

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section of this prospectus headed of the “Business – Strategies” section for the detailed discussion of our future plans.

USE OF PROCEEDS

The net proceeds of the Global Offering after deducting the underwriting commissions and estimated expenses in relation to the Global Offering, and assuming an Offer Price of HK\$4.20 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$3.80 and HK\$4.60 per Offer Share), are estimated to amount to about HK\$920.4 million. The Directors intend to apply the net proceeds in the following manner:

- Approximately HK\$414.2 million, representing about 45% of the net proceeds from the Global Offering, will be used for the expansion and improvement of our retail network, of which (i) approximately 55% will be used for the opening of new self-operated Stores; (ii) approximately 7% will be used for refurbishing existing self-operated Stores; and (iii) approximately 38% will be used for the costs related to the appointment of new distributors, such as sharing of refurbishment and other set up costs with distributors. As at the end of 2010, we expect to have 325 stores of which 105 are self-operated Stores (including Stores that sell products under our licensed brand) and 220 are Stores operated by our distributors. As at the end of 2011, we expect to have 497 Stores of which 164 to be self-operated Stores (including Stores that sell products under our licensed brand) and 333 to be Stores operated by our distributors. These stores will be located in 141 cities in 30 provinces/municipal/autonomous regions of the PRC. Please refer to the section headed “Business – Strategies” in this prospectus for the factors that may affect our retail network expansion plan. The budgeted initial costs and working capital requirement for self-operated Stores (including refurbishment of existing self-operated Stores) are expected to be RMB20.0 million (approximately HK\$23.0 million) and RMB87.3 million (approximately HK\$100.4 million) for the fourth quarter of 2010 and the year of 2011, respectively. The budgeted initial costs and working capital requirement for Stores operated by our distributors are expected to be RMB12.9 million (approximately HK\$14.8 million) and RMB57.5 million (approximately HK\$66.1 million) for the fourth quarter of 2010 and the year of 2011, respectively.
- Approximately HK\$92.0 million, representing about 10% of the net proceeds from the Global Offering, will be used to expand our product offerings under our *V.E. DELURE* brand by developing independent lines of branded apparels and accessories, including but not limited to, leather goods and shoes, with a plan to launch such products in around 2012 or 2013;

FUTURE PLANS AND USE OF PROCEEDS

- Approximately HK\$184.1 million, representing about 20% of the net proceeds from the Global Offering, will be used for acquisitions or licensing of additional brands with duly registered intellectual property, good brand history and scale, good assets and profitable operating and management model, development potential and complementary brand positioning and sales network to enhance our brand portfolio. As at the Latest Practicable Date, we do not have any potential target for acquisitions;
- Approximately HK\$64.5 million, representing about 7% of the net proceeds from the Global Offering, will be used for marketing and promotion activities in 2011 and 2012, of which (i) approximately 40% will be used towards media advertising, (ii) approximately 10% will be used towards fashion shows, (iii) approximately 30% will be used towards brand building and product promotions, and (iv) approximately 20% will be used towards sponsorship of spokespersons and major events;
- Approximately HK\$46.0 million, representing about 5% of the net proceeds from the Global Offering, will be used for the upgrade of hardware and software of our ERP system and database management system over three years to create a direct interface between the individual system at each of the Stores operated by our distributors, which will allow us to obtain real-time operating data, thereby allowing central management to further improve our inventory and financial management capability. The budgeted initial costs and working capital requirement to upgrade our ERP system and database management system are expected to be around RMB20 to 40 million (approximately HK\$23 to 46 million);
- Approximately HK\$46.0 million, representing about 5% of the net proceeds from the Global Offering, will be used for hiring international design talent and design consultant firms, expanding our existing design team and establishing our own research and design center, of which (i) approximately 43% will be used towards employing suitable design personnel and (ii) the remainder of approximately 57% will be used towards the operational cost of the design team; and
- Approximately HK\$73.6 million, representing about 8% of the net proceeds from the Global Offering is expected to be used as additional general working capital.

In the event that the Offer Price is fixed at HK\$3.80 per Share, being the lowest point of the indicative price range, the net proceeds will be reduced by about HK\$91.8 million. In such circumstances, the Directors intend to reduce the application of the proceeds proportionally.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is fixed at HK\$4.60 per Share, being the highest point of the indicative price range, the net proceeds will be increased by about HK\$91.8 million. In such circumstances, the Directors intend to apply the additional proceeds proportionally.

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.