
FUTURE PLANS AND USE OF PROCEEDS

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We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,000 million (assuming an Offer Price of HK\$2.43 per Share being the mid-point of the estimated Offer Price range), 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:

- approximately HK\$132.2 million (equivalent to approximately RMB116.5 million) (approximately 13.2% of the net proceeds from the Global Offering) is expected to be used primarily to fund capital expenditure for acquiring environmental-friendly and energy-saving production equipment such as renovated dyeing equipment, in order to save energy, reduce production cost and increase production capacity for high-end products. It is also expected to fund capital expenditure for expanding our manufacturing facilities and selectively upgrading production equipment. It is expected that the proceeds will be invested in 2010 and the production capacity will increase by approximately 50% in the second half of 2010;
- approximately HK\$52.8 million (equivalent to approximately RMB46.5 million) (approximately 5.3% of the net proceeds from the Global Offering) is expected to be used primarily to fund capital expenditure for integrating the internal resources of our Group to establish a more centralised administrative corporate headquarters; As advised by our Directors, the Board has not identified any target building and is not under any negotiation for the acquisition. Our Directors confirmed that at this stage, we only have a preliminary plan to establish the corporate headquarters in Fuqing;
- approximately HK\$352.6 million (equivalent to approximately RMB310.8 million) (approximately 35.3% of the net proceeds from the Global Offering) is expected to be used primarily for establishing our self-owned and operated flagship stores in 20 prime locations in major cities or provinces of the PRC in order to promote the image of the brand and style of the shop for attracting potential investment;
- approximately HK\$44.1 million (equivalent to approximately RMB38.9 million) (approximately 4.4% of the net proceeds from the Global Offering) is expected to be used primarily for purchasing an ERP system for increasing operational efficiency by enhancing information management, production management, logistics management and operational control through the installation of the ERP system;
- approximately HK\$26.4 million (equivalent to approximately RMB23.3 million) (approximately 2.6% of the net proceeds from the Global Offering) is expected to be used primarily for developing our new corporate headquarters for our MXN franchise distribution business. The setting up of the new MXN corporate headquarters can consolidate the design, logistics, operations and convention functions such as annual sales fairs into a single place, and in which, we can also carry out convention for potential investors, merchandisers, suppliers and distributors. As advised by our Directors, the Board has not identified any target building and is not under any negotiation for the acquisition. Our Directors confirmed that at this stage, we only have a preliminary plan to establish the new MXN corporate headquarters in Xiamen;

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- approximately HK\$259.7 million (equivalent to approximately RMB228.9 million) (approximately 26.0% of the net proceeds from the Global Offering) is expected to be used primarily for developing and enhancing recognition of our brand through media advertising (such as television commercials, outdoor displays and magazine advertising); Details regarding the above advertising plans are set out in the section headed “Business — Marketing and Promotion” of this prospectus; and
- approximately HK\$132.2 million (equivalent to approximately RMB116.5 million) (approximately 13.2% of the net proceeds from the Global Offering) is expected to be used primarily for acquiring another leisure apparel brand to offer a wider range of product offerings and to distinguish and divide our target markets with a number of unique brands that cater and attract different customer groups. As advised by our Directors, the negotiation between the potential seller of the leisure apparel brand in the PRC and us has undergone for about one year. Both the potential seller and us were having a preliminary intention but there are no concrete terms or agreements at this stage.

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\$981 million and HK\$1,598 million (assuming the lowest and highest points of the estimated 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.

If the Offer Price is fixed above or below HK\$2.43 per Share, being the mid-point of the estimated Offer Price range of HK\$2.08 to HK\$2.78 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.