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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jutal Offshore Oil Services Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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JUTAL OFFSHORE OIL SERVICES LIMITED

巨濤海洋石油服務有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 3303)

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS, ADOPTION OF THE NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Jutal Offshore Oil Services Limited (the "Company") to be held at the meeting room of the Company on 10th Floor, Chiwan Petroleum Building, Shekou, Shenzhen, the People's Republic of China on Wednesday, 8 June 2016 at 11 a.m. is set out on pages 28 to 32 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

29 April 2016

DEFINITIONS

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

“2006 Share Option Scheme”	the share option scheme adopted by the Company on 28 August 2006 with a valid period of 10 years commencing on the date on which the shares of the Company commenced trading on the main board of the Stock Exchange
“Adoption Date”	the date of passing of an ordinary resolution approving the adoption of the New Share Option Scheme by the Shareholders and authorising the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme
“Annual General Meeting”	the annual general meeting of the Company to be held at the meeting room of the Company on 10th Floor, Chiwan Petroleum Building, Shekou, Shenzhen, the PRC on Wednesday, 8 June 2016 at 11 a.m.; the notice of which is set out on pages 28 to 32 of this circular
“Associates”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the business of trading in securities
“Company”	Jutal Offshore Oil Services Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the board of directors or directors of the Company

DEFINITIONS

“Grantee(s)”	means any Participant who accepts the offer of the grant of an Option in accordance with the rules of the New Share Option Scheme or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Participant is, or are entitled to exercise the Option accepted by such Participant (to the extent not already exercised) in consequence of the death of such Participant
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Individual Limit”	has the meaning ascribed to it in paragraph (E) of Appendix II to this circular
“Issue Mandate”	the general mandate proposed to be granted to the Directors to issue, allot and deal with additional Shares of the Company not exceeding 20% of the total nominal amount of the issued share capital of the Company as at date of passing Resolution No. 5A
“Latest Practicable Date”	22 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix II to this circular
“Notice”	the notice convening the Annual General Meeting which is set out on pages 28 to 32 of this circular
“Option”	a right granted to subscribe for Shares pursuant to the terms of the New Share Option Scheme
“Participant(s)”	has the meaning ascribed to it in paragraph (B) of Appendix II to this circular

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing Resolution No. 5B
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of par value of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchase

JUTAL

JUTAL OFFSHORE OIL SERVICES LIMITED

巨濤海洋石油服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3303)

Executive Directors:

Mr. Wang Lishan (*Chairman*)

Mr. Cao Yunsheng (*CEO*)

Mr. Tang Hui

Mr. Li Jing

Independent Non-executive Directors:

Mr. Xiang Qiang

Mr. Su Yang

Mr. Qi Daqing

Registered Office:

Cricket Square,

Hutchins Drive,

P.O. Box 2681

Grand Cayman,

KY1-1111,

Cayman Islands

Head Office and Principal

Place of Business:

1102-03, 11th Floor,

No. 9 Queen's Road,

Central, Hong Kong

29 April 2016

To Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting. These include: (i) the ordinary resolutions granting the Directors general mandates to issue new Shares; (ii) the ordinary resolutions granting the Directors general mandates to repurchase Shares; (iii) extension of general mandate to issue Shares; (iv) re-election of retiring Directors and (v) the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

1. GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5A, will be proposed for the Shareholders to consider and if, thought fit, to grant the Issue Mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution, that is, 160,070,855 Shares (assuming no further issue or repurchase of Shares before the Annual General Meeting). The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in Resolution No. 5A in the Notice.

The Issue Mandate to issue shares will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5B, will be proposed for the Shareholders to consider and if, thought fit, to grant the Repurchase Mandate to enable them to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased will be 10% of the Shares of the Company in issue, as at the date of passing of such resolution. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate is set out in Resolution No. 5B in the Notice.

An explanatory statement containing all relevant information relating to the Repurchase Mandate and as required pursuant to the Listing Rules is set out in the Appendix to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

3. EXTEND GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 6, will be proposed that the Issue Mandate will be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate being approved provided that such extended amount will not exceed 10% of the aggregate of the total nominal value of the issued share capital of the Company in issue on the date of the resolution approving the Issue Mandate. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in Resolution No. 5A in the Notice.

