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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)**

## **GRANT OF SHARE OPTIONS - SERVICE CONTRACT**

### **GRANT OF SHARE OPTIONS - SERVICE CONTRACT**

On 29 May 2019, the Company entered into the Service Contract with the Service Provider. Pursuant to the Service Contract, the Company has appointed the Service Provider as the Company's capital market consultant for provision of the Services for a term of 36 months from 29 May 2019 to 28 May 2022. In consideration of the provision of the Services by Service Provider to the Company, the Company shall (i) pay a monthly payment of HK\$30,000 each to the Service Provider and (ii) grant the Consideration Options to the Service Provider, subject to the acceptance of the Consideration Options by the Service Provider.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Service Contract does not exceed 5%, the Service Contract does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will not be subject to the reporting and announcement requirements.

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

## **SERVICE CONTRACT**

On 29 May 2019, the Company entered into the Service Contract with the Service Provider. Pursuant to the Service Contract, the Company has appointed the Service Provider as the Company's capital market consultant for provision of the Services for a term of 36 months from 29 May 2019 to 28 May 2022.

Principal terms of the Service Contract are set out as follows:

**Date:** 29 May 2019

**Parties:** the Company

Hong Kong Zhixin Financial News Agency Limited (香港智信財經通訊社有限公司), a company incorporated under the laws of Hong Kong

As advised by the Service Provider whose principle business is provision of investor and media relations consultation and coordination services.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Service Provider and its ultimate beneficial owner are Independent Third Parties.

### **Services to be provided**

Service Provider shall act as the Company's capital market consultant and shall provide to the Company the Services which include, among other things, the following:

- (i) maintain and enhance effective communications between the Company and (i) investors and (ii) media;
- (ii) establishing strategies for investor relations;
- (iii) updating investor database;
- (iv) arranging meetings and visits among the Company and analysts or investors;
- (v) timely collection and follow-up research reports and analysis report of the Company and companies of the same industry;
- (vi) arranging to issue press release to financial media and handling enquires of institutional investors; and
- (vii) drafting articles in respect of the Company based on publicly available information (e.g. the Company's annual reports and published announcements) for release to the media and assisting the Company to release research reports or positive information already published by mainstream media to PRC internet media.

### **Consideration**

Pursuant to the Services Contract, in consideration of the provision of the Services by Service Provider to the Company, the Company shall:

- (i) pay a monthly payment of HK\$30,000 each, as the monthly services fee, to the Service Provider; and
- (ii) grant the Consideration Options to the Service Provider, subject to the acceptance of the Consideration Options, by the Service Provider.

The Service Provider has accepted the offer of the Consideration Options under the Offer Letter. The Service Provider shall not be entitled to accept this offer if it ceases to be qualified as a Participant after the date of the Offer Letter. Payment of HK\$1.00 will be made by the Service Provider upon acceptance of the Consideration Options.

The Service Provider undertakes to hold the Consideration Options, among other things, pursuant to the terms on which the Consideration Options are granted to it by the Company and on the terms and conditions contained in the Offer Letter and the Service Contract, and to be bound by the provisions of the rules of the Share Option Scheme.

### **Consideration Options**

Pursuant to the Service Contract, the Company has granted an aggregate of 15,000,000 Consideration Options to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company, subject to acceptance of the Service Provider, under the Share Option Scheme. The following are the details of the Consideration Options granted:

<b>Date of grant</b>	:	29 May 2019 (the “ <b>Date of Grant</b> ”)
<b>Exercise price of the Consideration Options granted</b>	:	HK\$1.04 per Share
<b>Number of Consideration Options granted</b>	:	15,000,000 Options, each Option entitling the Service Provider to subscribe for one Share at the relevant exercise price mentioned above
<b>Closing price of the Shares on the Date of Grant</b>	:	HK\$0.74 per Share
<b>Validity periods of the Consideration Options granted</b>	:	The Consideration Options are valid for a period of 3 years commencing on 29 May 2019 subject to the exercise conditions as disclosed below, vesting conditions and earlier termination as provided under the Share Option Scheme and applicable award documents

Subject to the terms of the Share Option Scheme, the Service Provider is entitled to exercise the Consideration Options in 4 tranches in accordance with the following exercise condition and period:

<u>Tranches of Consideration Options</u>	<u>Number of Consideration Option</u>	<u>Exercise Period</u>	<u>Exercise Condition</u>
1	6,000,000	from 29 August 2019 to 28 May 2022 (both dates inclusive)	subject to the adjustment mechanism and the continuing eligibility criteria, both as stated below, the Service Provider is entitled to exercise the 1 <sup>st</sup> tranche of the Consideration Option during the respective exercise period, upon the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for any consecutive twenty (20) business days is greater than or equal to HK\$1.60 (the " <b>Target Price I</b> ")
2	4,000,000	from 29 November 2019 to 28 May 2022 (both dates inclusive)	subject to the adjustment mechanism as stated below, the Service Provider is entitled to exercise the 2 <sup>nd</sup> tranche of the Consideration Option during the respective exercise period, upon the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for any consecutive twenty (20) business days is greater than or equal to HK\$2.00 (the " <b>Target Price II</b> ")
3	3,000,000	from 29 May 2020 to 28 May 2022 (both dates inclusive)	subject to the adjustment mechanism as stated below, the Service Provider is entitled to exercise the 3 <sup>rd</sup> tranche of the Consideration Option during the respective exercise period, upon the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for any consecutive twenty (20) business days is greater than or equal to HK\$2.24 (the " <b>Target Price III</b> ")
4	2,000,000	from 29 November 2020 to 28 May 2022 (both dates inclusive)	subject to the adjustment mechanism as stated below, the Service Provider is entitled to exercise the 4 <sup>th</sup> tranche of the Consideration Option during the respective exercise period, upon the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for any consecutive twenty (20) business days is greater than or equal to HK\$2.40 (the " <b>Target Price IV</b> ")

Adjustment mechanism:

If (i) the Company issues new Shares for settlement of consideration for transaction during the said exercise period and (ii) such single issue of new shares represent more than 20% of the then issued share capital of the Company, the Company and the Service Provider may negotiate based on fair principle for adjustment to the respective Target Price for not yet exercised Consideration Options of each tranche of the Consideration Options.

