

# 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

## 2022

## INTERIM REPORT



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## Financial Highlights

- Revenue was RMB1,166,518,000, a 42.88% decrease from the same period in last year.
- Gross profit was RMB15,673,000, a 94.05% decrease from the same period in last year.
- For the six months ended 30 June 2022, loss attributable to owners of the Company was RMB140,750,000.

For the six months ended 30 June 2021, profit attributable to owners of the Company was RMB98,301,000.

- Basic loss per share was RMB8.371 cents for the six months ended 30 June 2022.
- The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2022.

The board (the “Board”) of directors (the “Directors”) of Jutal Offshore Oil Services Limited (the “Company”) is pleased to present the unaudited condensed consolidated results for the six months ended 30 June 2022 of the Company and its subsidiaries (collectively referred to as the “Group”), together with the comparative figures for the corresponding period in 2021. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 has been reviewed by the audit committee of the Company (the “Audit Committee”), but was not reviewed by the Company’s auditor.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Turnover</b>	5	<b>1,166,518</b>	2,042,142
Cost of sales and services		<b>(1,150,845)</b>	(1,778,637)
<b>Gross profit</b>		<b>15,673</b>	263,505
Other income	6	<b>17,856</b>	25,862
Administrative expenses		<b>(71,728)</b>	(173,325)
Reversal of impairment losses on trade and other receivables		<b>3,789</b>	34,475
(Impairment losses)/reversal of impairment losses on contract assets		<b>(4,335)</b>	504
Other operating expenses	7	<b>(63,495)</b>	(11,739)
<b>(Loss)/profit from operations</b>		<b>(102,240)</b>	139,282
Finance costs	8	<b>(16,327)</b>	(14,633)
<b>(Loss)/profit before tax</b>		<b>(118,567)</b>	124,649
Income tax expense	10	<b>(22,183)</b>	(26,348)
<b>(Loss)/profit for the period attributable to owners of the Company</b>	11	<b>(140,750)</b>	98,301
<b>(Loss)/earnings per share</b>	12	<b>RMB</b>	RMB
Basic		<b>(8.371) CENTS</b>	5.966 CENTS
Diluted		<b>N/A</b>	5.901 CENTS

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>(Loss)/profit for the period</b>	<b>(140,750)</b>	98,301
<b>Other comprehensive income:</b>		
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	12,979	(7,919)
<b>Other comprehensive income for the period, net of tax</b>	<b>(127,771)</b>	90,382
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(127,771)</b>	90,382

## Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	13	1,090,927	1,179,349
Right-of-use assets	14	419,393	429,513
Goodwill		52,444	52,444
Intangible assets		10,053	11,046
Trade receivables, non-current	15	2,910	9,476
Deferred tax assets		57,058	54,762
		<b>1,632,785</b>	1,736,590
<b>Current assets</b>			
Inventories		126,023	174,945
Trade and bills receivables	15	317,738	419,536
Contract cost assets		6,343	7,136
Contract assets		514,404	488,216
Prepayments, deposits and other receivables		90,193	225,618
Derivative financial instruments		19,160	24,848
Current tax assets		6	6
Financial assets at fair value through profit or loss		19,085	–
Pledged bank deposits		108,096	134,310
Bank and cash balances		702,786	662,765
		<b>1,903,834</b>	2,137,380

## Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>Current liabilities</b>			
Trade and bills payables	16	691,826	1,106,870
Contract liabilities		129,812	86,677
Accruals and other payables		73,073	111,133
Derivative financial instruments		14,309	–
Provisions		133,350	157,697
Bank borrowings		282,300	306,000
Deferred income		6,824	8,849
Lease liabilities		9,918	10,086
Current tax liabilities		9,477	9,735
		<b>1,350,889</b>	<b>1,797,047</b>
<b>Net current assets</b>		<b>552,945</b>	<b>340,333</b>
<b>Total assets less current liabilities</b>		<b>2,185,730</b>	<b>2,076,923</b>
<b>Non-current liabilities</b>			
Deferred revenue		17,876	19,264
Lease liabilities		38,723	41,847
Bank borrowings		407,650	176,200
Deferred tax liabilities		45,155	34,145
		<b>509,404</b>	<b>271,456</b>
<b>NET ASSETS</b>		<b>1,676,326</b>	<b>1,805,467</b>
<b>Capital and reserves</b>			
Share capital	17	15,150	15,150
Reserves		1,661,176	1,790,317
<b>TOTAL EQUITY</b>		<b>1,676,326</b>	<b>1,805,467</b>

Approved by the Board of Directors on 28 August 2022

Wang Lishan  
Chairman

Cao Yunsheng  
Director

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital	Share premium account	Special reserve	Convertible loan notes equity reserve	Foreign currency translation reserve	Share-based payment reserve	Statutory reserves	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	14,755	1,733,618	(52,040)	2,951	(72,422)	46,813	40,275	535,395	2,249,345
Total comprehensive income for the period	-	-	-	-	(7,919)	-	-	98,301	90,382
Share-based payments	-	-	-	-	-	43,500	-	-	43,500
Share options forfeited	-	-	-	-	-	(655)	-	655	-
Issued of shares on exercise of share options	395	39,034	-	-	-	(13,688)	-	-	25,741
Special dividend paid (note 9)	-	(204,930)	-	-	-	-	-	-	(204,930)
Approval of year 2020 final dividend	-	(307,783)	-	-	-	-	-	-	(307,783)
Changes in equity for the period	395	(473,679)	-	-	(7,919)	29,157	-	98,956	(353,090)
At 30 June 2021	15,150	1,259,939	(52,040)	2,951	(80,341)	75,970	40,275	634,351	1,896,255
At 1 January 2022	15,150	1,259,939	(52,040)	2,951	(85,770)	77,888	40,275	547,074	1,805,467
Total comprehensive income for the period	-	-	-	-	12,979	-	-	(140,750)	(127,771)
Share options forfeited	-	-	-	-	-	(5,094)	-	3,724	(1,370)
Changes in equity for the period	-	-	-	-	12,979	(5,094)	-	(137,026)	(129,141)
At 30 June 2022	15,150	1,259,939	(52,040)	2,951	(72,791)	72,794	40,275	410,048	1,676,326



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(166,976)</b>	<b>363,012</b>
Interest received	3,085	4,567
Purchases of financial assets at fair value through profit or loss	(17,912)	–
Purchases of property, plant and equipment	(23,185)	(42,046)
Proceeds from disposals of property, plant and equipment	84	350
Government grants received	156	13,901
Decrease in pledged bank deposits	24,247	23,438
Other investing cash flows (net)	3,835	2,677
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(9,690)</b>	<b>2,887</b>
Bank loans raised	295,500	–
Repayment of bank loans	(87,750)	(18,750)
Principal elements of lease payments	(5,002)	(6,271)
Proceeds from issue of shares on exercise of share options	–	25,741
Special dividend paid	–	(204,930)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>202,748</b>	<b>(204,210)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26,082</b>	<b>161,689</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>666,970</b>	<b>1,191,173</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>11,972</b>	<b>(7,929)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>705,024</b>	<b>1,344,933</b>
Bank and cash balances	702,786	1,342,360
Pledged bank deposits (mature in three months or less)	2,238	2,573
	<b>705,024</b>	<b>1,344,933</b>

## Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 June 2022*

### 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s consolidated financial statements.

A number of new standards and amendments are effective for annual periods beginning after from 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

## Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 June 2022*

### 3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 3. FAIR VALUE MEASUREMENTS (CONTINUED)

#### (a) Disclosures of level in fair value hierarchy at 30 June 2022:

Description	Fair value measurement using		Total 30 June 2022 RMB'000
	Level 2 RMB'000	Level 3 RMB'000	
<b>Recurring fair value measurements:</b>			
Financial assets:			
Financial assets at fair value through profit or loss			
Unlisted mutual fund	-	19,085	19,085
Derivatives			
Foreign currency forward	19,160	-	19,160
<b>Total</b>	<b>19,160</b>	19,085	38,245
Financial liabilities:			
Derivatives			
Foreign currency forward	14,309	-	14,309
<b>Total</b>	<b>14,309</b>	-	14,309

#### Disclosures of level in fair value hierarchy at 31 December 2021:

Description	Fair value measurement using		Total 31 December 2021 RMB'000
	Level 2 RMB'000	Level 3 RMB'000	
<b>Recurring fair value measurements:</b>			
Financial assets:			
Derivatives			
Foreign currency forward	24,848	-	24,848
<b>Total</b>	<b>24,848</b>	-	24,848

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 3. FAIR VALUE MEASUREMENTS (CONTINUED)

#### (b) Reconciliation of financial assets measured at fair value based on level 3

Unlisted mutual fund	Financial assets at fair value through profit or loss	
	2022 RMB'000	2021 RMB'000
At 1 January	–	–
Purchases	17,912	–
Total gains or losses recognised in profit or loss (#)	1,173	–
At 30 June	19,085	–
(#) Include gains or losses for assets held at end of reporting period	1,173	–

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 3. FAIR VALUE MEASUREMENTS (CONTINUED)

**(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2022:**

The Group has engaged external valuation expert with the professional qualifications and recent experience to perform the fair value measurement of foreign currency forward contracts outstanding at 30 June 2022 and 31 December 2021.

The valuation techniques used and the key inputs to the level 2 fair value measurements are set out below:

Level 2 fair value measurements			Fair value			
Description	Valuation technique	Key inputs	30 June 2022		31 December 2021	
			RMB'000		RMB'000	
			Assets	Liabilities	Assets	Liabilities
Derivatives – foreign currency forward	Discounted cash flows	Forward exchange rate; Contract forward rates; and Discount rate	19,160	14,309	24,848	-

For level 3 fair value measurements, the Group assessed the fair value of the Group's investment in financial assets as at 30 June 2022 based on the net asset value of the mutual fund provided by the fund's administrator and calculated the portion attributable to the Group.

## Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 June 2022*

### 4. SEGMENT INFORMATION

The Group has two reportable segments as follows:

- Fabrication of facilities and provision of integrated services for oil and gas industries (“oil and gas segment”)
- Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries (“new energy and refinery and chemical segment”)

The Group’s reportable segments are strategic business units that offer products 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 and technical support services for industries other than oil and gas, new energy and refinery sectors. 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.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. SEGMENT INFORMATION (CONTINUED)

	Oil and gas segment RMB'000 (Unaudited)	New energy and refinery and chemical segment RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Six months ended 30 June 2022</b>				
Revenue from external customers	1,033,918	123,540	9,060	1,166,518
Segment profit/(loss)	139,919	(124,212)	(34)	15,673
<b>At 30 June 2022:</b>				
Segment assets	1,838,592	542,966	26,080	2,407,638
Segment liabilities	1,013,715	177,136	19,200	1,210,051
<b>Six months ended 30 June 2021</b>				
Revenue from external customers	1,484,698	546,147	11,297	2,042,142
Segment profit/(loss)	309,570	(46,185)	120	263,505
<b>At 31 December 2021:</b>				
Segment assets	2,185,251	720,242	28,295	2,933,788
Segment liabilities	1,318,533	180,727	15,050	1,514,310



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Reconciliations of segment profit:		
Total profit of reportable segments	15,673	263,505
Unallocated amounts:		
Other income	17,856	25,862
Finance costs	(16,327)	(14,633)
Other corporate expenses	(135,769)	(150,085)
Consolidated (loss)/profit before tax for the period	(118,567)	124,649

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 5. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by business segments and timing of revenue recognition.

For the six months ended 30 June (unaudited)	Oil and gas segment		New energy and refinery and chemical segment		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Timing of revenue recognition</b>								
Goods and services transferred at a point in time	28,321	14,121	955	2,528	-	-	29,276	16,649
Goods and services transferred over time	1,005,597	1,470,577	122,585	543,619	9,060	11,297	1,137,242	2,025,493
<b>Total</b>	<b>1,033,918</b>	<b>1,484,698</b>	<b>123,540</b>	<b>546,147</b>	<b>9,060</b>	<b>11,297</b>	<b>1,166,518</b>	<b>2,042,142</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 5. REVENUE (CONTINUED)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade and bills receivables	<b>320,648</b>	429,012
Contract assets	<b>514,404</b>	488,216
Contract liabilities	<b>129,812</b>	86,677

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for the Group's construction services, for which revenue is recognised over time.

The amount of approximately RMB69,071,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2022.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 6. OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net foreign exchange gains	4,966	–
Gain on disposals of property, plant and equipment	–	324
Interest income on bank deposits	3,085	4,567
Government grants recognised	5,927	9,914
Compensation income	546	1,526
Reversal of other receivable previously written off	3,000	–
Fair value gains on derivative financial instruments	–	9,086
Sundry income	332	445
	<b>17,856</b>	<b>25,862</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 7. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net foreign exchange losses	–	4,585
Fair value loss on derivative financial instruments	16,162	–
Allowance for inventories	514	1,381
Impairment loss on fixed assets	46,477	5,522
Others	342	251
	<b>63,495</b>	<b>11,739</b>

### 8. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank borrowings	13,232	11,437
Interest on lease liabilities	1,221	1,315
Others	1,874	1,881
	<b>16,327</b>	<b>14,633</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 9. DIVIDENDS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
2020 Interim special dividend of HK\$0.15 per ordinary share	–	204,930

In February 2021, the Company paid an interim special dividend of RMB204,930,000 (HK\$0.15 per ordinary share) to the shareholders.

No interim dividend was proposed for the six months ended 30 June 2022.

