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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **THE MASTER AGREEMENT**

As the Existing Master Agreement entered into between the Company and Sanju would expire on 31 December 2018, the Board is pleased to announce that on 14 November 2018, the Company entered into the Master Agreement with Sanju, pursuant to which Sanju, for itself and also as agent of its wholly-owned subsidiaries and Controlling companies, agrees to engage the Group to provide the Company Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive), and the Company also agrees to engage Sanju to provide the Sanju Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sanju wholly owns Sanju HK, which is a substantial shareholder and a connected person of the Company holding 641,566,556 Shares, representing approximately 39.26% of the issued share capital of the Company. Therefore, Sanju is deemed as a substantial shareholder and connected person of the Company. Accordingly, the transactions, namely (i) provision of Company Services by the Company; and (ii) obtaining of Sanju Services from Sanju contemplated under the Master Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio exceeds 5% and the transactions amount under the Master Agreement exceeds HK\$10,000,000, the CCT and the Sanju CCT constitute non-exempt continuing connected transactions of the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Sanju HK and its associate(s) are required to abstain from voting on the resolution(s) in respect of the CCT and the Sanju CCT at the EGM.

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT and Sanju CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held to consider and, if thought fit, to approve the CCT and Sanju CCT contemplated by the Master Agreement, Sanju Annual Caps and the Annual Caps.

A circular containing, among other things, (i) details of the CCT and Sanju CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT and Sanju CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT and Sanju CCT; (iv) a notice of the EGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 14 December 2018 as additional time is required for the preparation of the relevant information for inclusion in the circular.

## **INTRODUCTION**

Reference is made to the circular of the Company dated 20 November 2017 in respect of the Existing Master Service Agreement which was approved in the extraordinary general meeting of the Company held on 5 December 2017. The Existing Master Service Agreement will be expired on 31 December 2018.

The Board is pleased to announce that as the Existing Master Agreement entered into between the Company and Sanju would expire on 31 December 2018, on 14 November 2018, the Company entered into the Master Agreement with Sanju, pursuant to which Sanju, for itself and also as agent of its wholly-owned subsidiaries and Controlling companies, agrees to engage the Group to provide the Company Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive), and the Company also agrees to engage Sanju to provide the Sanju Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive).

Sanju is a substantial shareholder and a connected person of the Company holding 641,566,556 Shares, representing approximately 39.26% of the issued share capital of the Company as at the date of the announcement. Accordingly, the transactions contemplated under Master Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

## **PRINCIPAL TERMS OF THE MASTER AGREEMENT**

Date : 14 November 2018 (after trading hours)

Parties : (i) the Company; and

(ii) Sanju, a company established in the PRC, which wholly owns Sanju HK, which is a substantial Shareholder of the Company. Therefore, Sanju is deemed as a substantial Shareholder and a connected person of the Company under the Listing Rules.

### **I. Provision of the Company Services**

#### ***Term***

Pursuant to the Master Agreement and subject to the approval by the Independent Shareholders, Sanju agrees to engage the Group to provide the Company Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive).

Pursuant to the Master Agreement, for each particular service or project required by Sanju during the term as set out in the paragraph above, the Group and Sanju shall enter into a specific contract, which shall set out the details (including the quality) of service to be provided, the service fee and the payment terms. Detailed terms and conditions for providing such particular Company Services or relevant projects to Sanju shall be governed by the specific contract to be entered into between the Group and Sanju pursuant to the Master Agreement.

#### ***Pricing and payment***

The transaction amount for the Company Services under the Master Agreement will be on project based. The charging amount of each project for the Company Services under the Master Agreement will be determined by arm's length negotiations based on normal commercial terms and with reference to:

- (i) usual pricing standard of the Group;
- (ii) not less than the fee offered by the Group to the Independent Third Parties for the same services;
- (iii) in the event that the service is confirmed by way of tender, the fee will be the final fee determined by the tender procedure fairly conducted in the market; and
- (iv) in the event that the service is not confirmed by way of tender, the fee will be determined by the principle of "cost-plus profit", which is based on the estimated cost plus a profit at ordinary level with reference to the use of resource and complexity of the relevant service or project.

In order to ensure that (i) the service fees and the other terms of the specific contracts are on the normal commercial terms; and (ii) the service fees received from Sanju are in accordance with the prevailing market prices and not less than that charged to the Independent Third Parties to the Company, the Company has adopted an internal control procedure pursuant to that costs and transaction records relating to the provision of similar service to the Independent Third Parties are required for internal assessment and evaluation of the profit margins earned from the provision of the Company Services under the specific contracts to Sanju as compared with the profit margins earned from similar services to the Independent Third Parties on the market.

