

**OPTICS VALLEY UNION HOLDING COMPANY LTD:
THIS APPEARS TO BE A FAIRLY DECENT COMPANY**

The main concern of Management of Optics Valley Union Holding Company Ltd () (Code: 798, Main Board, The Stock Exchange of Hongkong Ltd) appears to be the rather fast pace of a build-up of debt which, as at December 31, 2013, was bordering on 1.70 billion renminbi (about \$HK2.15 billion).

But, by January 31, 2014, the Company's debt load had risen to just a shade below three billion renminbi (about \$HK3.80 billion).

The Turnover of the Company in respect of the 2012 Financial Year was about 1.81 billion renminbi (about \$HK2.29 billion).

In respect of the 2013-Year, the preliminary consolidated financial information of the Company suggests that Turnover was about 1.97 billion renminbi (about \$HK2.49 billion).

Optics Valley Union is the latest company to come to the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in order to seek a listing on the territory's premier equity market.

This Company is thought to be the first of its genre to float in the HKSAR.

It is engaged in the development and operations of large-scale business parks in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

According to Page 82 of the Global Offering Prospectus of Optics Valley Union, business parks are defined thusly:

'... business parks generally consist of multiple buildings with designed capacities to accommodate various business uses (such as light industrial and office space) in an integrated park-like setting with supporting facilities.'

The Initial Public Offering (IPO)

The Global Offering Prospectus, published and disseminated on Tuesday, March 18, states the Company is Offering one billion, 10-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 83 cents to a high of \$HK1.09.

Page 420 of the Prospectus states that, at the midpoint of the Indicative Offer Price Per Share, being 96 cents, Management expects to net about \$HK871.70 million at the end of the day.

This amount of money will be utilised as follows, one is told:

'Approximately HK\$455.9 million (representing approximately 52.3% of net cash proceeds) will be used for payment of the land premiums and preliminary construction costs in respect of our projects planned for future development;

‘Approximately HK\$328.6 million (representing approximately 37.7% of net cash proceeds) will be used for the development of the Group’s projects under development; and,

‘Approximately HK\$87.2 million (representing approximately 10.0% of net cash proceeds) will be used for working capital and other general corporate purposes.’

It is noted that, while Management has indicated its concern over the build-up of debt, not a penny of the net proceeds of the IPO will be used to retire any of the Company’s debt load.

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