
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business – Our Business Strategies” in this Prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$59.7 million (assuming an Offer Price of HK\$1.75 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to apply the proceeds from the Global Offering in the following manner:

- approximately 84.0%, or approximately HK\$50.1 million, will be used for the expansion of our sales network, mainly in the PRC. In 2013, we plan to open 72 new self-operated points of sale, consisting of 70 in the PRC and 2 in Hong Kong, including both concession counters and retail stores in our core markets, namely Beijing, Shanghai, Guangzhou, Shenzhen and other regionally significant cities in the PRC. The budgeted initial costs and working capital requirements for a self-operated retail store and concession counter, including deposits, setup costs and inventory, are expected to be approximately RMB0.8 million and RMB0.3 million, respectively, in the PRC and HK\$0.6 million and HK\$0.3 million, respectively, in Hong Kong;
- approximately 9.0%, or approximately HK\$5.4 million, will be used for the upgrade of our management information systems, to increase the number of point-of-sale terminals in the PRC and to enhance the database management system;
- approximately 5.0%, or approximately HK\$3.0 million, will be used for brand building activities and product promotion by way of media advertising; and
- the remaining 2.0%, or approximately HK\$1.2 million, will be used for the funding of our working capital and other general corporate uses.

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If the Offer Price is fixed at HK\$2.0 per Offer Share, being the high-end of the indicative Offer Price range, and assuming the Over-allotment Option is not exercised, the net proceeds of the Global Offering will be approximately HK\$71.8 million. Assuming the Over-allotment Option is exercised in full, the net proceeds will be approximately HK\$86.3 million.

If the Offer Price is fixed at HK\$1.5 per Offer Share, being the low-end of the indicative Offer Price range, and assuming the Over-allotment Option is not exercised at all, the net proceeds of the Global Offering will be approximately HK\$47.5 million. Assuming the Over-allotment Option is exercised in full, the net proceeds will be approximately HK\$58.5 million.

To the extent that our net proceeds are either more or less than expected, for instance, in the event that the Offer Price is set at the high-end of the indicative Offer Price range, the Over-allotment Option is exercised or the Offer Price is set at the low-end of the indicative Offer Price range, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts with licensed banks and/or authorised financial institutions in Hong Kong so long as it is in the Group's interest. Any deficiency in funding for the above-mentioned projects will be financed through internal funds and/or bank borrowings.