### 10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax – PRC Enterprise Income Tax Provision for the period	14,080	44,317
Over provision in prior periods	(612)	(827)
	13,468	43,490
Deferred tax	8,715	(17,142)
	22,183	26,348

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits arising in Hong Kong for the periods ended 30 June 2022 and 2021.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 10. INCOME TAX EXPENSE (CONTINUED)

The People's Republic of China (the "PRC") Enterprise Income Tax has been provided on the assessable profit of the Group's subsidiaries in the PRC in accordance with the relevant PRC Enterprise Income Tax laws and regulations.

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.

### 11. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Allowance for inventories	514	1,381
Reversal of impairment losses on trade and other receivables	(3,789)	(34,475)
Loss/(gain) on disposals of property, plant and equipment	296	(324)
Impairment losses/(reversal of impairment losses) on contract assets	4,335	(504)
Impairment losses on fixed assets (note)	46,477	5,522
Directors' emoluments		
– As directors	496	180
– For management	3,901	6,237
– Share-based payments	–	1,008
	<b>4,397</b>	<b>7,425</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 11. (LOSS)/PROFIT FOR THE PERIOD (CONTINUED)

*Note:* At 30 June 2022, before impairment testing, the Group has property, plant and equipment with carrying amount of approximately RMB357,455,000 located and used in the Group's Zhuhai fabrication plant which is regarded as the cash generating unit of the related property, plant and equipment (the "CGU"). Because of deterioration of the business operation and increased of loss making of the CGU during the period ended 30 June 2022, the Group has assessed there is an impairment indication of the CGU and estimates the recoverable amount of the CGU on the basis of their value in use using discounted cash flow method. The rate used to discount the forecast cash flows is 13%. An impairment loss of approximately RMB46,477,000 recognised on fixed assets of the CGU.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 12. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<b>(140,750)</b>	98,301
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation	<b>1,681,306,389</b>	1,647,650,864
Effect of dilutive potential ordinary shares arising from share options	<b>N/A</b>	18,224,805
Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation	<b>N/A</b>	1,665,875,669

As the exercise of the Group's outstanding share options for the six-month period ended 30 June 2022 would be anti-dilutive, no diluted loss per share was presented for the six-month period ended 30 June 2022.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately RMB23,185,000 (six months ended 30 June 2021: RMB42,046,000).

### 14. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group entered into a new lease agreement for use of office for 3 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised RMB1,783,000 of right-of-use asset and lease liability.

### 15. TRADE AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	433,997	548,848
Allowance for doubtful debts	(114,375)	(120,146)
	<b>319,622</b>	428,702
Bills receivables	1,026	310
	<b>320,648</b>	429,012
Classified as:		
Trade receivables, non-current	2,910	9,476
Trade and bills receivables, current	317,738	419,536
	<b>320,648</b>	429,012

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 15. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

The aging analysis of trade receivables as at the balance sheet date, based on the date of invoice, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Billed:		
0 to 30 days	<b>156,091</b>	249,385
31 to 90 days	<b>123,621</b>	83,267
91 to 365 days	<b>59,084</b>	25,725
Over 365 days	<b>42,623</b>	72,695
	<b>381,419</b>	431,072
Unbilled	<b>52,578</b>	117,776
	<b>433,997</b>	548,848

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 16. TRADE AND BILLS PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	659,298	1,064,500
Bills payables	32,528	42,370
	<b>691,826</b>	<b>1,106,870</b>

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of goods and services, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0 to 30 days	466,816	803,232
31 to 90 days	47,328	135,846
91 to 365 days	80,954	66,984
Over 365 days	64,200	58,438
	<b>659,298</b>	<b>1,064,500</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 December 2021 (Audited) and 30 June 2022 (Unaudited)	4,000,000,000	40,000

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares	Amount HK\$'000	Equivalent to amount RMB'000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 1 January 2021 (Audited)	1,634,016,389	16,341	14,755
Exercise of share options	47,290,000	472	395
At 31 December 2021 (Audited) and 30 June 2022 (Unaudited)	1,681,306,389	16,813	15,150

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 18. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue received/receivable from the subsidiaries of a shareholder		–	2,372
Revenue received/receivable from a shareholder		–	2,457
Payment on lease liabilities to a related company	(a)	941	941
Expense related to short term lease to a shareholder		–	18

Note:

- (a) The related company is a wholly-owned subsidiary of Mr. Wang Lishan, a director of the Group.

### 19. SEASONALITY

The Group's revenue from the oil and gas industry and new energy and refining and chemical industries is subject to seasonal factors and the Group's financial results will be affected by the number and size of projects awarded to the Group through tendering process and the stage of completion of the respective projects. Therefore, the Group is unable to forecast the trend of seasonality and its impact to the Group's financial results.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 20. CAPITAL COMMITMENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Property, plant and equipment – contracted but not provided for	1,179	5,190

### 21. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2022.

## Management Discussion and Analysis

### 1. REVIEWS

Entering the year of 2022, the global economy still faces multiple challenges, including the COVID-19 pandemic and the fragility of the global economic recovery in the midst of global changes. The war between Russia and Ukraine at the beginning of the year, as well as the sanctions imposed by the West on Russia, has profoundly affected the demand and supply of international energy. Oil and gas prices continue to fluctuate at high levels and drag down the global economic recovery. The change of situation caused by the foregoing has also affected to a certain extent some projects the Group is executing and bidding for, thus bringing uncertainties.

Several major projects undertaken by the Group in previous years have been completed and delivered gradually. In the two and a half years since the construction of the core modules for the production line of Arctic LNG2 project started at the end of 2019, all teams have worked together to carry out work safely and achieve the project objectives. Despite the fact that the Group had been facing the largest, most complex and most challenging single project in the history of the Group, the Penglai site of the Group overcame the tight project schedule, high standards, strict requirements and the impact of the COVID-19 pandemic in the past two years, creating 25 million safe working hours and winning high recognition from customers for its excellent safety, quality and commissioning performance. Due to the influence of current factors, the final delivery of the project has also been affected. Some products are still temporarily stored at the site after completion, which may lead to a delay in recovering part balance of the project. The Group will also actively maintain negotiation with customers to promote the progress of the project.



## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

In early July, the Group delivered a floating production, storage and offloading unit (FPSO) outer turret mooring system project operating in West Africa. The project is the largest single point mooring project undertaken by the Group to date and has been under construction for 18 months since the start of construction in late December 2020. During the construction period, the project team and the customer worked together to overcome problems such as the COVID-19 pandemic, design and materials, and constantly optimized the construction scheme to ensure the project was carried out on schedule. The successful delivery of this project marks an important leap in the Group's construction capability of large complex single point mooring projects, and deepens the good cooperation relationship with customers, laying a solid foundation for the subsequent undertaking of international large complex high standard single point mooring projects.

Through the implementation of various large-scale construction projects in recent years, the Penglai site of the Group has achieved rapid development in modular construction, offshore wind power and other businesses, accumulated rich experience in international project construction, and formed a certain construction scale, and its construction capability is also well recognized by customers.

