
FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,741.2 million, assuming an Offer Price of HK\$3.75 per Share, being the mid-point of the proposed Offer Price range of HK\$3.15 to HK\$4.35 per Share, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised, which we currently intend to apply as follows:

- as to approximately HK\$677.3 million (equivalent to approximately 38.9% of our total estimated net proceeds) for developing and increasing awareness of our brand through media advertising (such as television commercials, outdoor displays and magazine advertising), sponsoring major sports events and leagues, marketing campaigns and endorsements of athletes and sports teams and establishing our self-owned and operated flagship stores in prime locations in major and fast-growing cities of the PRC. This portion of the net proceeds will be dedicated as follows: approximately HK\$208.9 million for developing and increasing awareness of our brand, approximately HK\$208.9 million for sponsorships and marketing, and approximately HK\$259.5 million for establishing flagship stores;
- as to approximately HK\$560.7 million (equivalent to approximately 32.2% of our total estimated net proceeds) for developing our facilities in Fujian Province, the PRC, which will include: approximately HK\$527.6 million for the construction of new production facilities as well as new corporate headquarters and office; and approximately HK\$33.1 million for the purchase of machines and equipment for our new production facilities. Details regarding the above development of our facilities are set out in the section headed “Business—Manufacturing—Our Production Facilities” of this prospectus;
- as to approximately HK\$156.7 million (equivalent to approximately 9.0% of our total estimated net proceeds) for developing a distinct children’s footwear and apparel sub-brand. This portion of the net proceeds will be dedicated as follows: approximately HK\$3.5 million for design and development, approximately HK\$10.5 million for opening directly-owned retail outlets focused on such brand, approximately HK\$1.7 million for additional staff costs and approximately HK\$141.0 million for marketing and promotion expenses;
- as to approximately HK\$104.5 million (equivalent to approximately 6.0% of our total estimated net proceeds) for establishing a new product testing and research and development laboratory. This portion of the net proceeds will be dedicated as follows: approximately HK\$24.4 million for recruiting international research and development staff, approximately HK\$24.4 million for acquiring machines and equipment and approximately HK\$55.7 million for recruiting domestic research and development staff and funding the operating expenses of the new product testing and research and development laboratory;
- as to approximately HK\$67.9 million (equivalent to approximately 3.9% of our total estimated net proceeds) for establishing an enterprise resource planning system. This portion of the net proceeds will be dedicated as follows: approximately HK\$41.8 million for building up of the information technology network and obtaining the necessary consulting services and system software and approximately HK\$26.1 million for acquiring and installing point of sale servers at all of the 361° authorised retail outlets; and
- the remaining approximately HK\$174.1 million (equivalent to approximately 10.0% of our total estimated net proceeds) towards working capital and other general corporate purposes.

There are currently no concrete plans for us to apply the net proceeds towards the acquisition of any specific property or company (including pursuant to which paragraph 12 of the Third Schedule of the Companies Ordinance applies).

The net proceeds that we estimate we would receive from subscriptions for additional Shares in the event the Over-allotment Option is exercised in full is approximately HK\$228.0 million and HK\$314.8 million (assuming the lowest and highest points of the proposed Offer Price range, respectively). In the event the Over-allotment Option is exercised in full, we presently intend to apply the additional proceeds to the above uses in the proportions stated above.

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If the Offer Price is fixed above or below HK\$3.75 per Share, being the mid-point of the proposed Offer Price range of HK\$3.15 to HK\$4.35 per Share, we intend to adjust the allocation of the net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the Global Offering, when combined with such alternate sources of financing, are sufficient for the uses set forth above. To the extent that the net proceeds of the Global Offering are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing demand deposits with financial institutions.