LETTER FROM THE BOARD

4. RE-ELECTION OF RETIRING DIRECTORS

In relation to Resolutions No. 3 in the Notice regarding appointment and re-election of Directors, Mr. Cao Yunsheng, Mr. Tang Hui, Mr. Li Jing and Mr. Qi Daqing will retire by rotation in accordance with article 87 of the articles of association of the Company and being eligible, offer themselves for re-election in the Annual General Meeting. Under Resolution No. 3, the re-election of retiring Directors will be individually voted on by the Shareholders.

Particulars of Directors proposed to be re-elected at the Annual General Meeting is set out in the last paragraph of the Appendix of this circular.

Mr. Qi Daqing, being the independent non-executive Directors eligible for re-election at the Annual General Meeting, has made his annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Qi Daqing meet the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

5. ADOPTION OF NEW SHARE OPTION SCHEME

Introduction

The 2006 Share Option Scheme was valid and effective for a period of ten years commencing from 21 September 2006 and will expire on 20 September 2016. In order to encourage participants to continue to contribute to the long term success of the business of the Group, the Board considers that it is in the best interest of the Company to adopt the New Share Option Scheme.

2006 Share Option Scheme

As at the Latest Practicable Date, there were outstanding Options granted under the 2006 Share Option Scheme entitling the holders to subscribe for a total of 27,850,000 Shares. Immediately upon the expiry of the 2006 Share Option Scheme, no further Options could be granted but the Options which have been previously granted thereunder continue to be exercisable in accordance with their terms of issue and in all other respects. The provisions of the 2006 Share Option Scheme shall remain in full force and effect.

LETTER FROM THE BOARD

New Share Option Scheme

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to approve the adoption of the New Share Option Scheme which will take effect on the date of its adoption at the Annual General Meeting subject to the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme. Pursuant to the New Share Option Scheme, Participants may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme. A summary of the principal terms of the rules of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in the Appendix II to this circular.

None of the Directors is and will be trustee of the Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

A copy of the New Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at Units 1102-3, 11th Floor, Nine Queen's Road Central, Hong Kong for a period of 14 days before the date of the Annual General Meeting and at the Annual General Meeting.

Reasons for adopting the New Share Option Scheme

The purpose of the New Share Option Scheme is to reward the Participants who have contributed to the Group. The Board, in its sole discretion, will consider one or more of the following criteria in deciding whether a person has contributed to the Group:

- (i) contribution to the development and performance of the Group;
- (ii) quality of work performed for the Group;
- (iii) initiative and commitment in performing his/her duties; and
- (iv) length of service or contribution to the Group.

The New Share Option Scheme does not specify any performance target or minimum period for which an Option must be held before it can be exercised, although the Board may at its discretion state in an offer any such performance target or minimum period. The basis for determining the subscription price for the Shares upon the exercise of the subscription rights attaching to an Option complies with the requirements of Rule 17.03(9) of the Listing Rules and is specified in the New Share Option Scheme. The Directors consider that the aforesaid terms of the New Share Option Scheme provide flexibility for the Directors to grant Options with such performance target, minimum period and subscription price that would serve to encourage Participants to participate in the New Share Option Scheme from time to time.

LETTER FROM THE BOARD

Value of Options

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Share option Scheme given that the variables which are critical for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include, the exercise price for the Shares upon the exercise of the subscription rights attaching to the Options and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the vesting period (if any), and the discretion of the Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board imposed on the Options and whether or not such Options if granted will be exercised by the Grantees. The Board believes that any calculation of the value of any Options which might have been granted as at the Latest Practicable Date would be based on a number of speculative assumptions and therefore not only would such calculation be meaningful or representative, but it could also potentially be misleading to the Shareholders.

The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share Option Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may be subject to during the ten-year life span of the New Share Option Scheme. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to the Shareholders.

Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution approving the adoption of the New Share Option Scheme by the Shareholders and authorising the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (ii) the Listing Committee granting approval of the listing of and permission to deal in any Shares to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the Shares in issue as at the date of the Adoption Date).

LETTER FROM THE BOARD

Application for Listing

Assuming there will be no change to the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme would be 80,035,427 Shares, representing 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme.

6. ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting is set out on pages 28 to 32 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of Issue Mandate, granting of Repurchase Mandate, extension of the Issued Mandate and re-election of retiring Directors.

A form of proxy for the Annual General Meeting is enclosed with this circular. If you do not intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's Share Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the Annual General Meeting. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions to be proposed at the Annual General Meeting.

7. LISTING RULES REQUIREMENT

According to rule 13.39(4) of the Listing Rules, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the Annual General Meeting will be taken by way of poll.

LETTER FROM THE BOARD

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Issue Mandate, the Repurchase Mandate, extension of the Issue Mandate, re-election of Directors and the adoption of the New Share Option Scheme are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all of these resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By Order of the Board
JUTAL OFFSHORE OIL SERVICES LIMITED
Wang Lishan
Chairman

The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

It is proposed that up to 10% of the share capital of the Company in issue at the date of the passing of the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the total number of issued Shares was 800,354,278. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 80,035,427 Shares (being 10% of the Shares in issue) during the period up to (a) the next annual general meeting in 2017 or (b) the expiration of the period within which the next annual general meeting of the Company is required by law or its articles of association to be held or (c) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

2. REASONS FOR REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the repurchase mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share.

3. GENERAL

As compared with the financial position of the Company as at 31 December 2015 (being the date of its latest published audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. The Directors confirm that no purchase would be made to such extent as would have a material adverse impact on the working capital or gearing position of the Company.

4. FUNDING OF REPURCHASES

The Company is empowered by its memorandum and articles of association and the applicable laws of the Cayman Islands to purchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the fund of the Company that would otherwise be legally available for dividend or distribution or out of the share premium account of the Company for such purpose under the laws of the Cayman Islands. Under the Cayman Islands law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced so that the shares may be subsequently re-issued.

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the Associates of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of Shares held by him/her to the Company in the event that Repurchase Mandate is granted.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

7. EFFECT OF TAKEOVERS CODE

If as a result of a share repurchase exercised pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Cheung Hing Investments Limited, which is wholly owned by Mr. Wang Lishan, is interested in 396,911,278 Shares (representing approximately 49.59% of the issued share capital of the Company as at the Latest Practicable Date) and Mr. Wang Lishan is also personally interested in 9,000,000 arising from share options granted to him under the share option scheme of the Company. As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Wang Lishan, executive Director was interested or deemed to be interested in 405,911,278 Shares (representing approximately 50.72% of the issued share capital of the Company). In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the Resolution No. 5B to be proposed at the Annual General Meeting, then (if the present shareholdings otherwise remained the same) the respective shareholding of Cheung Hing Investments Limited and Mr. Wang Lishan, in the Company would be increased to approximately 55.10% and 56.35% of the issued share capital of the Company. Such an increase in shareholding may give rise to an obligation over Cheung Hing Investments Limited or Mr. Wang Lishan to make a mandatory general offer under Rule 26 of the

Takeovers Code. The Directors are not aware of any consequences which may give rise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in takeover obligations.

8. SHARE PURCHASE MADE BY THE COMPANY

During each of six months preceding the Latest Practicable Date, no Share has been repurchased by the Company.

9. SHARE PRICES

The monthly highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months, were as follows:-

	Shares	
	Highest Price <i>HK\$</i>	Lowest Price <i>HK\$</i>
2015		
April	1.85	0.87
May	1.71	1.51
June	1.55	0.98
July	1.08	0.60
August	0.85	0.66
September	0.78	0.66
October	0.87	0.69
November	0.80	0.67
December	0.70	0.56
2016		
January	0.60	0.455
February	0.58	0.47
March	0.64	0.53
April (up to the Latest Practicable Date)	0.60	0.50

10. PARTICULARS OF THE DIRECTORS

The following are the particulars of the Directors to be retired and proposed to be re-elected at the Annual General Meeting:

Cao Yunsheng (曹雲生)

Mr. Cao Yunsheng (曹雲生), aged 53, is an executive director and CEO of the Company, who is responsible for the overall operations of the Group. He was graduated from Tianjin College of Finance and Economics (天津財經學院) in 1988, majoring in accounting, and was graduated with a master degree in business administration from Tianjin University (天津大學) in 2004. Mr. Cao joined the Group in 2001 as the deputy general manager of Shenzhen Jutal, in charge of the finance, administration and the capital operations of the Group and supervision of the Group's cash-flow management. Prior to joining the Group, he was the supervisor of the finance department and chief accountant of Bohai Petroleum Company Platform Manufacturing Factory (渤海石油公司平台製造廠), the chief accountant of China Offshore Oil Platform Construction Company (中國海洋石油平台製造公司) and a financial controller of CNOOC Engineering. Mr. Cao was appointed an executive director in November 2005.