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

In 2020, the Group's Zhuhai site undertook a number of projects, including the construction of offshore wind power equipment in Europe, the construction of topside modules for FPSO and the manufacturing of subsea oil and gas production equipment. Due to the lack of understanding of quality requirements and construction difficulty as well as various problems such as production organization and management, the project progress was materially behind schedule at the early stage, resulting in a significant increase in costs incurred for crashing the schedule, and delay in the project delivery, leading to a large loss for Zhuhai site, which had material negative impact on business performance in 2021 and the first half of 2022. The Group adjusted the management team of the Company in July 2021. Steered by the Board, the new management team acted quickly and took active measures to solve the problems faced by Zhuhai site in project execution, and adjusted and optimized the management architecture and management architecture for Zhuhai site in the second half of 2021. Meanwhile, the Group actively communicated with customers in the relevant work, improved the construction efficiency, and so far has basically completed the project construction by organizing resources and speeding up the construction progress. The subsequent construction work of the European offshore wind power jacket project was transferred to the more capable Penglai site. The subsequent deliveries were made on time according to the schedule adjusted, and the last two ships were delivered in August 2022, which avoided further losses, gained customers' trust and rebuilt customers' confidence, laying a solid foundation for the further development of the offshore wind power business of the Group in the future.

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

Compared with the same period last year, the Group's construction site workload in the first half of this year has been significantly reduced, and there were insufficient new orders undertaken. Affected by the world situation, some of the large projects that the Group had bid for were suddenly suspended, which imposed pressure and challenges to the Group's future operation.

#### Revenue

As compared with the corresponding period of last year, the Group's construction sites workload decreased significantly. In the first half of 2022, the Group recorded a revenue of approximately RMB1,166,518,000, representing a decrease of RMB875,624,000 or 42.88% as compared with corresponding period of last year. Among others, revenue from the fabrication of facilities and provision of integrated services for oil and gas industries decreased by RMB450,780,000 or 30.36% as compared with the corresponding period last year. Revenue from the fabrication of facilities and provision of integrated services for renewable energy and refining and chemical industries decreased by 77.38% or RMB422,607,000 as compared with the corresponding period last year. Other revenue mainly derived from the provision of technical support services for shipbuilding industry. The revenue from such business decreased by 19.80% or RMB2,237,000 as compared with the corresponding period last year.

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### Revenue (Continued)

The table below sets out the analysis of revenue by business segment categories for the six months ended 30 June 2020, 2021 and 2022:

Product/service		For the six months ended 30 June					
		2022		2021		2020	
		RMB'000	Percentage of total revenue %	RMB'000	Percentage of total revenue %	RMB'000	Percentage of total revenue %
1.	Fabrication of facilities and provision of integrated services for oil and gas industries	1,033,918	89	1,484,698	73	1,287,834	99
2.	Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	123,540	10	546,147	26	516	0
3.	Others	9,060	1	11,297	1	7,994	1
Total		1,166,518	100	2,042,142	100	1,296,344	100

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### Cost of Sales and Service

During the reporting period, cost of sales and services of the Group amounted to approximately RMB1,150,845,000, representing a decrease of approximately RMB627,792,000 or 35.30% when compared with that of the corresponding period of last year. It was mainly caused by the significant decrease in revenue of the Group compared with the corresponding period of last year. Cost of sales and services comprised direct costs and manufacturing overheads. Direct costs in the current period amounted to approximately RMB996,518,000 representing approximately 86.59% of total cost of sales and services, and a decrease of approximately RMB638,527,000 or 39.05% from approximately RMB1,635,045,000 of the corresponding period of last year. The Group calculates the cost of sales and services of projects on an order-by-order basis. Since the composition of cost differs for each project, the composition of cost of sales and services also varies accordingly. Manufacturing overheads in the current reporting period is approximately RMB154,327,000, representing an increase of approximately RMB10,735,000 or 7.48% when compared with approximately RMB143,592,000 of the corresponding period of last year.

#### Gross Profit

During the reporting period, the total amount of gross profit of the Group amounted to approximately RMB15,673,000, representing a decrease of approximately RMB247,832,000 or 94.05% when compared with approximately RMB263,505,000 of the corresponding period of last year. The overall gross profit margin decreased to 1.34% from 12.90% of the corresponding period of last year. Changes in business structure resulted in various changes in the gross profit margin of different business segments during the current period. The substantial decrease in the overall gross profit margin was mainly due to that some projects carried out at the Zhuhai site were behind schedule, costs increased, and the liquidated damages for delayed delivery of a contract increased compared to the original estimated amount, led to significant losses. In addition, the workload of the Group's construction sites in the first half of the year was significantly reduced, resulting in a significant decrease in the recognized contract revenue, while the indirect manufacturing costs of the sites were not reduced in the same proportion.

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### Gross Profit (Continued)

The table below sets out the analysis of gross profit by business segment for the six months ended 30 June 2020, 2021 and 2022:

Product/service	For the six months ended 30 June								
	2022			2021			2020		
	Gross profit margin	Percentage of total gross profit		Gross profit margin	Percentage of total gross profit		Gross profit margin	Percentage of total gross profit	
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%
1. Fabrication of facilities and provision of integrated services for oil and gas industries	139,919	14	893	309,570	21	117	179,091	14	101
2. Fabrication of facilities and provision of integrated services for new energy and refining and chemical industries	(124,212)	(101)	(793)	(46,185)	(8)	(18)	(216)	(42)	0
3. Others	(34)	0	0	120	1	1	(1,379)	(17)	(1)
Total	15,673		100	263,505		100	177,496		100

#### Other income

Other income of the Group for the first half of 2022 amounted to approximately RMB17,856,000, mainly comprising interest income, exchange gain and income from government grants.

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### **Administrative and Other Operating Expenses**

Administrative and other operating expenses in aggregate decreased by approximately 26.93% or RMB49,841,000 compared with the corresponding period last year to approximately RMB135,223,000, primarily resulting from the significant decrease in share based payment expenses recognised in the period and staff remuneration set off by increase in impairment loss on fixed assets.

#### **Finance Costs**

During the reporting period, the finance costs of the Group amounted to approximately RMB16,327,000 which was mainly comprised of interest expenses from bank borrowings of approximately RMB13,232,000, bank charges and other costs of approximately RMB3,095,000.

#### **Loss for the Period Attributable to Owners of the Company**

In the first half year of 2022, loss attributable to owners of the Company amounted to approximately RMB140,750,000, which represented a decrease from profit recorded in the corresponding period in last year by approximately 243% or RMB239,051,000. Basic loss per share attributable to owners of the Company was approximately RMB8.371 cents.