The payment method of each project for the Company Services will be determined and governed by the relevant specific contract entered into by the parties pursuant to the Master Agreement.

### ***Proposed Annual Caps***

The Annual Caps for the Company Services for year ending 31 December 2019, the year ending 31 December 2020 and the year ending 31 December 2021 are set out as follows:

	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>
Annual Caps	RMB500 million	RMB500 million	RMB500 million
(approximately)	(HK\$565 million)	(HK\$565 million)	(HK\$565 million)

### ***Basis for the Annual Caps***

The Annual Caps for the Company Services for the respective years are determined based on the followings:

- (i) the previous transaction amounts between the Group and Sanju for the Company Services;
- (ii) the estimated number and service fees of the projects to be undertaken for the Company Services under the Master Agreement; and
- (iii) the estimated business growth of the Group and Sanju.

Should the actual annual amount exceed the above proposed Annual Caps, the Company will revise the Annual Caps in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

## II. Provision of Sanju Services

### *Term*

Pursuant to the Master Agreement and subject to the approval by the Independent Shareholders, the Company agrees to engage Sanju to provide the Sanju Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive).

Pursuant to the Master Agreement, for each particular service or project required by the Company to be provided by Sanju during the term as set out in the paragraph above, the Group and Sanju shall enter into a specific contract, which shall set out details (including the quality) of service to be provided, the fee and the payment terms. Detailed terms and conditions for providing such particular Sanju Services or relevant projects shall be governed by the specific contract to be entered into between the Group and Sanju pursuant to the Master Agreement.

### *Pricing and Payment*

The transaction amount under the Master Agreement will be on project based. The service fee of each project under the Master Agreement will be determined by arm's length negotiations based on normal commercial terms and shall not higher than the service fee payable by the Company for the same services provided by Independent Third Parties to the Company.

### *Proposed Sanju Annual Caps*

The Sanju Annual Caps for the Sanju Services for the year ending 31 December 2019, the year ending 31 December 2020 and the year ending 31 December 2021 are set out as follows:

	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>
Annual Caps (approximately)	RMB100 million (HK\$113 million)	RMB100 million (HK\$113 million)	RMB100 million (HK\$113 million)

### *Basis for the Sanju Annual Caps*

The Sanju Annual Caps for the Sanju Services for the respective years are determined based on the followings:

- (i) the estimated number and service fees of the projects to be undertaken for the Sanju Services under the Master Agreement; and
- (ii) the estimated business growth of the Group and Sanju.

Should the actual annual amount exceed the above proposed Sanju Annual Caps, the Company will revise the Sanju Annual Caps in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

## **Condition precedent**

The Master Agreement is conditional upon the approval by the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules. Before the approval by the Independent Shareholders, the Group and Sanju shall not enter into any transactions or specific contracts under the Master Agreement.

## **REASONS FOR AND THE BENEFITS OF ENTERING INTO THE MASTER AGREEMENT**

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.

As advised by Sanju, it is a company founded in 1997 established in Beijing, PRC and listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange Stock Code 300072) and is principally engaged in manufacturing, sales and distribution of energy and environmental protection materials and products in petroleum refining, petrochemical, natural gas chemical, and coal chemical industries, as well as provision of integrated services to energy industry, ecological agriculture and green energy industry, integrated utilization of biomaterials.

In view of the different services and technologies provided by the Company and Sanju to overlapping customers while focusing on serving and distributing to these customers in their respective and different geographical and application market segment, the Group and Sanju will use their combined strengths, explore cross selling and collaboration activities as well as jointly develop new markets and new customers. The entering into of the Master Agreement between the Company and Sanju will strengthen such collaboration.