Mr. Cao has entered into service contract with the Company and his appointment as a director of the Company is for a term of 3 years commencing from 28 August 2015. The appointment may be terminated in accordance with the Company's article of association. Mr. Cao's current remuneration is RMB86,820 per month plus discretionary bonus. The Director's fee payable to Mr. Cao will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting with reference to his duties and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Cao is interested in 16,000,000 Shares (within the meaning of Part XV of the Securities and Futures Ordinance).

Mr. Cao has no relationship with any Directors or the senior management of the Company, or with any substantial Shareholders or controlling Shareholders. Save as disclosed in this circular, Mr. Cao does not hold any directorship in any other listed company in the last 3 years. Save as disclosed in this circular, Mr. Cao has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

Mr. Tang Hui (唐暉), Executive Director

Mr. Tang Hui (唐暉), aged 44, is an executive director and president of the Company, who is responsible for the operations and management of the Group. He was graduated from Luoyang Institute of Technology (洛陽工學院) with a bachelor's degree in vehicle engineering. Mr. Tang joined the Group in 2000, and has served as engineer, project manager, general manager of the Group's offshore oil and gas services business sector and assistant president of the Company. Prior to joining the Group, Mr. Tang had worked in Hunan Energy Group Co., Ltd. (湖南動力集團有限責任公司) and Hong Kong Far East Steel Engineering Co., Ltd. (香港遠東鋼鐵工程有限公司). Mr. Tang was appointed as an executive director in March 2016.

Mr. Tang has entered into service contract with the Company and his appointment as a director of the Company is for a term of 3 years commencing from 1 March 2016. The appointment may be terminated in accordance with the Company's article of association. Mr. Tang's current remuneration is RMB63,300 per month plus discretionary bonus. The Director's remuneration payable to him will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting with reference to his duties and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Tang is interested in 36,600 Shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

As advised by Mr. Tang, Mr. Tang has no relationship with any Directors or the senior management of the Company, or with any substantial Shareholders or controlling Shareholders. Mr. Tang does not hold any directorship in any other listed company in the last three years. Save as disclosed in this circular, Mr. Tang has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Li Jing (李靖), Executive Director

Mr. Li Jing (李靖), aged 48, is an executive director and vice president of the Company, who is responsible for the management of production, procurement and safety etc. of the Group. He was graduated from Sun Yat-Sen University (中山大學) with a bachelor's degree in enterprise management. Mr. Li joined the Group in 1999, and had served as operation manager and the manager of New Star System Formwork Co., Limited (鑫星系統模版有限公司). Mr. Li also served as the deputy manager of Penglai Jutal Offshore Engineering Heavy Industry Co., Ltd. (蓬萊巨濤海洋工程重工有限公司) from the year 2004 to 2009. Prior to joining the Group, Mr. Li had worked in CNOOC platform Fabrication Co. (中海油平臺製造公司), Shenzhen Chiwan Offshore Engineering Co., Ltd. (深圳赤灣海洋工程有限公司) and Shenzhen Chiwan Sambawang Engineering Co. Ltd. (深圳赤灣勝寶旺工程有限公司). Mr. Li was appointed as an executive director in March 2016.

Mr. Li has entered into service contract with the Company and his appointment as a director of the Company is for a term of 3 years commencing from 1 March 2016. The appointment may be terminated in accordance with the Company's article of association. Mr. Li's current remuneration is RMB57,310 per month plus discretionary bonus. The Director's remuneration payable to him will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting with reference to his duties and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Li is not interested in any Shares (within the meaning of Part XV of the Securities and Futures Ordinance).

