
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

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

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$1.82 per Share, being the mid-point of the indicative Offer Price range of HK\$1.51 to HK\$2.13 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$75.0 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

- (i) approximately HK\$12.8 million, representing approximately 17.1% of the net proceeds will be used for opening new Retail Outlets in the PRC. We intend to introduce our Josef Seibel branded footwear products in Shanghai by establishing around four concessions in the year ending 31 December 2013 and to expand our retail network to other provinces or cities in the PRC by establishing an additional of approximately (i) 12 concessions in the year ending 31 December 2014; and (ii) 15 concessions in the year ending 31 December 2015.

It is currently estimated that for the establishment of each concession for the year ending 31 December 2013, approximately HK\$100,000 will be used for interior design and fitting-out, approximately HK\$150,000 will be used for the initial inventory, and approximately HK\$50,000 will be used of other miscellaneous initial expenses, and the costs for opening each concession for the years ending 31 December 2014 and 2015 is adjusted based on an assumed increase in costs by 10% per year.

- (ii) approximately HK\$19.3 million, representing approximately 25.7% of the net proceeds will be used for opening new Retail Outlets in Hong Kong and Taiwan. For Hong Kong, we intended to open an additional of approximately (i) one concession and three self-rented shops in the year ending 31 December 2013; (ii) one concessions and three self-rented shops in the year ending 31 December 2014; and (iii) two concessions and four self-rented shops in the year ending 31 December 2015. For Taiwan, we intended to open an additional of approximately (i) four concessions in the year ending 31 December 2013; (ii) seven concessions in the year ending 31 December 2014; and (iii) 10 concessions in the year ending 31 December 2015.

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For Hong Kong, it is currently estimated that for the establishment of each concession for the year ending 31 December 2013, approximately HK\$200,000 will be used for fitting-out, approximately HK\$150,000 will be used for the initial inventory, and approximately HK\$10,000 will be used of other miscellaneous initial expenses, and the costs for opening each concession for the years ending 31 December 2014 and 2015 is adjusted based on an assumed increase in costs by 5% per year.

For Hong Kong, it is currently estimated that for the establishment of each self-rented shops for the year ending 31 December 2013, approximately HK\$455,000 will be used for fitting-out, approximately HK\$265,000 will be used for the initial inventory, and approximately HK\$100,000 will be used of other miscellaneous initial expenses, and the costs for opening each self-rented shop for the years ending 31 December 2014 and 2015 is adjusted based on an assumed increase in costs by 5% per year.

For Taiwan, it is currently estimated that for the establishment of each concession for the year ending 31 December 2013, approximately HK\$100,000 will be used for fitting-out, approximately HK\$150,000 will be used for the initial inventory and approximately HK\$50,000 will be used of other miscellaneous initial expenses, and the costs for opening each concession for the year ending 31 December 2014 and 2015 is adjusted based on an assumed increase in costs by 8% per year.

- (iii) approximately HK\$23.0 million, representing approximately 30.7% of the net proceeds will be used to settle outstanding amounts due to existing Shareholders (including dividend of HK\$20 million declared and remaining balance of amounts due to related parties) and amount due to immediate holding company;
- (iv) approximately HK\$6.0 million, representing approximately 8.0% of the net proceeds will be used for renovating our Retail Outlets in Hong Kong and Taiwan;
- (v) approximately HK\$3.8 million, representing approximately 5.0% of the net proceeds will be used for upgrading our information technology systems;
- (vi) approximately HK\$3.8 million, representing approximately 5.0% of the net proceeds will be used for revamping our logistics facilities in Hong Kong and Taiwan;
- (vii) approximately HK\$3.8 million, representing approximately 5.0% of the net proceeds will be used for marketing and promotion; and
- (viii) the remaining balance of approximately HK\$2.5 million, representing 3.5% of the net proceeds, will be used for additional working capital and other general corporate purposes.

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If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$2.13 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$15.0 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis for items (iv) to (viii) above, but will not be applied for items (i) to (iii). If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.51 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$15.0 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis for items (iv) to (viii) above, but will not be applied for items (i) to (iii).

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately (i) HK\$15.9 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$2.13 per Share; (ii) HK\$13.7 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK\$1.82 per Share; and (iii) HK\$11.4 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK\$1.51 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis for items (iv) to (viii) above, but will not be applied for items (i) to (iii).

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.