

OCEAN LINE PORT DEVELOPMENT LTD:
EVERY PENNY FROM THIS IPO SHALL BE USED
TO IMPROVE THE COMPANY'S PROFITABILITY

While The Two Executive Directors
Maintain A Model Of Abstemiousness

The entire net proceeds from the **Initial Public Offering (IPO)** of Ocean Line Port Development Ltd () (Code: 8502, the **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) is destined to be utilised for one purpose only: The construction and development of a new phase of one of the Company's terminals in the People's Republic of China (PRC).

This was stated in definitive terms at Page 241 of the Public Offer Prospectus of the Company, dated June 27, 2018.

On the following Page, under the heading, '**REASONS FOR THE LISTING**' (on the GEM, the secondary equity market of the Hongkong Special Administrative Region [HKSAR] of the PRC), it was stated:

'Our Directors believe that the net proceeds of the Public Offer will provide us with the necessary funding to expand our Group's business by constructing and developing a new phase of our Jiangkou Terminal¹ so as to enhance our operational capacity and to further improve our efficiency. As at 31 December 2017, our Group recorded cash and cash equivalents of approximately RMB10.5 million and had an unutilised banking facilities of RMB12.0 million for general working capital use as at 30 April 2018, being the latest practicable date for the purpose of the indebtedness statement prior to the issue of the prospectus. Our Directors consider that the current financial resources available to our Group are only sufficient for our Group's daily operations for at least the next 12 months after the date of this prospectus. Our Directors consider that our current available resources are not sufficient to meet our capital expenditure for the construction

and development of the new phase of our Jiangkou Terminal (the “New Phase Project”) in view of its significant cash outflow exposure including costs for the relevant construction works and the purchase of the additional machinery and equipment associated with the New Phase Project. As such, our Directors believe that our Group needs to generate funds to finance the New Phase Project while maintaining sufficient working capital for our Group’s operations.

‘We have secured a letter of intent from a commercial bank headquartered in Hefei City, Anhui² agreeing to offer our Group banking facilities in the sum of RMB50.0 million for the New Phase Project and we intend to finance the New Phase Project partly by such banking facilities.

‘Assuming the total estimated bank borrowing will be RMB96.0 million (including the RMB50 million loans) and the total equity of RMB272 million (equivalent to HK\$320 million, based on the Offer Price of HK\$0.4 per Offer Share, being the mid-point of the indicative Offer Price range), the estimated gearing ratio would be 35% after Listing.

‘While bank borrowings will be one of our funding sources to finance the New Phase Project, our Directors consider that it would not be feasible to rely solely on banking facilities to finance the New Phase Project because it would be difficult to obtain further bank borrowings without additional guarantees and/or fixed assets as collateral. As most of our Group’s fixed assets would have been charged as collateral following our securing of the RMB50 million banking facility, even if our Group manages to secure additional banking facilities, it might not be easy for our Group to obtain further banking facilities to satisfy our funding needed for the New Phase Project at a competitive and favourable rate. Our Directors believe that if we rely on bank borrowings, our Group’s financial performance and liquidity might be negatively affected if market uncertainty suddenly occurred, such as increase in interest rate and any unexpected deterioration in the prevailing market condition in the port logistic industry, resulting in the imposition of further stringent requirements on debt financing. As such, our Directors consider that it is in the interest of our Group to proceed with the equity financing by way of the Public Offer for the purpose of the New Phase Project as opposed to a debt financing in the long run ... [CLICK TO ORDER FULL ARTICLE](#)

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