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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)

**PLACING OF UNLISTED WARRANTS
UNDER SPECIFIC MANDATE**

Placing Agent



Oriental Patron Securities Limited

THE PLACING

On 28 September 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent as its agent to place, or procure the placing of up to 150,000,000 Warrants to not fewer than six Places, on a best efforts basis, at an Subscription Price of HK\$0.01 per Warrant.

The Warrants will entitle the holders thereof to subscribe for an aggregate of 150,000,000 Warrant Shares at the Exercise Price of HK\$0.65 per Warrant Share (subject to adjustment upon the occurrence of any of the Adjustment Events). Each Warrant carries the right to subscribe for one (1) Warrant Share subject to the condition that the minimum number of Warrants to be exercised upon the subscription rights attached to the Warrants each time shall not be less than 1,000,000 Warrant Shares (or an integral multiple thereof)

The Warrants consist of Warrants A, Warrants B and Warrants C, where (i) the subscription rights for Warrants A will be exercisable within twelve (12) months from the date of the issue of Warrants A; (ii) the subscription rights for Warrants B will be exercisable within forty-two (42) months from the date of issue of the Warrants B; and (iii) the subscription rights for Warrants C will be exercisable within forty-two (42) months from the date of issue of the Warrants C. The aggregate number of the Warrant Shares to be issued will be 150,000,000 Shares, representing approximately 9.18% of the issued share capital of the Company as at the date of this announcement and approximately 8.41% of the issued share capital of the Company as enlarged by the allotment and issue of such Warrant Shares.

Completion is conditional upon the fulfillment of the conditions as set out in the section headed “Conditions of the Placing” in this announcement.

The Company will seek a Specific Mandate from the Shareholders for the allotment and issue of the Warrant Shares. In this regard, the EGM will be convened and held to pass the necessary resolutions to approve the Placing Agreement and the transactions contemplated thereunder.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

GENERAL

The EGM will be convened and held, amongst others, for the purpose of considering and, if thought fit, approving the issue of the Warrants including the issue of the Warrants and the grant of the Specific Mandate to issue the Warrant Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transaction contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the grant of the Specific Mandate.

A circular containing, among other matters, further details of the Placing and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders of the Company and investors should be aware of and take note that the Completion is conditional upon satisfaction of certain conditions precedent under the Placing Agreement. As the Placing may or may not proceed. Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE PLACING AGREEMENT

The Board is pleased to announce that, on 28 September 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent as its agent to place, or procure the placing of up to 150,000,000 Warrants to not fewer than six Placees, on a best efforts basis, at an Subscription Price of HK\$0.01 per Warrant.

Date

28 September 2020 (after trading hours)

Parties

Issuer : The Company
Placing Agent : Oriental Patron Securities Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial shareholder(s) are Independent Third Parties.

The Placees

Under the Placing Agreement, the Warrants will be placed, on a best efforts basis, to not fewer than six Placees, who shall be independent institutional or private investors and that each of the Placees, to be procured by the Placing Agent, and its ultimate beneficial owner(s) will be an Independent Third Party.

Number of Warrants

The Warrants comprise of three types of warrants, namely, the Warrants A, Warrants B and Warrants C with rights as specified in the respective Instrument. A total of 150,000,000 Warrants conferring the rights to subscribe for 150,000,000 Warrant Shares, subject to adjustment upon the occurrence of any of the Adjustment Events. The maximum number of Warrants fall to be issued under the various types of Warrants are:

<u>Types of Warrants</u>	<u>Maximum number of Warrants fall to be issued</u>
Warrants A	30,000,000
Warrants B	60,000,000
Warrants C	60,000,000
Total	150,000,00

Upon exercise in full of all the subscription rights attaching to the 150,000,000 Warrants at the Exercise Price of HK\$0.65 per Warrant, a maximum of 150,000,000 Warrant Shares will be allotted and issued, representing approximately 9.18% of the existing issued share capital of the Company as at the date of this announcement, and approximately 8.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares.

Subscription Price

The Subscription Price is HK\$0.01 per Warrant. The maximum gross proceeds receivable from the Placing is approximately HK\$1,500,000 and will be satisfied by payment of cash at Completion.

Exercise Price

The Exercise Price of HK\$0.65 per Warrant Share, subject to adjustment upon the occurrence of any of the Adjustment Events, represents:

- (i) A premium of approximately 30% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 27.45% to the average closing price of HK\$0.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days for the Shares up to and including the Last Trading Day.

The aggregate of the Subscription Price of HK\$0.01 per Warrant and the Exercise Price of HK\$0.65 per Warrant Share, i.e. approximately HK\$0.66, represents:

- (i) a premium of approximately 32% to the closing price of HK\$ 0.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 29.41% to over the average closing price of HK\$0.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days for the Shares up to and including the Last Trading Day.

Both the Subscription Price and the Exercise Price were determined after arm's length negotiations between the Company and the Placing Agent, after considering the Group's existing financial position, liquidity of the Shares in the market, the prevailing market price of the Shares and the preliminary valuation conducted by the independent valuer. The Directors hold the view that each of the Subscription Price and the Exercise Price and the terms of the Warrants are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming the full exercise of the subscription rights attaching to the Warrants at the Exercise Price, it is expected that an additional sum of approximately HK\$97,500,000 will be raised and satisfied by payment of cash.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the passing of resolution(s) by the shareholders of the Company to approve the Placing Agreement and the transactions contemplated hereunder, including the grant of the Specific Mandate for the allotment and issue of the Warrant Shares, at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which the Company shall not reasonably object) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants.

If any of the above conditions are not fulfilled on or before 5:00 p.m. on 31 December 2020 or such later date as may be agreed between the Company and the Placing Agent, this Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches hereof. None of the above Conditions are waivable.

Completion

Completion shall take place on the Completion Date, which shall be within three (3) Business Days after the fulfilment of the conditions set out in the section headed "Conditions of the Placing" in this announcement.

Other information of the Warrants

The Warrants will be constituted by way of deed poll to be executed by the Company for the respective Warrants. The respective types of Warrants will rank pari passu in all respects among themselves.

The Warrants will be issued upon Completion in registered form. A Warrant certificate will be issued to the holder of the Warrants.

Each Warrant carries the right to subscribe for one (1) Warrant Share, subject to the condition that the minimum number of Warrants to be exercised upon the subscription rights attached to the Warrants each time shall not be less than 1,000,000 Warrant Shares (or an integral multiple thereof).

Subject to the lock up restriction of the Warrants C stated below, the Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the Shares in issue except that they will not be entitled to any rights for which the record date of the said rights precedes the date of the holders' name being registered in the register of members of the Company.

The principal terms of the Warrants are summarized below:

(i) **Exercise Period**

Warrants A

The subscription rights attaching to the Warrants A may be exercised at any time within twelve (12) months commencing from the date of issue of the Warrants A (the “**Exercise Period A**”). Upon expiry of the Exercise Period A, any Warrants A which have not been exercised will lapse and cease to be valid for any purpose.

Warrants B

The subscription rights attaching to the Warrants B may be exercised at any time within forty-two (42) months commencing from the date of issue of the Warrants B (the “**Exercise Period B**”). Upon expiry of the Exercise Period B, any Warrants B which have not been exercised will lapse and cease to be valid for any purpose.

Warrants C

The subscription rights attaching to the Warrants C may be exercised at any time within forty-two (42) months commencing from the date of issue of the Warrants C (the “**Exercise Period C**”). Upon expiry of the Exercise Period C, any Warrants C which have not been exercised will lapse and cease to be valid for any purpose.

(ii) **Condition for exercise of Warrants**

Each type of Warrants shall be subject to the fulfilment of its respective condition, as stated below, prior to the holder of the Warrants to exercise the Warrants.

Warrants A

The holders of Warrants A are only entitled to exercise any Warrants A upon the fulfilment of the following condition:

During the Exercise Period A, the market capitalization of the Issuer reaches at least HK\$3,270,000,000 and maintains such market capitalization for any twenty (20) consecutive trading days.

For the purposes of this condition, “market capitalisation” shall be calculated in accordance with the following formula:

$$\begin{array}{l} \text{total number of issued Shares at the} \\ \text{date of issue of the Warrants} \end{array} \quad \times \quad \begin{array}{l} \text{closing price per Share for a} \\ \text{trading day} \end{array}$$

Warrants B

The holders of Warrants B are only entitled to exercise any Warrants B upon the Shares having being entered into the Shenzhen-Hong Kong Stock Connect trading list (深港通交易名單) during the Exercise Period B.

Warrants C

The holders of Warrants C are only entitled to exercise any Warrants C upon the Shares having been entered into the Shenzhen-Hong Kong Stock Connect trading list (深港通交易名單) (“**Exercise Condition C**”) during the Exercise Period C.

(iii) **Lock up restriction of Warrant Shares**

The Warrant Shares issued upon the exercise of the Warrants C shall be subject to a 6-month lockup period, commencing from the date of the fulfilment of the Exercise Condition C (the “**Lockup Period**”). The Warrant Shares will be issued under the name of the holders of the Warrants C and the respective Share certificate(s) will be in lockup by the Company until the end of the Lockup Period.