- Continuing eligibility criteria : Subject to the rules of the Share Option Scheme and the terms and conditions contained in the Offer Letter and the Service Contract, in order to be entitled to exercise the Consideration Options:
- (i) when any of the Consideration Options remains outstanding, the Service Provider must remain a Participant during the exercise period and comply with the rules of the Share Option Scheme;
  - (ii) the Service Contract remain subsisting and the Service Provider shall fully comply with, perform and discharge all provisions, terms, conditions and obligations timely under and in accordance with the Service Contract;
  - (iii) the exercise period has not expired; and
  - (iv) the Service Provider and its ultimate beneficial owner are Independent Third Parties.

Each of the outstanding or unexercised Consideration Options granted to Service Provider shall lapse after the respective exercise periods.

The Total Consideration was determined by the Company and the Service Provider after arm's length negotiations with reference to, among others, the current market value of the Shares, recent trading volumes of the Shares, the exercise periods and the Services to be provided by the Service Provider.

### **Termination of Service Contract**

The Service Contract may be early terminated by mutual agreement of both parties.

### **Reasons for and benefits of entering into the Service Contract**

The Company is an investment holding company. The Group is principally engaged in (i) the fabrication of facilities and provision of integrated services for oil and gas industries; (ii) fabrication of facilities and provision of integrated services for other energy and refining and chemical industries; and (iii) the provision of technical support services to the shipbuilding industry.

The Directors believe that it is commercially beneficial for the Company to engage the Services of the Service Provider for the purpose of enhancing the relations between the Company and its investors, which may improve the Company's communications with investors, potential investors and media and increase the market presence of the Group.

The Service Provider will only exercise the Consideration Options upon the fulfillment of the exercise condition as stated above. The Service Provider will pay the exercise price for the Shares under the Consideration Options, the Company in turn will receive fund. Accordingly, the grant of the Consideration Options in turn will broaden the Company's Shareholder base.

The Directors are of the view that the grant of the Consideration Options to the Service Provider for partial settlement of the Total Consideration will align the interests of the Service Provider with the future performance of the price of the Share. The performance of the future price of the Share is to a certain extent related to the quality and effectiveness of the services provided by the Service Provider to the Company.

The Directors consider the Total Consideration, including the grant of the Consideration Options, which have been determined on an arm's length basis, and the Service Contract was entered into on normal commercial terms as part of the ordinary and usual course of business of the Company after arm's length negotiation, and the terms of which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Service Contract does not exceed 5%, the Service Contract does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will not be subject to the reporting and announcement requirements. This announcement is made pursuant to Rule 17.06A of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Service Provider, being grantee of the Consideration Options is not a director, chief executive or substantial shareholder of the Company or an associate of any of them.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Jutal Offshore Oil Services Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“chief executive(s)”	has the meaning as ascribed to it under the Listing Rules
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration Options”	the aggregate of 15,000,000 Options granted to the Service Provider pursuant to the Service Contract (subject to acceptance by the Service Provider) and subject to the terms and conditions of the Offer Letter
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries and their respective associates (as defined under the Listing Rules), and the term “Independent Third Party” shall be construed accordingly
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange
“Offer Letter”	the letter dated 29 May 2019 issued by the Company to the Service Provider in relation to the offer of the Consideration Options to the Service Provider subject to the terms thereof;
“Option(s)”	the option(s) to subscribe for Share(s) granted pursuant to the Share Option Scheme
“Participant(s)”	has the meaning as ascribed to it in the Share Option Scheme

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Services”	the services to be provided by the Service Provider to the Company pursuant under the Service Contract, brief description of which are stated under the paragraph headed “Services to be provided” above in this announcement
“Service Contract”	the agreement dated 29 May 2019 entered into between the Company and the Service Provider in relation to the appointment of the Service Provider as the Company’s capital market consultant for the provision of the Services by the Service Provider to the Company
“Service Provider”	Hong Kong Zhixin Financial News Agency Limited (香港智信財經通訊社有限公司), a company incorporated under the laws of Hong Kong with company number 1465710
“Share Option Scheme”	the share option scheme adopted by the Company on 8 June 2016
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Target Price”	collectively the Target Price I, the Target Price II, the Target Price III, the Target Price IV
“Total Consideration”	collectively (i) the monetary consideration of a monthly payment of HK\$30,000 each to the Service Provider, being part of the consideration for the Services, pursuant to the Service Contract by the Company; and (ii) the Consideration Option
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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

Hong Kong, 29 May 2019

*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. Liu Yunian and Mr. Tang Hui; and the independent non-executive Directors are Mr. Su Yang, Mr. Zheng Yimin and Mr. Qi Daqing.*

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