

**JUTAL OFFSHORE OIL SERVICES LTD:
LITTLE FISHES CAN TASTE THE SWEETEST**

While Jutal Offshore Oil Services Ltd () (Code: 3303, Main Board, The Stock Exchange of Hongkong Ltd) remains a small company in terms of many of its competitors, even after about one decade of being in business, it should, nevertheless, be able to achieve bigger and better things in the future if it sticks to its knitting, or, in this case, its core activities in the oil business.

And it does appear that Senior Management is committed to its core activities.

This Company went public on The Stock Exchange of Hongkong Ltd on September 11, 2006, and, since its flotation, little has been said about it.

It pitched its story to investors of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in its Public Offer and Placing Prospectus when it Offered 100 million, New Shares of one cent per Share at a Premium of \$HK1.37 per share.

The flotation was successful in that Management received 33,335 valid applications for its Shares, representing 2,456,164,000 Shares, equivalent to an over-subscription of about 246 times the 10 million Shares on Offer in the Public Offer tranche of the Initial Public Offering (IPO).

The clawback mechanism was initiated with the result that 50 million Shares were allotted in the Public Offer tranche, leaving 50 million Shares, available for institutional investors.

At the end of the day, Jutal Offshore netted about \$HK124 million from the IPO.

Then, on October 11, 2006, Sun Hung Kai International Ltd (), the Sponsor, Bookrunner and Joint Lead Manager, exercised its Over-Allotment Option of 15 million Shares.

That brought in an additional \$HK20 million in cash.

The business of Jutal Offshore is explained in the Company's Prospectus at Page 54 as follows:

'The Group's business can be basically divided into four major categories: (i) provision of technical support services in offshore oil and natural gas exploitation and production; (ii) design, fabrication and sale of oil and natural gas processing skid equipment; (iii) provision of technical support services to the shipbuilding industry; and (iv) undertaking of civil engineering projects. For the financial year ended 31st December, 2005, over 70% of the Group's turnover were derived from the provision of technical support services in offshore oil and natural gas exploitation and production; and the design, fabrication and sale of oil and natural gas processing skid equipment. Accordingly, the Group's business is mainly affected by the oil and natural gas industries. Meanwhile, the Group's business is also affected by the shipbuilding industry in the PRC, as well as the construction industry in Hong Kong and Macau.'*

Note:

'Skid equipment' is defined in the Prospectus as follows:

'Core equipment integrating the treatment, separation and storage of oil, gas and water, and the capability of integrating valves, control metres and electrics, and is a structural segment which can be easily lifted, transported and installed'

The IPO was intended to raise money, Page 138 of the Prospectus states, for the following purposes:

1. \$HK34 million *'for the expansion of the Group's production equipment and facilities'*;
2. \$HK33 million *'for the future acquisition of existing professional companies to enhance the Group's fabrication and services capabilities'*;
3. \$HK22 million *'for the expansion of the Group Manufacturing sites'*;
4. \$HK7 million *'for the expansion of the Group's design team and facilities, thereby enhancing its design capabilities'*;
5. \$HK6 million *'for strengthening the marketing activities of the Group's business'*; and,
6. \$HK9 million to be used a General Working Capital.

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