

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the paragraph headed “Future Plans and Strategies” of the “Business” section for the detailed discussion of the Group’s future plans.

USE OF PROCEEDS

The net proceeds of the Global Offering after deducting the underwriting commissions and estimated expenses payable by us in relation to the Global Offering, and assuming an Offer Price of HK\$3.41 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$2.69 and HK\$4.13 per Offer Share), are estimated to amount to about HK\$635.0 million. The Group intends to apply the net proceeds in the following manner:

- As to about HK\$210.9 million, representing about 33.2% of the net proceeds from the Global Offering for the development of Fuzhou Plant phase two (11.6%), expansion of production capacity at existing plants (10.0%) and increase in product offerings (11.6%) respectively;
- As to about HK\$204.1 million, representing about 32.1% of the net proceeds from the Global Offering for the expansion of sales network and distribution channels, brand building and product promotion;
- As to about HK\$133.8 million, representing about 21.1% of the net proceeds from the Global Offering for the enhancement of the Group’s research and development capabilities;
- As to about HK\$22.7 million, representing about 3.6% of the net proceeds from the Global Offering for the upgrade of the hardwares and softwares of the ERP system; and
- As to about HK\$63.5 million, representing about 10.0% of the net proceeds from the Global Offering to be used as additional general working capital of the Group.

In the event that the Offer Price is fixed at HK\$2.69 per Share, being the lowest point of the indicative price range, the net proceeds will be reduced by about HK\$139.0 million. In such circumstances, the Directors intend to reduce the application of the proceeds proportionally.

In the event that the Offer Price is fixed at HK\$4.13 per Share, being the highest point of the indicative price range, the net proceeds will be increased by about HK\$139.0 million. In such circumstances, the Directors intend to apply the additional proceeds for the expansion of sales network and distribution channels, enhancement of research and development capabilities and potential acquisition of manufacturer(s) of End Products.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong.