
FUTURE PLANS AND PROCEEDS

FUTURE PLANS

A detailed description of our Group's future plans is set forth in the paragraph headed "Business – Our business strategies" in this prospectus.

USE OF PROCEEDS

The net proceeds of the New Issue we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised) are estimated to be approximately HK\$228.5 million (to be received upon Listing), assuming an Offer Price of HK\$1.00 per Share, or HK\$713.5 million, assuming an Offer Price of HK\$3.00 per Share, (or if the Over-allotment Option is exercised in full, HK\$269.1 million, assuming an Offer Price of HK\$1.00 per Share, or HK\$835.5 million, assuming an Offer Price of HK\$3.00 per Share).

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$2.00 per Offer Share, being the midpoint of the stated Offer Price range of HK\$1.00 to HK\$3.00 per Offer Share, the net proceeds of the New Issue would be approximately HK\$471.0 million which we presently plan to use as follows:

- approximately HK\$309.0 million, representing about 65.6% of the net proceeds from the New Issue, will be used for the construction of and for purchases of automatic machinery and equipment for the production lines 3 and 4 at the Yunshan Production Facilities;
- approximately HK\$40.0 million, representing about 8.5% of the net proceeds from the New Issue, of which approximately HK\$6.3 million will be used to establish a research and development centre and the remaining proceeds will be used to recruit research and development staff and/or experts in order to increase and enhance our research and development activities, purchasing additional and upgrading existing product testing and research equipment and furthering our cooperation with accredited research institutions, universities and individuals;
- approximately HK\$30.0 million, representing about 6.4% of the net proceeds from the New Issue, will be used to expand the exposure of our brand and products by cooperating with selected wholesalers in decorating and outfitting their stores in first-tier and selected major cities in the PRC to feature and display our products;
- approximately HK\$40.0 million, representing about 8.5% of the net proceeds from the New Issue, of which approximately HK\$20.0 million will be used for the promotion of brand recognition and brand value through advertising in various media (such as television, the Internet, billboards and magazines) and recruiting marketing staff and the remaining proceeds will be used for participating in trade shows, industry exhibitions and special public relation activities;
- approximately HK\$52.0 million, representing about 11.0% of the net proceeds from the New Issue, will be used towards working capital and other general corporate purposes.

FUTURE PLANS AND PROCEEDS

The additional net proceeds that we will receive if the Over-allotment Option is exercised in full will be approximately HK\$81.3 million (assuming the Offer Price at the mid-point of the stated Offer Price range of HK\$2.00). If the Over-allotment Option is exercised in full, our Directors intend to apply all the additional net proceeds to finance the capital expenditure required for the construction of the Yunshan Production Facilities.

If the Offer Price is fixed at HK\$3.00, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK\$242.5 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$122.0 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to use such additional proceeds to finance the capital expenditure required for the construction of the Yunshan Production Facilities and to increase our use of proceeds proportionately as earmarked.

If the Offer Price is fixed at HK\$1.00, being the low end of the stated Offer Price range, our net proceeds will instead be (i) decreased by approximately HK\$242.5 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK\$40.5 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to reduce our use of proceeds proportionately as earmarked.

We estimate the net proceeds to be received by the Selling Shareholder from the Global Offering will be approximately HK\$471.0 million (to be received upon Listing and assuming the same mid-point of the stated Offer Price range and no exercise of the Over-allotment Option), after deducting the underwriting fees and estimated expenses payable by the Selling Shareholder in relation to the Global Offering. Our Company will not receive any proceeds from the sale of Sale Shares in the Global Offering. The Selling Shareholder will not receive any of the net proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.