As advised by Mr. Li, Mr. Li has no relationship with any Directors or the senior management of the Company, or with any substantial Shareholders or controlling Shareholders. Mr. Li does not hold any directorship in any other listed company in the last three years. Save as disclosed in this circular, Mr. Li has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Qi Daqing (齊大慶), Independent Non-Executive Director

Mr. Qi Daqing (齊大慶), aged 52, is an independent non-executive director of the Company. Mr. Qi graduated from Fudan University with a bachelor's degree of science in Biophysics and a bachelor's degree of arts in International Journalism. He obtained a master's degree in Management from the University of Hawaii and a doctoral degree in Accounting from the Eli Broad College of Business, Michigan State University in the United States. Mr. Qi is currently a professor of Cheung Kong Graduate School of Business (長江商學院) and a member of the American Accounting Association. He had worked for The Chinese University of Hong Kong, the Eli Broad Graduate School of Management at Michigan State University in the United States, the East-West Center in the United States and the China Features in Xinhua News Agency in the PRC. Mr. Qi is also an independent non-executive director of Sohu.com Inc., Ikang Healthcare Group Inc., Momo Inc., SinoMedia Holding Ltd. (中視金橋國際傳媒控股有限公司) (Hong Kong Stock Code 623), Honghua Group Limited (宏華集團有限公司) (Hong Kong Stock Code 196), Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司) (Hong Kong Stock Code: 3699), and Reorient Group Limited (瑞東集團有限公司) (Hong Kong Stock Code: 376). Mr. Qi was appointed as an independent non-executive director in July 2015.

Mr. Qi has entered into a service agreement with the Company commencing from 31 July 2015 for an initial term of three years which is renewable for a term of three years subject to retirement by rotation and re-election in the Annual General Meeting in accordance with the articles of association of the Company. Mr. Qi's current annual remuneration is RMB120,000. The Director's fee payable to Mr. Qi will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Qi does not have any interests in the shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As advised by Mr. Qi, Mr. Qi has no relationship with any Directors or the senior management of the Company, or with any substantial Shareholders or controlling Shareholders. Save as disclosed in this circular, Mr. Qi has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

This Appendix summarises the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme.

(A) PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

(B) WHO MAY JOIN

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants (“Participants”) to take up Options to subscribe for Shares:

- (i) 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;
- (ii) substantial shareholders of each member of the Group;
- (iii) Associates of the directors and substantial shareholders of any member of the Group;
- (iv) Trustee of any trust pre-approved by the Board; and
- (v) Any advisor (professional or otherwise), consultant, distributor supplier, agent, customer, joint venture partner, service provider to the Group.

(C) GRANT OF OPTIONS

An offer of the grant of an Option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on certain terms and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of 28 days from the date of offer, provided that no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the New Share Option Scheme being terminated in accordance with the provisions thereof or after the Participant, who is an Employee, to whom the offer is made has ceased to be an Employee.

An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable in any circumstances. The date of grant is the Offer Date (“Offer Date”) provided it is accepted within 28 days from the Offer Date.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer (or any part thereof) is not accepted within 28 days in the manner indicated above, it will be deemed to have been irrevocably declined.

The Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

(D) MAXIMUM NUMBER OF SHARES

- (a) The overall limit on the number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (b) Subject to sub-paragraph (a) above, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Company immediately after the Adoption Date must not, in aggregate, exceed 10% of the Shares in issue on the Adoption Date (the "Scheme Limit") unless approval of the Shareholders has been obtained pursuant to sub-paragraphs below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Limit.
- (c) Subject to (a) above, the Company may refresh the Scheme Limit at any time subject to prior shareholders' approval. However, the Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the New Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or other share option scheme or exercised Options) will not be counted for the purpose for calculating the limit as "refreshed". A circular containing information and the disclaimer required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules must be sent to Shareholders in connection with the meeting at which their approval will be sought. As at the Latest Practicable Date, there were 800,354,278 Shares in issue. Assuming there will be no change to the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme would be 80,035,427 Shares, representing 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

- (d) Subject to sub-paragraph (a) above, the Company may also seek separate Shareholders' approval in general meeting for granting Options beyond the Scheme Limit to Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular must be sent to the Shareholders containing a generic description of the specified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participants, how the terms of such Options serve such purpose and such other information required by the Listing Rules.