(iv) **Transferability**

Subject to the prior written consent of the Company, the Warrants shall only be transferrable to Independent Third Party(ies).

(v) **Voting rights for the holders of the Warrants**

The holder of the Warrants shall not be entitled to attend or vote at any general meetings of the Company by virtue of them being holders of the Warrants.

(vi) **Rights on liquidation**

If at any time prior to the expiration of the Warrants and prior to their exercise, any of the following events shall occur:

- (a) Adjustment Event(s), or
- (b) dissolution, liquidation, or winding up of the Company (other than in connection with a consolidation, merger, or sale of all or substantially all of its property, assets, and business as an entirety) shall be proposed;

the Company shall, as soon as practicable, give notice in writing of such event to the holders of the Warrants.

If the Company is wound up, all subscription rights which have not been exercised at the date of the commencement of the winding up will lapse and each Warrant certificate will cease to be valid for any purpose.

Placing commission

Provided that Completion takes place in accordance with the terms of the Placing Agreement, the Placing Agent will receive a placing commission of HK\$100,000, which is arrived at after arm’s length negotiations between the parties to the Placing Agreement taking into account the prevailing market conditions. The Directors are of the view that the placing commission is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

Specific Mandate

The Company will seek the Specific Mandate from the Shareholders for the allotment and issue of the Warrant Shares. The Warrant Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants will be allotted and issued under the Specific Mandate. In this regard, the EGM will be convened and held to, amongst others, pass the necessary resolutions to approve the Placing Agreement and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE PLACING

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.

The Board had considered other alternative fund-raising methods such as debt financing, rights issue or open offers. The Board is of the view that the Placing is a more appropriate means of fund raising for the Company as it does not have any immediate dilution effect on the shareholding of the existing Shareholders and the Warrants are non-interest bearing. Apart from the net proceeds that would be raised upon Completion, further proceeds would be raised upon exercise of the subscription rights attaching to the Warrants. The Board holds the view that the Placing and the issue of the Warrant Shares provide opportunities for the Group to strengthen the Group's capital base and financial position to better equip the Group with the financial flexibility for development of the existing business or any other new business of the Group.

The Directors considers that the terms of the Placing Agreement (including the Instrument) are fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming that the maximum amount of the Warrants are placed with the Placee(s), the gross proceeds and the net proceeds derived from the issue of the Warrants, which are estimated to be HK\$1,500,000 and approximately HK\$1,400,000 respectively, are intended to be used as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants at the Exercise Price, it is expected that an additional gross amount of HK\$97,500,000 will be raised. The net proceeds (after deduction of all related expenses) are expected to be applied for the general working capital of the Group and future investment of the Group as and when opportunities arise but no specific investment targets have been identified yet as at the date of this announcement.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has an authorised share capital of HK\$40,000,000 divided into 4,000,000,000 Shares of HK\$0.01 each, of which 1,634,016,389 Shares have been issued and are fully-paid.

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the full exercise of the subscription rights attaching to the Warrants are as follows:

Shareholders	As at the date of this announcement		Immediately upon the full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Sanju Environmental Protection (Hong Kong) Limited (<i>Note 1</i>)	641,566,556	39.26	641,566,556	35.96
Cheung Hing Investments Limited (<i>Note 2</i>)	396,911,278	24.29	396,911,278	22.25
Wang Lishan (<i>Note 3</i>)	7,628,000	0.47	7,628,000	0.43
Golden Talent (HK) Technology Co., Limited (<i>Note 4</i>)	161,995,555	9.91	161,995,555	9.08
Qi Daqing	1,550,000	0.09	1,550,000	0.09
Placees	-	-	150,000,000	8.41
Public Shareholders	424,365,000	25.50	424,365,000	23.79
Total	1,634,016,389	100	1,784,016,389	100

Notes:

1. These Shares are held by Sanju Environmental Protection (Hong Kong) Limited, which is wholly-owned by Beijing Sanju Environmental Protection & New Materials Co., Ltd. (北京三聚環保新材料股份有限公司).
2. These Shares are held by Cheung Hing Investments Limited, which is wholly-owned by Mr. Wang Lishan.
3. Mr. Wang Lishan beneficially holds 7,628,000 in his personal capacity.
4. These Shares are held by Golden Talent (HK) Technology Co., Limited, which is beneficially and wholly-owned by Mr. Lo Chun Yim.

ISSUE OF WARRANTS

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement and except for the outstanding options granted by the Company pursuant to the share option scheme currently in force and adopted by the Company on 8 June 2016, the Company did not have other securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules.