#### **Liquidity and Financial Resources**

As at 30 June 2022, the balance of working funds (cash on hand and bank deposits) of the Group amounted to approximately RMB705,024,000 (31 December 2021: RMB666,970,000). During the said period, net cash outflows from operating activities amounted to approximately RMB166,976,000, net cash outflows from investing activities amounted to approximately RMB9,690,000, and net cash inflows from financing activities amounted to approximately RMB202,748,000.

As at 30 June 2022, the Group had available undrawn banking facilities of approximately RMB60,000,000 (31 December 2021: RMB397,830,000), which consists of bank loans, letters of credit, etc, but exclude bank guarantees.

As at 30 June 2022, the Group had obtained bank guarantees under performance bonds for construction contracts of approximately RMB861,736,000 (31 December 2021: RMB883,331,000).

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### Capital Structure

As at 30 June 2022, the share capital of the Company comprises 1,681,306,389 ordinary shares (31 December 2021: 1,681,306,389 ordinary shares).

As at 30 June 2022, net assets of the Group amounted to approximately RMB1,676,326,000 (31 December 2021: RMB1,805,467,000), which comprises non-current assets of approximately RMB1,632,785,000 (31 December 2021: RMB1,736,590,000), net current assets of approximately RMB552,945,000 (31 December 2021: RMB340,333,000) and non-current liabilities of approximately RMB509,404,000 (31 December 2021: RMB271,456,000).

#### Significant Investment

During the half year ended 30 June 2022, the Group did not have any significant investment.

#### Foreign Exchange Risk

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

#### Assets Pledged by the Group

As at 30 June 2022, approximately RMB108,096,000 (31 December 2021: RMB134,310,000) of the bank deposits of the Group were pledged as security deposits for bank borrowings, the issuance of performance bonds, letter of credits and bank acceptance.



## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### Contingent Liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities.

#### Capital Management

The Group's main 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 its capital by using a gearing ratio, which is total bank 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 of the Group as at 30 June 2022 and 31 December 2021 were as follows:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Total bank borrowings	<b>689,950</b>	482,200
Lease liabilities	<b>48,641</b>	51,933
Total equity	<b>1,676,326</b>	1,805,467
Gearing ratio	<b>44.06%</b>	29.58%

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### **Capital Management (Continued)**

The increase in gearing ratio for the period resulted mainly from the decrease in total equity caused by increase in total bank borrowings and loss incurred during the first half of 2022. The Group adjusts the amount of bank loan facilities from time to time to meet the Group's working capital needs.

#### **Employees and Remuneration Policy**

As at 30 June 2022, the Group had total 3,006 employees (31 December 2021: 3,512), of which 1,291 (31 December 2021: 1,475) were management and technical staff, and 1,715 (31 December 2021: 2,037) were technicians.

The Group encourages staff to build 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, including pension fund, medical, unemployment and industrial accident insurances, and housing provident fund for employees in the PRC, and contributes to mandatory provident fund for employees in Hong Kong according to applicable laws and regulations.

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

## Management Discussion and Analysis

### 1. REVIEWS (CONTINUED)

#### **Progress on the Issue of the Qualified Opinion in the 2021 Auditor's Report**

The auditor of the Company issued a qualified opinion in the independent auditor's report for the year 2021 in relation to the estimated amount of reserve for liquidated damages of approximately RMB65,000,000 provided by the management of the Group as at 31 December 2021 due to the delayed in progress of a contract, taking into account of the fact that the delay was caused by a number of reasons, and the Group was seeking compensation from the customer for additional work related to the contract.

The management of the Group conducted several rounds of negotiations with the customer on the compensation for the delayed delivery of the contract and the compensation matters for related additional work requirements and reached an agreement in August 2022. The compensation for delayed delivery after offsetting the amount of the compensation for additional work requirements represented an increase of approximately RMB44,000,000 compared to the original estimated amount. These changes have been reflected in this interim financial information for the six months ended 30 June 2022.

### 2. FUTURE OUTLOOK

The Russia-Ukraine war and international geopolitical turmoil, together with the epidemic prevention and control measures which lasted for more than two years, have brought great volatility and uncertainty risks to the Group's business, especially its market development. However, it is important to note that there are both challenges and opportunities. Due to the energy shortage in Europe and the high oil price in the international market, the investment of oil and gas development projects in many regions including North America, South America and Africa has a strong impetus. A number of large oil and gas development projects, LNG projects and corresponding petrochemical projects are being implemented and prepared. Due to the shortage of labor resources in most regions, the modular construction method will be adopted as much as possible to ensure the construction period, and, hence, the large modular manufacturing market will see another demand peak.

## Management Discussion and Analysis

### 2. FUTURE OUTLOOK (CONTINUED)

In view of this, the Group will take its market development work as a top priority, focusing on the Penglai Site business, concentrating resources and continuously tracking opportunities in energy and chemical construction projects worldwide, especially in North America, Europe and other regions. In order to meet the huge challenge of climate change that mankind is facing, major countries around the world are formulating strategies, measures and action plans, and clean energy is becoming a new economic growth point in the future. Global offshore wind capacity in 2021 tripled from the previous year, the largest increase on record, and it is expected to continue to maintain strong growth, particularly in Europe and Asia, where large offshore wind projects are in the pipeline. The Group has completed the manufacturing of European large-scale offshore wind power project, and will further actively expand in the field of offshore wind power and actively develop the strategic business of offshore wind power construction.

Through the Group's performance and experience in implementing large-scale projects in recent years, the Penglai site of the Group has been highly recognized by customers and gained a leading edge in large-scale module construction industry. In order to maintain the competitive strength of the site and meet the higher demand of customers, the construction sites and facilities of the Group will be further renovated and updated as appropriate. The Group will also deploy large gantry cranes to improve the site capacity and construction efficiency of large module assembly and wind power equipment assembly and all kinds of large hoisting, in order to better cope with the construction needs of large module and the offshore wind power equipment, and improve the lifting efficiency and space utilization. These measures and improvements will also expect to save costs compared with the current operation mode, and greatly reduce the dust pollution of the site, which is more in line with the environmental protection requirements of the government and customers for site construction.

For the Zhuhai site, the Group will actively explore the small and medium-sized module business which is suitable for its construction capacity in the future, and further explore various possible ways to improve the situation of its unprofitable assets. In addition, for other human and labor-oriented marine technical support services and other businesses, the Group will also study reasonable shrinkage and business transformation.

## Management Discussion and Analysis

### 2. FUTURE OUTLOOK (CONTINUED)

The Group will further improve the group management structure, optimize and deepen operation, organize efforts to coordinate the design, procurement, construction and other processes, propose improvement measures and programs on the challenges in its work, and promote the optimization of resource allocation, control costs and expenses. In view of the uncertainties in the future market and business expectations, the Group will further strengthen its capital management and study various appropriate measures and ways to raise and guarantee the capital reserves of the Group, so as to meet the future capital needs.

