
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

A detailed description of our future plans is set forth in the section headed “Business — Our business strategies” in this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering (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 approximately HK\$602.6 million, assuming an Offer Price of HK\$1.80 per Share, or HK\$794.6 million, assuming an Offer Price of HK\$2.35 per Share (or if the Over-allotment Option is exercised in full, HK\$696.9 million, assuming an Offer Price of HK\$1.80 per Share, or HK\$917.7 million, assuming an Offer Price of HK\$2.35 per Share).

We estimate that the net proceeds from the Global Offering (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, and assuming an Offer Price of HK\$2.075 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.80 to HK\$2.35 and the Over-allotment Option is not exercised) are approximately HK\$698.6 million (or approximately HK\$807.3 million assuming the Over-allotment Option is exercised in full) (to be received upon the Listing). Our Directors intend to apply the net proceeds from the Global Offering for the following purposes:

- approximately HK\$375.1 million, representing approximately 53.7% of the net proceeds from the Global Offering, will be used for the construction of and purchases of production machinery and equipment for the new Anhui Production Facilities, please refer to the section headed “Business — Production Facilities — Anhui Production Facilities” in this prospectus for further details on this expansion plan;
- approximately HK\$111.8 million, representing approximately 16.0% of the net proceeds from the Global Offering, will be used to establish creative home furnishing concept shops under our Allen (亚伦) brand. We plan to establish seven creative home furnishing concept shops in selected major cities in the PRC by 2016, please refer to the section headed “Business — Our business strategies — Increase market share and penetration in the PRC” in this prospectus for further details on our creative home furnishing concept shops;
- approximately HK\$51.0 million, representing approximately 7.3% of the net proceeds from the Global Offering, will be used to increase market shares by further expanding our overseas sales network under our own brand overseas, particularly in North America, participating in trade shows and industry exhibitions and establishing an overseas sales and design and development team, please refer to the section head “Business — Our business strategies — Promote our brand and brand awareness in the overseas market” in this prospectus for further details on this future plan;
- approximately HK\$48.9 million, representing approximately 7.0% of the net proceeds from the Global Offering, will be used to promote our Allen (亚伦) brand through advertising in various media (such as television, the internet, billboards and magazines) and engage brand ambassadors or spokespersons;

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- approximately HK\$41.9 million, representing approximately 6.0% of the net proceeds from the Global Offering, will be used for design and development, recruitment of experts in our technical team by strengthening our technical expertise and know-how to ensure continuous improvement of the functionality features of our products, further cooperation with academic or professional institutions and the innovation of self-developed products. Other than the cooperation agreements entered into with a university in Fuzhou, Fujian Province and the University of Shanghai for Science and Technology (上海理工大學), we did not enter into any other cooperation agreements with other institutions as of the Latest Practicable Date; and
- approximately HK\$69.9 million, representing approximately 10.0% of the net proceeds from the Global Offering, will be used towards working capital and other general corporate purposes.

The additional net proceeds that we will receive if the Over-allotment Option is exercised in full will be approximately HK\$108.7 million (assuming the Offer Price at the mid-point of the stated Offer Price range of HK\$2.075). If the Over-allotment Option is exercised in full, our Directors intend to apply all the additional net proceeds for the above uses on a pro rata basis.

If the Offer Price is fixed at HK\$2.35, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK\$96.0 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$110.4 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to use such additional proceeds for the above uses in the proportions stated above.

If the Offer Price is fixed at HK\$1.80, being the low end of the stated Offer Price range, our net proceeds will instead be (i) decreased by approximately HK\$96.0 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK\$110.4 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to reduce our use of proceeds proportionately as earmarked.

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.