

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Details of the Group's further plans are set out in the paragraph headed "Business — Business Strategies" of this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$2.81 per Share (being the midpoint of the indicative Offer Price range of HK\$2.36 to HK\$3.26 per Share), the net proceeds of the Global Offering, after deducting the underwriting fees and estimated expenses payable by the Company in connection with the Global Offering, are estimated to be approximately HK\$528.8 million. The Company presently intends to apply (i) approximately 80.2% of the net proceeds for the construction and establishment of the New Production Facilities, details of which are set out in the paragraph headed "Business — Production Facilities — New Production Facilities"; (ii) approximately 10.7% of the net proceeds to enhance the Group's research and development and ancillary facilities; and (iii) approximately 9.1% of the net proceeds as the Group's general working capital, details of which are as follows:

- approximately 43.2% (HK\$228.4 million) to be used in connection with the establishment of the production facilities for the production of non-woven fabrics for use as the composite synthetic leather, of which approximately 13.4% (HK\$30.6 million) to be used as properties construction costs, approximately 72.6% (HK\$165.8 million) to be used for purchase and installation of machinery and equipment and approximately 14.0% (HK\$32.0 million) to be used for purchase of raw materials;
- approximately 37.0% (HK\$195.7 million) to be used in connection with the establishment of the production facilities for the production of non-woven fabrics for use as filtration materials, of which approximately 20.5% (HK\$40.1 million) to be used as properties construction costs, approximately 59.6% (HK\$116.6 million) to be used for purchase and installation of machinery and equipment and approximately 19.9% (HK\$39.0 million) to be used for purchase of raw materials;
- approximately 8.4% (HK\$44.4 million) to be used in connection with the expansion of the Group's existing technology centre and the establishment of the research centre for new materials, of which approximately 79.7% (HK\$35.4 million) to be used as construction costs for the research centre building and approximately 20.3% (HK\$9.0 million) to be used for purchase and installation of research equipment;
- approximately 2.3% (HK\$12.2 million) to be used for the construction of ancillary facilities; and
- approximately 9.1% (HK\$48.1 million) to be used as general working capital of the Group.

In the event that the Offer Price is determined at the highest end of the indicative Offer Price range between HK\$2.36 to HK\$3.26 per Share, the net proceeds from the Global Offering will be approximately HK\$612.9 million. The Company presently intends to apply the additional net proceeds to the above purposes in the proportions stated above.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is determined at the lowest end of the indicative Offer Price range between HK\$2.36 to HK\$3.26 per Share, the net proceeds from the Global Offering will be approximately HK\$441.5 million and the Company presently intends to adjust the allocation of the net proceeds to the above uses in the proportions stated above.

The estimated net proceeds to be received by the Selling Shareholder from the Global Offering will be approximately HK\$106.0 million (assuming the same midpoint of the stated Offer Price range as stated in the above), after deducting the underwriting fees and estimated expenses payable by the Selling Shareholder in relation to the Global Offering. The Company will not receive any of the net proceeds from the Sale Shares by the Selling Shareholder.

Should the Over-allotment Option be exercised in full, the Company will receive additional net proceeds of approximately HK\$98.6 million (assuming the Offer Price of HK\$2.81 per Share). The Company presently intends to apply the additional net proceeds to the above uses in the proportions stated above. The Selling Shareholder will not receive any of the net proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, it is the present intention of the Directors that such proceeds will be placed on short term deposits with licensed banks and/or authorised financial institutions in Hong Kong and/or the PRC.