Assuming full exercise of the subscription rights attaching to the Warrants, 150,000,000 Warrant Shares (representing approximately 9.18% of the issued share capital of the Company as at the date of this announcement) will be issued. Accordingly, the issue of the Warrants would be in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

The EGM will be convened and held for the purpose of, amongst others, considering and, if thought fit, approving the issue of the Warrants and the grant of the Specific Mandate to issue the Warrant Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Specific Mandate.

A circular containing, among other matters, further details of the Placing and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders of the Company and investors should be aware of and take note that the Completion is conditional upon satisfaction of certain conditions precedent under the Placing Agreement. As the Placing may or may not proceed. Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

“Adjustment Events”	<p>(1) alteration to the nominal amount of each of the Shares by reason of any subdivision or consolidation of Share; or</p> <p>(2) issue of Shares by way of capitalisation of profits or reserves</p> <p>The Company shall not allow any adjustment event if such would render the Exercise Price of the Warrants falling below the nominal value of the Shares.</p> <p>Every adjustment to the Subscription Price will be certified either by the auditors of the Company or an independent merchant bank or other financial institution as selected by the Company.</p>
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or a day on which the tropical cyclone warning signal numbered 8 or extreme conditions announcement or black rainstorm warning is hoisted or in force at any time between 9: 00 a.m. and 5: 00 p.m.) on which licensed banks in Hong Kong are generally open for general banking business
“Company”	Jutal Offshore Oil Services Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 03303)
“Completion	completion of the Placing
“Completion Date”	within three (3) Business Days following the date on which the conditions of the Placing are fulfilled
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the Placing Agreement and the transactions contemplated thereunder including the issue of the Warrants and the grant of the Specific Mandate
“Exercise Price”	HK\$0.65 (subject to adjustment upon the occurrence of any of the Adjustment Events), being the exercise price per Warrant Share at which the holder of each Warrant may subscribe for the Warrant Share(s)
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies) ”	party(ies) independent of and not connected with the Company and its connected persons
“Instrument”	collectively the Warrants A Instrument, Warrants B Instrument and Warrants C Instrument
“Last Trading Day”	28 September 2020, being the last trading day for the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s) ”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Warrants
“Placing”	the offer by way of a private placing of the Warrants in registered form to selected independent professional, institutional and other investors on the terms and subject to the conditions set out in the Placing Agreement and the Instrument
“Placing Agent”	Oriental Patron Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement for the Placing dated 28 September 2020 entered into between the Company and the Placing Agent
“Share(s) ”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s) ”	registered holder(s) of the issued Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Warrants and the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants
“Subscription Price”	the subscription price of HK\$0.01 per Warrant pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s) ”	collectively, the Warrants A, Warrants B and Warrants C

“Warrants A”	a total of 30,000,000 unlisted warrants to be issued by the Company at the Subscription Price of HK\$0.01 each in registered form conferring rights entitling its holder(s) to subscribe for up to 30,000,000 Warrant Shares at the Exercise Price, at any time during the period of twelve months(12) from the date of issue of the Warrants A
“Warrants B”	a total of 60,000,000 unlisted warrants to be issued by the Company at the Subscription Price of HK\$0.01, each in registered form conferring rights entitling its holder(s) to subscribe for up to 60,000,000 Warrant Shares at the Exercise Price, at any time during the period of forty-two(42) months from the date of issue of the Warrants B
“Warrants C”	a total of 60,000,000 unlisted warrants to be issued by the Company at the Subscription Price of HK\$0.01, each in registered form conferring rights entitling its holder(s) to subscribe for up to 60,000,000 Warrant Shares at the Exercise Price, at any time during the period of forty-two(42) months from the date of issue of the Warrants C
“Warrants A Instrument”	the deed poll constituting the Warrants A to be executed by the Company
“Warrants B Instrument”	the deed poll constituting the Warrants B to be executed by the Company
“Warrants C Instrument”	the deed poll constituting the Warrants C to be executed by the Company
“Warrant Share(s)”	up to 150,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
JUTAL OFFSHORE OIL SERVICES LIMITED
Wang Lishan
Chairman

Hong Kong, 28 September 2020

As at the date of this announcement, the executive directors are Mr. Wang Lishan (Chairman), Mr. Liu Lei (Deputy Chairman), Mr. Li Lin, Mr. Gao Zhiqiang, Mr. Wang Ningsheng and Mr. Liu Yunian; and the independent non-executive directors are Mr. Su Yang, Mr. Qi Daqing and Mr. Zheng Yimin.

If there is any inconsistency in this announcement between the Chinese and English versions, the Chinese version shall prevail.