(E) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised or outstanding Options) in any 12-month period must not exceed 1% of the relevant class of the Shares in issue from time to time (the "Individual Limit"). Any further grant of Options to such Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of the Shares in issue, must be subject to Shareholders' approval with such Participant and his or her close associates (having the meanings ascribed to it under the Listing Rules), or his or her associates if the Participant is a connected person, abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the Participant, the number and terms of the Options granted and to be granted and such other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the Shareholders' approval is sought and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

(F) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) The grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options).
- (b) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, will result in the Shares 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:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of options must be approved by the Shareholders. The Grantee, his associates and all core connected persons (as defined under the Listing Rules) of the Company must abstain from voting in favour of the proposed grant at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) details of the number and terms of the Options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) to the independent Shareholders as to voting; and (iii) information relating to any Directors who are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees; and (iv) all other information or/and any disclaimer (where applicable) required by the Listing Rules. Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(G) TIME OF EXERCISE OF AN OPTION

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Board to each Grantee, which period may commence on the date on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof.

(H) PERFORMANCE TARGETS

Unless the Directors otherwise determine and state in the offer of the grant of Options to a Participant, a Participant is not required to achieve any performance targets or hold the Options for a minimum period before any Options granted under the New Share Option Scheme can be exercised.

(I) SUBSCRIPTION PRICE FOR SHARES

The subscription price per Share under the New Share Option Scheme shall be a price determined by the Directors, but shall be at least the higher of (i) the closing price of Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of the grant, which must be a Business Day; and (ii) the average closing price of Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of the grant and (iii) the nominal value of a Share on the Offer Date. Without prejudice to the generality of the foregoing, the Directors may grant Options in respect of which the subscription price is fixed at different prices for each different period during the option period provided that the subscription price per Share for each of the different periods shall not be lower than the subscription price determined in the aforesaid manner.

(J) RANKING OF SHARES

- (A) The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the memorandum of association and articles of association of the Company as amended from time to time and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Option other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore is before the date of exercise of the Option.

- (B) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company as shall result from any sub-division, consolidation, reclassification or reduction of the share capital of the Company from time to time.

(K) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

An Offer must not be made after inside information has come to the Company’s knowledge until it has been announced pursuant to the requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately before the earlier of :-

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with Rule 13.43 of the Listing Rules) for the approval of the Company’s results for any yearly, half-yearly, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to publish announcement of its results for any year or half-year period under Rule 13.49 of the Listing Rules or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

(L) DURATION OF THE NEW SHARE OPTION SCHEME

Subject to (1) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme; and (2) any early termination of the New Share Option Scheme by resolution in general meeting or of the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by a resolution of the Shareholders at a general meeting, after which no further options will be issued but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted

prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(M) RIGHTS ON CEASING EMPLOYMENT

If the Grantee of an Option is an Employee and ceases to be an Employee by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or has been in breach of a material term of the relevant employment contract, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, the Option shall lapse automatically and not be exercisable (to the extent not already exercised).

(N) RIGHTS ON DEATH

If the Grantee dies before exercising the Option in full and if the Grantee is an Employee and none of the events which would be a ground for termination of his or her employment under paragraph (M) arises, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of his or her death to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent not already exercised) in accordance with the provisions of the New Share Option Scheme.

(O) RIGHTS ON DISMISSAL

If the Grantee of an Option is an Employee and ceases to be an Employee for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph (M), the Grantee may exercise the Option within three months following the date of cessation in accordance with the provisions of the New Share Option Scheme up to his or her entitlement at the date of cessation (to the extent not already exercised) which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not.

(P) RIGHTS ON A GENERAL OFFER

In the event of a general offer, (other than by way of scheme of arrangement pursuant to paragraph below) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) to acquire all or part of the issued Shares and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee or, where appropriate, his or her legal personal representatives shall be entitled to exercise the Option in full (to the extent not already exercised even though the Option Period has not come into effect during the occurrence of the general offer) at any time within one month after the date on which the offer becomes or is declared unconditional.

In the event of a general offer, by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee (or his or her legal personal representatives) may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

(Q) RIGHTS ON WINDING UP

In the event that a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than four Business Days prior to the proposed Shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, in accordance with the provisions of paragraph (C) and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

(R) RIGHTS ON COMPROMISE OR ARRANGEMENT

Other than a scheme of arrangement contemplated in paragraph (P) above, in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than four Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either in full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any

event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme. The Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had the Company not been subject to such compromise or arrangement.

