
FUTURE PLANS AND USE OF PROCEEDS FROM THE NEW ISSUE

FUTURE PLANS AND PROSPECTS

The Group plans to further develop its marine transportation business. The Group aims to maintain its established market presence in the industry by continuously capitalising on opportunities to leverage its competitive strengths and implement its business strategies summarised below, details of which are set out in the section headed “Business — Business Strategies” in this prospectus:

- expand the size of and optimise composition of the Group’s fleet by acquiring and disposal of secondhand vessels in accordance with demand of the Group’s marine transportation services from time to time;
- strengthen the Group’s ability to adapt to the market changes by diversifying its portfolio of charter contracts by offering its customers both long term and short term contracts. The fleet expansion plan of the Group will enable the Group to become more flexible to diversify its portfolio of charter contracts to cope with the changes in charter hire rates in the global dry bulk shipping market; and
- enhance profitability through high quality services and stringent cost-efficient policy by delegating the operation, management and maintenance of the Group’s vessels to experienced and professional ship manager under the close supervision of the Group’s management which can facilitate the Group to reduce the cost of managing its fleet, such as training costs for crew and seafarers, without compromising the quality of its marine transportation services.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$1.04 per Offer Share (being the mid-point of the estimated price range), the Directors estimate that the net proceeds received by the Group from the New Issue will be about HK\$141.1 million, after deducting the underwriting commissions and other estimated expenses payable by the Group in relation to the Share Offer.

The Directors presently intend to use the net proceeds from the New Issue as follows:

- about 90%, or HK\$127.0 million of the net proceeds will be used by the Group for acquiring a six to ten years old second-hand panamax dry bulk vessel with size ranging from 60,000 to 99,999 dwt in order to expand the fleet size of the Group and to optimise the Group’s fleet structure. As at the Latest Practicable Date, the Group had not identified any definite target dry bulk vessel for acquisition. To determine the suitability of a dry bulk vessel as the Group’s acquisition target, the Group will consider factors, including but not limited to the age, the capacity, the manufacturer of the dry bulk vessel as well as the history of dry bulk cargoes carried by and accident records of, if any, the dry bulk vessel and the selling price of the dry bulk vessel. The Group will finance the acquisition of the target dry bulk vessel with the net proceeds from the Listing, the Group’s internal resources and bank borrowings, where appropriate; and

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- about 10%, or HK\$14.1 million, of the net proceeds will be used for funding the working capital and general corporate purposes.

In the event that the Over-allotment Option is exercised, the additional net proceeds of the New Issue of about HK\$30.3 million (assuming that the Offer Price is determined at the mid-point of the stated range) will be applied by the Company to the above purpose in the same proportions as set out above.

If the Offer Price is fixed above or below HK\$1.04 per Offer Share (being the mid-point of the estimated price range), the Directors presently intend to adjust the allocation of the net proceeds of the New Issue to the above purposes in the same proportions as set out above.

To the extent that the net proceeds of the New Issue are not immediately required for the above purposes, the Directors presently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong.

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$1.04 per Offer Share (being the mid-point of the estimated price range), the Directors estimate that the net proceeds received by the Selling Shareholder from the Sale Shares will be about HK\$39.3 million, after deducting the underwriting commissions and other estimated expenses payable by the Selling Shareholder in relation to the Share Offer.