The Master Agreement between the Company and Sanju was entered into by the Company in the ordinary and usual course of business of the Group. The provision of the Company Services will strengthen the existing business of the Group and increase the revenue of the Group. The provision of the Sanju Services will enhance the Group's ability to procure reliable technical support and stable raw materials for projects.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Annual Caps and/or the Sanju Annual Caps have been determined on an arm's length basis and the Master Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sanju wholly owns Sanju HK, which is a substantial shareholder and a connected person of the Company holding 641,566,556 Shares, representing approximately 39.26% of the issued share capital of the Company. Therefore, Sanju is deemed as a substantial shareholder and connected person of the Company. Accordingly, the transactions contemplated under Master Agreement, namely (i) provision of Company Services by the Company and (ii) obtaining of Sanju Services from Sanju will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio exceeds 5% and the transactions amount under the Master Agreement exceeds HK\$10,000,000, the CCT and Sanju CCT constitute non-exempt continuing connected transactions for the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Sanju HK and its associate(s) are required to abstain from voting on the resolution(s) in respect of the CCT and Sanju CCT at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Sanju HK and its associate(s), no other Shareholder has any material interest in the Master Agreement. Accordingly, apart from Sanju HK and its associate(s), no other Shareholder is required to abstain from voting at the EGM in respect of the resolutions relating to the Master Agreement. Mr. Liu Lei and Mr. Lin Ke are regarded as having a material interest and have abstained from voting for the Board resolutions for approving the Master Agreement (including the Annual Cap and the Sanju Annual Caps) and the transactions contemplated thereunder.

## **GENERAL**

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT and the Sanju CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held to consider and, if thought fit, to approve the CCT and the Sanju CCT contemplated under the Master Agreement, the Annual Caps and Sanju Annual Caps.

A circular containing, among other things, (i) details of the CCT and the Sanju CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT and the Sanju CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT and the Sanju CCT; (iv) a notice of the EGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 14 December 2018 as additional time is required for the preparation of the relevant information for inclusion in the circular..

## DEFINITIONS

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

“Annual Caps”	the proposed maximum aggregate annual value for the CCT contemplated under the Master Agreement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CCT”	the transactions to be entered into between the Group and Sanju on an ongoing basis in respect of the provision of Company Services by the Group to Sanju pursuant to the Master Agreement
“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
“Company Services”	services to be provided by the Company pursuant to the Master Agreement which include the followings: (i) purifying and refining device project contracting* (淨化及煉化相關的工程承包); (ii) special equipment/facilities manufacturing* (專用設備或裝置製造); and (iii) project management and labour outsourcing services* (項目管理或提供勞務派遣等服務)
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Controlling company(ies)”	company(ies) which Sanju holding more than 30% interest
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting (or any adjournment thereof) of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Agreement, the transaction contemplated thereunder, the Annual Caps and the Sanju Annual Caps



“Existing Master Agreement”	the master agreement dated 19 September 2017 (as amended and supplemented by supplemental agreement dated 3 November 2017) between the Company and Sanju, pursuant to which Sanju, for itself and also as agent of its wholly-owned Subsidiaries and Controlling companies, agrees to engage the Group to provide the Company Services for a term of 13 months from 1 December 2017 to 31 December 2018 (both days inclusive), and the Company agrees to engage Sanju to provide the Sanju Services for a term of 12 months from 1 January 2018 to 31 December 2018 (both days inclusive)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company to be formed by the Company, comprising all the independent non-executive Directors, namely Mr. Su Yang, Mr. Zheng Yimin and Mr. Qi Daqing, to advise the Independent Shareholders as to whether the Master Agreement, the Annual Caps and the Sanju Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	the independent financial advisor which will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Master Agreement, the Annual Caps and the Sanju Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders other than Sanju and its associate(s), who are not involved in or interested in the Master Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange

“Master Agreement”	the agreement dated 14 November 2018 between the Company and Sanju, pursuant to which Sanju, for itself and also as agent of its wholly-owned Subsidiaries and Controlling companies, agrees to engage the Group to provide the Company Services for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive), and the Company agrees to engage Sanju to provide the Sanju Services also for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive)
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sanju”	Beijing Sanju Environmental Protection & New Materials Co., Ltd.* (北京三聚環保新材料股份有限公司), a company established in the PRC with limited liability and listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange Stock Code 300072), which wholly owns Sanju HK, and hence is deemed as a substantial shareholder and a connected person of the Company
“Sanju HK”	Sanju Environmental Protection (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which is a substantial shareholder and a connected person of the Company
“Sanju Annual Caps”	the proposed maximum aggregate annual value for the Sanju CCT contemplated under the Master Agreement
“Sanju CCT”	the transactions to be entered into between the Group and Sanju in respect of the provision of Sanju Services by Sanju to the Group on an ongoing basis pursuant to the Master Agreement
“Sanju Services”	provision of products such as catalyst* (催化劑等物品的供貨)
“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
“Subsidiary(ies)”	subsidiary(ies) of the Company
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

\* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 14 November 2018

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1=HK\$1.13. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

*As at the date of this announcement, the executive Directors are Mr. 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.*