(S) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in the (i) the numbers or nominal amount of Shares subject to any options so far such option remains as unexercised and/or (ii) the Subscription Price per Share of each outstanding option and/or the method of exercise of the option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate Subscription Price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, an independent financial adviser appointed by the Company or the Auditors must confirm to the Board in writing that the adjustment(s) satisfy the aforesaid requirements. The capacity of the Company's independent financial adviser or Auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Company's independent financial adviser or Auditors shall be borne by the Company.

(T) CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled if the Grantee so agrees.

(U) RIGHTS ARE PERSONAL TO THE GRANTEE

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest, whether legal or beneficial, in favour of any other person over or in relation to any Option, or enter into agreement for doing so. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any Options to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

(V) LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the exercise period of an Option;
- (ii) the expiry of any of the periods referred to in paragraphs (M) to (O);
- (iii) the expiry of the period referred to in paragraph (P) provided that if any court of competent jurisdiction makes an order the effect of which is to prevent the offeror from acquiring share in the offer, the relevant period within which an Option may be exercised shall not begin to run until the discharge of the order in question or unless the offer lapses or is withdrawn before that date;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred thereof;
- (v) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or has been in breach of a material term of the relevant employment contract, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (vi) the date of the commencement of the winding-up of the Company;
- (vii) the date on which the Grantee commits a breach of paragraph (U);
- (viii) subject to the compromise or arrangement (referred to in paragraph (P) becoming effective, the expiry of the period referred to in paragraph (P)); and
- (ix) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer (if any), unless otherwise resolved to the contrary by the Board.

(W) TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the New Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the New Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the New Share Option Scheme.

(X) OTHERS

- (i) The terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered except with the approval of the Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.
- (iv) Any change to the authority of the Board of Directors in relation to any alteration to the New Share Option Scheme shall be approved by the Shareholders in general meeting.
- (v) The New Share Option Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company. None of the provisions of the New Share Option Scheme are intended to or will operate to confer any benefit pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap.623 of the laws of Hong Kong) on a person who is not expressly named as a party to the New Share Option Scheme nor a person who is not a Grantee of the New Share Option Scheme.

JUTAL

JUTAL OFFSHORE OIL SERVICES LIMITED

巨濤海洋石油服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3303)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Jutal Offshore Oil Services Limited (the “Company”) will be held at the meeting room of the Company on 10th Floor, Chiwan Petroleum Building, Shekou, Shenzhen, the People’s Republic of China on Wednesday, 8 June 2016 at 11 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of directors and auditors for the year ended 31 December 2015.
2. To declare the final dividend.
3. To re-elect directors and authorise the board of directors of the Company to fix their remuneration.
4. To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass the following as ordinary resolutions:

A. “THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all powers to allot, issue and deal with the additional shares in the capital of the Company, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly;

- (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

B. “**THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate number of the shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate number of the issued shares of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:

“**THAT** conditional upon Resolutions Nos. 5A and 5B being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution No. 5B shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution No. 5A above.”

7. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:

“**THAT**

- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Shares falling to be allotted and issued pursuant to the new share option scheme (the “New Share Option Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal in the Shares as may be required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and
- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution.”

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

Hong Kong, 29 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited with the Company's share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the meeting.
- (2) The Register of Members will be closed from 6 June 2016 to 8 June 2016 (both days inclusive). In order to be qualified for attending to vote during the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3 June 2016.

Further, the Register of Members will be closed from 15 June 2016 to 17 June 2016 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 June 2016.
- (3) With reference to Resolutions No. 3 and above, Mr. Cao Yunsheng, Mr. Tang Hui, Mr. Li Jing and Mr. Qi Daqing will retire by rotation in accordance with article 87 of the articles of association of the Company and, being eligible, offers themselves for re-election at the Annual General Meeting.
- (4) With reference to Resolutions Nos. 5 and 6 above, the Directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares or warrants pursuant to the relevant mandate.
- (5) If the declaration of the final dividend has been approved at the Annual General Meeting, the dividend will be payable on or before 18 July 2016.