquidity and financial resources

As at 31 December 2017, the working funds (cash on cash equivalent) of the Group amounted to approximately RMB1,455,265,000 (2016: RMB122,280,000). During the year, net cash outflow from operating activities amounted to approximately RMB158,179,000, net cash inflow from investing activities amounted to RMB325,772,000, and net cash inflow from financing activities amounted to approximately RMB1,216,023,000.

As at 31 December 2017, the Group had approximately RMB228,723,000 (2016: RMB217,459,000) of available undrawn banking facilities. Available undrawn banking facilities include bank loans, letters of credit, bank guarantees, etc.

As at 31 December 2017, the Group had obtained bank guarantees under performance bonds for construction contracts of approximately RMB321,803,000 (2016: RMB77,508,000).

3. Capital structure

As of 31 December 2017, the share capital of the Company comprises 1,632,016,389 ordinary shares (2016: 800,354,278 ordinary shares). As at 31 December 2017, net assets of the Group amounted to approximately RMB2,058,934,000 (2016: RMB1,180,542,000), comprising non-current assets of approximately RMB1,681,920,000 (2016: RMB1,072,764,000), net current assets of approximately RMB765,818,000 (2016: RMB167,829,000) and non-current liabilities of approximately RMB388,804,000 (2016: RMB60,051,000).

4. Significant investment

During the year, the Group completed the acquisition of 70% equity interest in Penglai Jutal at a consideration of RMB571,868,000. Penglai Jutal became an indirect wholly-owned subsidiary of the Company after the acquisition.

Apart from the above, the Group had no other significant investment for the year ended 31 December 2017.

5. Foreign exchange risk

Most of the Group' s business transactions, assets and liabilities are principally denominated in RMB, Euro and United States dollars ("US$"). During the years ended 31 December 2017 and 2016, the Group has entered into foreign exchange forward contracts to hedge the foreign currency risk arising from certain of its contract revenue and trade receivables denominated in Euro and US$. The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities.

6. Assets pledged by the Group

As at 31 December 2017, approximately RMB298,554,000 of the bank deposits were pledged as security deposits for bank borrowings, the issuance of performance bonds, letter of credits and bank acceptance.

As at 31 December 2017, the carrying amount of fixed assets pledged as security for the Group' s bank borrowings amounted to approximately RMB10,331,000 (2016: RMB11,596,000).

7. Contingent liabilities

As at 31 December 2017, the Group did not have any 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 using a gearing ratio, which is total borrowings 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 2017 and at 31 December 2016 were as follows:

	2017	2016
	RMB'000	RMB'000
Bank borrowings	**845,772**	213,628
Loan from ultimate holding company	**80,000**	-
Total borrowings	**925,772**	213,628
Total equity	**2,058,934**	1,180,542
Gearing ratio	**44.96%**	18.10%

The increase in the gearing ratio in 2017 was mainly due to the fact that the Group acquired 70% of the equity interest in Penglai Jutal during the year and consolidated its financial statements. The Group adjusts the amount of bank borrowings from time to time to meet the Group's working capital needs.

9. Employees and remuneration policy

As at 31 December 2017, the Group had total 3,399 employees (31 December 2016: 2,174 employees), of which 978 (31 December 2016: 474) were management and technical staff, and 2,421(31 December 2016: 1,700) were technicians. The significant increase in headcount was mainly due to completion of the acquisition of equity interest in Penglai Jutal during the year and its employees were counted.

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 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 Directors recommend the payment of a final dividend of HK$0.03 per share for the year ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors. The Audit Committee has reviewed the consolidated results of the Group for the year ended 31 December 2017.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the Corporate Governance Codes set out in Appendix 14 of the Listing Rules for the year ended 31 December 2017, save and except the Company provides the three board members, namely Mr. Liu Lei, Mr. Lin Ke and Mr. Cao Yunsheng, with monthly internal financial statements, instead of all board members, because they are responsible for overseeing the financial affairs of the Company. The remaining directors have accessed to the monthly internal financial statements as well. The reason for such deviation from the Corporate Governance Code as set out in Appendix 14 of the Listing Rules is to enhance the Company's cost-efficiency.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, the directors have complied with the standard set out in the Model Code for the year ended 31 December 2017.

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 2017.

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 2017 containing all the information required under Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Jutal Offshore Oil Services Limited
Liu Lei
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, the executive directors are Mr. Liu Lei (Chairman), Mr. Wang Lishan, Mr. Lin Ke, Mr. Cao Yunsheng, Mr. Cao Huafeng and Mr. Sergey Borovskiy; and the independent non-executive directors are Mr. Su Yang, Mr. Qi Daqing and Mr. Zheng Yimin.