

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section headed “Business – Our Business Strategies” in this prospectus for further details on our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses payable by our Company in connection thereto, are estimated to be approximately HK\$1,064.0 million, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$8.61 per H Share, being the mid-point of the proposed Offer Price range of HK\$7.17 to HK\$10.04 per H Share. Before we obtain necessary approvals from the relevant PRC regulatory authorities, we are not permitted to convert the net proceeds from the Global Offering into Renminbi. The net proceeds from the Global Offering received by us in Hong Kong dollars will be accounted for in our financial statements in Renminbi at the exchange rate published by the PBOC in effect at the time the net proceeds are received. We intend to use such net proceeds as follows:

- Approximately HK\$638.4 million, or 60%, towards maintaining and expansion of our existing sales channels, including:
 - HK\$372.4 million, or 35%, towards opening new proprietary retail outlets in China (either by purchasing them outright or leasing the premises), including flagship stores, footwear image stores, menswear image stores, integrated stores and standard retail outlets, primarily consisting of the purchase price for the buildings where certain such retail outlets are located or lease payments for the premises of the remaining retail outlets, as the case may be, and the related staff costs and selling and distribution expenses;
 - HK\$106.4 million, or 10%, towards assisting our distributors in opening new retail outlets in China by (i) purchasing and installing display racks, lighting fixtures and marketing materials (including posters and billboards) for our distributors, the cost of which will continue to be recorded on our consolidated statement of comprehensive income as a selling and distribution expense, (ii) reviewing operating plans for the retail outlets and providing on-site operational instructions and support, (iii) renovating/decorating new retail outlets and (iv) providing training to their management and sales employees; and
 - HK\$159.6 million, or 15%, towards maintaining and promoting our existing sales channel by providing financial assistance, including marketing activities and promotional events, to the retail outlets.
- Approximately HK\$266.0 million, or 25%, towards overseas expansion, including establishment and development of overseas sales channels, procurement of global raw materials, potential strategic acquisitions and international market promotion and advertising;

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- Approximately HK\$106.4 million, or 10%, towards purchase of relevant electronic equipment and software to improve and enhance our information system, including the implementation of various applications, including, among others, ERP system and DRP system; and
- The remaining HK\$53.2 million, or 5%, for working capital and other general corporate purposes.

If the Offer Price is set at HK\$10.04 per H Share (being the high end of the indicative Offer Price range), and assuming that the H Share Over-allotment Option is not exercised, the net proceeds of the Global Offering will increase by approximately HK\$183.5 million. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is set at HK\$7.17 per H Share (being the low end of the indicative Offer Price range), and assuming that the H Share Over-allotment Option is not exercised, the net proceeds of the Global Offering will decrease by approximately HK\$184.8 million. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, and assuming an Offer Price of HK\$8.61 per Offer Share (being the mid-point of the proposed Offer Price range of HK\$7.17 to HK\$10.04 per Offer Share), our Company will receive additional net proceeds of approximately HK\$165.7 million. Under such circumstances, our Directors intend to apply the additional net proceeds to the above uses in the proportions stated above.

As at the Latest Practicable Date, we did not have any finalized and definitive understanding, commitment or agreement, and we were not engaged in any related negotiations and had not entered into any letter of intent, legally binding or otherwise, with respect to any acquisitions.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes, it is our present intention that such net proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or with financial institutions in Hong Kong.