Depending on the needs of future business development, the Group will also actively study business restructuring and seek new business opportunities, explore new business through various ways, including acquisition and cooperation, and study various opportunities for business transformation.

### SUBSEQUENT EVENTS

On 7 September 2022 (after trading hours), First Shanghai Securities Limited (the “Placing Agent”) and the Company entered into a conditional placing agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to a maximum of 300,000,000 new shares of the Company, to be allotted and issued by the Company under the general mandate granted to the Directors at the annual general meeting of the Company on 27 May 2022 (the “Placing Shares”), to not less than six placees (professional, institutional and other investor(s) procured by the Placing Agent who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons) at the placing price of HK\$0.48 per Placing Share. (the “Placing”). The Placing has completed on 22 September 2022.

Details of the Placing could be referred to the announcement published by the Company on 7 September 2022 and 22 September 2022.

## Directors Report and Corporate Governance

### INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2022.

### USE OF THE RAISED PROCEEDS

On 15 March 2017, the Company entered into a subscription agreement with Sanju Environmental Protection (Hong Kong) Limited (“Sanju HK”) and Golden Talent (HK) Technology company Limited (“Golden Talent”), pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 803,562,111 subscription shares, of which Sanju HK and Golden Talent have conditionally agreed to subscribe for 641,566,556 shares and 161,995,555 shares respectively at the subscription price of HK\$1.20 per subscription share (the net subscription price is approximately HK\$1.197 per subscription share, and the close price of the share on 15 March 2017 was HK\$2.00) (the “Subscription”). The Subscription has been approved by the shareholders of the Company at the extraordinary general meeting held on 26 May 2017 and completed on 2 June 2017.

## Directors Report and Corporate Governance

### USE OF THE RAISED PROCEEDS (CONTINUED)

The net proceeds from the Subscription was approximately HK\$962,000,000. As at 30 June 2022, the raised fund has been used as follows:

plan of use of proceeds from the Subscription as stipulated in the circular of the Company dated 11 May 2017	Use of proceeds from the Subscription ended 30 June 2022	plan of use of the outstanding balance of the proceeds from the Subscription
1. Approximately HK\$500 million for the working capital in engineering, procurement, installation and construction ("EPIC") projects; and in built – transfer projects relating to the oil and gas equipment and facilities	All has been used as planned	–
2. Approximately HK\$250 million for the capital expenditure in improving and expanding the production facilities and office facilities in the Group's Zhuhai operation	Approximately HK\$15 million was used during the reporting period, and the aggregate amount used for the capital expenditure in the production and office facilities of the Group's Zhuhai fabrication yard became HK\$191 million (Note a)	The remaining approximately HK\$59 million will be kept for future capital expenditure in the production and office facilities in the Group's Zhuhai operation as necessary. It is estimated that the outstanding balance of the proceeds will be utilised in year 2022
3. Approximately HK\$212 million for the general working capital of the Group	All has been used as planned	–

## Directors Report and Corporate Governance

### USE OF THE RAISED PROCEEDS (CONTINUED)

Note:

- a. The use of the raised proceeds from the Subscription was slower than originally planned timeline due to the poor market conditions in 2018 and 2019 as there were lower-than-expected orders and insufficient workload at the Zhuhai fabrication yard. Hence the Group took the initiative to slow down part of the investment in its Zhuhai fabrication yard. The Group will gradually implement the investment in the production and office facilities in accordance with the market conditions, actual business requirement of the yard and its long-term planning.

### SHARE OPTION

The Company's share option schemes (the "Share Option Schemes") enables the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. Eligible participants include all full time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial Shareholders of each member of the Group, associates of the Directors and substantial Shareholders of any member of the Group, trustee of any trust pre- approved by the Board; and any advisor (professional or otherwise), consultant, distributor, supplier, agent, customer, joint venture partner, service provider to the Group whom the Board considers, in its sole discretion, has contributed or contributes to the Group.

The Company's current share option scheme (the "Share Option Scheme") was adopted by Shareholder's resolution at the Company's Annual General Meeting held on 8 June 2016 with a valid period of 10 years commencing on the date of adoption. Unless approval of the shareholders has been obtained, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes must not, in aggregate, exceed 80,035,427 shares, representing 10% of the shares (800,354,278 shares) in issue on the date of the said Annual General Meeting.



## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

The General Scheme Limit of the Share Option Scheme has been refreshed and approved by Shareholders' resolution at the Company's Annual General Meeting held on 8 June 2018. Unless approval of the shareholders has been obtained, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not, in aggregate, exceed 163,401,638 shares, representing 10% of the shares (1,634,016,389 shares) in issue on the date of the said Annual General Meeting.

The General Scheme Limit of the Share Option Scheme has been further refreshed and approved by Shareholders' resolution at the Company's Annual General Meeting held on 27 May 2022. Unless approval of the shareholders has been obtained, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not, in aggregate, exceed 168,130,638 shares, representing 10% of the shares (1,681,306,389 shares) in issue on the date of the said Annual General Meeting and approximately 10% of the shares (1,681, 598,389 shares) in issue on the date of this interim report.

Unless approval of the shareholders has been obtained, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the shares in issue from time to time.

## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by shareholders of the Company.

According to the terms of the Share Option Schemes, the consideration for the grant of the options should be HK\$1.00. The options may be exercised in accordance with the terms of the Share Option Schemes at any time during the exercise period as determined by the Board which shall in any event not be more than ten years from the date of grant.

## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

From 1 January 2018 to 30 June 2022, the Board approved to grant and the Company has granted options to Directors and other eligible participants. Details of the options granted are as follows:

#### (i) Options granted in on 9 January 2018

Name of grantee	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 January 2022	Number of options exercised during the period	Weighted average closing price of the Shares immediately before the dates of exercise (HK\$)	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share option scheme during the period	Number of options outstanding as at 30 June 2022	Shareholding percentage of the underlying shares for the Options in the share capital of the Company
<b>Directors:</b>										
Wang Lishan	09/01/2019 to 08/01/2028	2.14	2.11	2,300,000	-	-	-	-	2,300,000	0.14%
Cao Yunsheng	09/01/2019 to 08/01/2028	2.14	2.11	8,000,000	-	-	-	-	8,000,000	0.48%
Liu Yunian	09/01/2019 to 08/01/2028	2.14	2.11	1,500,000	-	-	-	-	1,500,000	0.09%
Su Yang (resigned on 26 April 2022)	09/01/2019 to 08/01/2028	2.14	2.11	1,500,000	-	-	-	-	1,500,000	0.09%
Zheng Yimin (resigned on 3 June 2022)	09/01/2019 to 08/01/2028	2.14	2.11	1,500,000	-	-	-	-	1,500,000	0.09%
Qi Daqing (resigned on 27 April 2022)	09/01/2019 to 08/01/2028	2.14	2.11	1,500,000	-	-	-	-	1,500,000	0.09%
22 Employees	09/01/2019 to 08/01/2028	2.14	2.11	22,000,000	-	-	-	-	22,000,000	1.31%
<b>Total</b>				<b>38,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,300,000</b>	<b>2.28%</b>

## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

#### (ii) Options granted on 29 May 2019

Name of grantee	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 January 2022	Number of options exercised during the period	Weighted average closing price of the Shares immediately before the dates of exercise (HK\$)	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share option scheme during the period	Number of options outstanding as at 30 June 2022	Shareholding percentage of the underlying shares for the Options in the share capital of the Company
<i>A service supplier:</i>										
Hong Kong Zhixin Financial	29/08/2019 to	1.04	0.75	15,000,000	-	-	-	15,000,000	-	-
News Agency Limited	28/05/2022									
<b>Total</b>				15,000,000	-	-	-	15,000,000	-	-

## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

#### (iii) Options granted on 24 April 2020

Name of grantee	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 January 2022	Number of options exercised during the period	Weighted average closing price of the Shares immediately before the dates of exercise (HK\$)	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share option scheme during the period	Number of options outstanding as at 30 June 2022	Shareholding percentage of the underlying shares for the share capital of the Company
<b>Directors</b>										
Cao Yunsheng	01/04/2021 to 23/04/2026	0.48	0.465	840,000	-	-	-	694,000	146,000	0.01%
Gao Zhiqiang (retired on 27 May 2022)	01/04/2021 to 23/04/2026	0.48	0.465	4,000,000	-	-	-	1,388,000	2,612,000	0.16%
Wang Ningsheng (retired on 27 May 2022)	01/04/2021 to 23/04/2026	0.48	0.465	5,000,000	-	-	-	1,735,000	3,265,000	0.19%
Liu Yunian	01/04/2021 to 23/04/2026	0.48	0.465	2,100,000	-	-	-	1,735,000	365,000	0.02%
Su Yang (resigned on 26 April 2022)	01/04/2021 to 23/04/2026	0.48	0.465	840,000	-	-	-	694,000	146,000	0.01%
Zheng Yimin (resigned on 3 June 2022)	01/04/2021 to 23/04/2026	0.48	0.465	840,000	-	-	-	694,000	146,000	0.01%
Qi Daqing (resigned on 27 April 2022)	01/04/2021 to 23/04/2026	0.48	0.465	840,000	-	-	-	694,000	146,000	0.01%
<b>Board Consultant</b>										
Li Lin	01/04/2021 to 23/04/2026	0.48	0.465	4,000,000	-	-	-	1,388,000	2,612,000	0.16%
7 Employees	01/04/2021 to 23/04/2026	0.48	0.465	9,250,000	-	-	-	7,634,000	1,616,000	0.10%
<b>Total</b>				<b>27,710,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,656,000</b>	<b>11,054,000</b>	<b>0.66%</b>

## Directors Report and Corporate Governance

### SHARE OPTION (CONTINUED)

#### (iv) Options granted on 10 June 2021

Name of grantee	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 January 2022	Number of options exercised during the period	Weighted average closing price of the Shares immediately before the dates of exercise (HK\$)	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share option scheme during the period	Number of options outstanding as at 30 June 2022	Shareholding percentage of the underlying shares for the share capital of the Company
29 Employees	10/06/2021 to 09/06/2024	1.50	1.48	100,000,000	-	-	-	-	100,000,000	5.95%
<b>Total</b>				100,000,000	-	-	-	-	100,000,000	5.95%

Each option granted under the Share Option Schemes gives the holder the right to subscribe for one ordinary share of the Company. The price for granting the options is HK\$1.00. The exercise price determined by the Board is not less than the highest of:

- (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and
- (iii) the nominal value of the share of the Company at the time of exercise of an option.

## Directors Report and Corporate Governance

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At 30 June 2022, the interests and short positions of each Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571) ("SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

Name of Directors	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Wang Lishan	Interest of a controlled corporation (Note 2)	396,911,278 (L)	23.61%
	Beneficial owner	17,628,000 (L)	1.05%
	Share options	2,300,000 (L)	0.14%
Cao Yunsheng	Interest of a controlled corporation (Note 3)	8,000,000 (L)	0.48%
	Beneficial owner	20,360,000 (L)	1.21%
	Share options	8,146,000 (L)	0.48%
Liu Yunian	Beneficial owner	2,900,000 (L)	0.17%
	Share options	1,865,000 (L)	0.11%
Han Guimao	Interest of spouse	4,188,000 (L)	0.25%

## Directors Report and Corporate Governance

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION (CONTINUED)

Notes:

1. The letter "L" denotes a long position in the Shares.
2. These Shares are held by Cheung Hing Investments Limited, which is wholly-owned by Mr. Wang Lishan.
3. These Shares are held by Sino Joint International Limited, which is wholly-owned by Mr. Cao Yunsheng.

Save as disclosed above, at no time during the period was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or any its specified undertakings or other associated corporations.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

At 30 June 2022, in addition to those of the Directors and chief executives already disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of Part XV of the SFO shows that the Company had been notified of the following substantial shareholders' interests and/or short positions, being 5% or more of the Company's issued share capital:

Name of Shareholder	Capacity	Number of Shares <i>(Note 1)</i>	Percentage of shareholding
<b>Sanju Environmental protection (Hong Kong) Limited</b>	Beneficial owner <i>(Note 2)</i>	641,566,556 (L)	38.16%



## Directors Report and Corporate Governance

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Name of Shareholder	Capacity	Number of Shares (Note 1)	Percentage of shareholding
<b>Beijing Sanju Environmental protection &amp; new Materials Co., Ltd.</b> (北京三聚環保新材料股份有限公司)	Interest of a controlled corporation (Note 2)	641,566,556 (L)	38.16%
<b>Cheung Hing Investments Limited</b>	Beneficial owner (Note 3)	396,911,278 (L)	23.61%
<b>Wang Lishan</b>	Interest of a controlled corporation (Note 3)	396,911,278 (L)	23.61%
	Beneficial owner	17,628,000 (L)	1.05%
	Share options	2,300,000 (L)	0.14%
<b>Capital Pilot Limited</b>	Person having a security interest in shares (Note 4)	161,995,555 (L)	9.64%
<b>Shiu Shu Ming</b>	Interest of a controlled corporation (Note 4)	161,995,555 (L)	9.64%
<b>Hong Man Chu</b>	Interest of spouse (Note 5)	161,995,555 (L)	9.64%
		161,995,555 (S)	9.64%
<b>Lo Chun Yim</b>	Interest of a controlled corporation (Note 6)	161,995,555 (L)	9.64%
		161,995,555 (S)	9.64%
<b>Golden Talent (HK) Technology Co., Limited</b>	Beneficial Owner (Note 6)	161,995,555 (L)	9.64%
		161,995,555 (S)	9.64%

## Directors Report and Corporate Governance

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes:

1. The letters "L" and "S" denote a long position and short position in the shares respectively.
2. 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).
3. These shares are held by Cheung Hing Investments Limited, which is wholly-owned by Mr. Wang Lishan.
4. These shares are held by Capital Pilot Limited, which is wholly-owned by Mr. Shiu Shu Ming.
5. Ms. Hong Man Chu is the spouse of Mr. Lo Chun Yim.
6. These shares are held by Golden Talent (HK) Technology Co., Limited, which is beneficially and wholly-owned by Mr. Lo Chun Yim.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as the share options granted to the Directors under the share option scheme of the Company in previous years, at no time during the period, the Directors and chief executive (including their spouse and children under 18 years of age) had any other interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company, its specified undertakings and its other associated corporations required to be disclosed pursuant to the Securities and Futures Ordinance (Cap. 571) and the Hong Kong Companies Ordinance (Cap. 622).

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

### CORPORATE GOVERNANCE

The Company had adopted the Corporate Governance Code (the "Corporate Governance Code") introduced in Appendix 14 of the Listing Rules by the Stock Exchange to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

## Directors Report and Corporate Governance

### CORPORATE GOVERNANCE (CONTINUED)

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 period ended 30 June 2022, save for the deviations from the code provisions as follows:

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

The Company provides the two board members, namely Mr. Cao Yunsheng and Mr. Liu Yunian, 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 efficiency. Directors also received reports from the management on the operation and financial position of the Company at relevant board meetings.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

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

## Directors Report and Corporate Governance

### AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors and one non-executive Director. The primary duties of the Audit Committee (inter alia) are to review the financial reporting process, risk management and internal control system of the Group, and to make proposals to the Board as to appointment, renewal and resignation of the Company's external auditor and the related remuneration and appointment terms. The Audit Committee has reviewed the unaudited interim financial information of the Group for the period ended 30 June 2022 with no disagreement and is of the opinion that such information complies with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made.

### OTHER COMPLIANCE ISSUES

Mr. Su Yang and Mr. Qi Daqing tendered their resignation as independent non-executive directors of the Company with effect from 26 April 2022 and 27 April 2022 respectively.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and pursuant to Rule 3.10A of the Listing Rules, an issuer must appoint independent non-executive directors representing at least one-third of the board. Following the resignation of Mr. Su and Mr. Qi, the Company had only two independent non-executive directors, which was below the minimum number as required under Rules 3.10(1) and 3.10A of the Listing Rules.

Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and the audit committee must comprise a minimum of three members. Rule 3.10(2) of the Listing Rules further provides at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. Following the resignation of Mr. Su and Mr. Qi, the then independent non-executive directors of the Company did not have appropriate professional qualifications or accounting or related financial management expertise.

## Directors Report and Corporate Governance

### OTHER COMPLIANCE ISSUES (CONTINUED)

As disclosed in the announcement of the Company dated 2 June 2022, Mr. Cheung Ngar Tat Eddie and Ms. Choy So Yuk were appointed as independent non-executive directors and members of the board committees of the Company. After the appointment, the number of independent non-executive directors has restored to a level that meets with the requirements under Rules 3.10 and 3.10A of the Listing Rules. Subsequent to the appointment of Mr. Cheung as chairman of the audit committee, the Board believes the Company has complied with the requirement under Rule 3.21 of the Listing Rules.

Details of the Directors' biographies were set out in the Company's 2021 Annual Report and while the biographies of the aforementioned new Directors are disclosed in the announcement dated 2 June 2022.

### OTHER CHANGES IN DIRECTORS' INFORMATION

The changes in Director's biographical details disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2021 annual report (31 March 2022) up to the date of this report are set out below:

With effect from 1 April 2022, Mr. Han Guimao has been appointed as non-executive Director.

With effect from 26 April 2022, Mr. Su Yang has tendered his resignation as independent non-executive Director, and will cease to be member/chairman of the audit committee, member of the nomination committee and member of the remuneration committee of the Company.

With effect from 27 April 2022, Mr. Qi Daqing has tendered his resignation as independent non-executive Director, and will cease to be member/chairman of the nomination committee, member of the audit committee and member of the remuneration committee of the Company

With effect from 27 April 2022, Mr. Wang Lishan has been appointed as member/chairman of the nomination committee of the Company;

## Directors Report and Corporate Governance

### OTHER CHANGES IN DIRECTORS' INFORMATION (CONTINUED)

With effect from 27 April 2022, Mr. Cao Yunsheng has been appointed as member of the remuneration committee of the Company.

With effect from 27 April 2022, Mr. Han Guimao has been appointed as member of the audit committee of the Company.

With effect from 3 June 2022, Mr. Zheng Yimin has resigned as independent non-executive Director, chairman of the remuneration committee, member of the nomination committee and member of the audit committee the of the Company.

With effect from 3 June 2022, Mr. Cheung Ngar Tat Eddie has been appointed as independent non-executive director, chairman of the audit committee, member of the nomination committee and member of the remuneration committee of the Company.

With effect from 3 June 2022, Ms. Choy So Yuk, *BBS, JP* has been appointed as independent non-executive director, member of the audit committee, member of the nomination committee and chairman of the remuneration committee of the Company.

With effect from 1 September 2022, Mr. Tam Kin Yip has retired as independent non-executive director of Shunten International (Holdings) Limited (順騰國際(控股)有限公司) (Hong Kong Stock Code: 932).

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

Hong Kong, 28 August 2022

## Corporate Information

### SHARE INFORMATION

Listing place : Main Board of  
The Stock Exchange of  
Hong Kong Limited

Stock code : 03303

Listing date : 21 September 2006

Stock name : Jutal Oil Ser

Issued shares : 1,681,306,389 ordinary  
shares

Website : <http://www.jutal.com>

### BOARD OF DIRECTORS

#### Executive directors

Mr. Wang Lishan (*Chairman*)  
Mr. Cao Yunsheng (*CEO and President*)  
Mr. Liu Yunian

#### Non-executive director

Mr. Han Guimao

#### Independent non-executive directors

Ms. Choy So Yuk, *BBS, JP*  
Mr. Tam Kin Yip  
Mr. Cheung Ngar Tat Eddie

### COMPANY REPRESENTATIVE

Mr. Cao Yunsheng  
Ms. Leung Fung Yee Alice

### COMPANY SECRETARY

Ms. Leung Fung Yee Alice

### REGISTERED OFFICE

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman,  
KY1-1111,  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

### HEADQUARTERS IN THE PRC

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Shenzhen, The PRC

As to Cayman Islands law:  
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KY1-1111, Cayman Islands

### AUDITOR

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Certified Public Accountants  
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28 Yun Ping Road, Causeway Bay  
Hong Kong

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Grand Cayman, KY1-1100  
Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
17th Floor,  
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16 Harcourt Road  
Hong Kong

### INVESTOR ENQUIRY

Investor Relations  
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