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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business — Our business strategies” in this Prospectus for a detailed discussion of our future plans.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$1,324.0 million from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the initial public Offer Price of HK\$3.49 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 35%, or HK\$463.4 million, is expected to be used for the expansion of our distribution network and supporting our distributors in opening new retail outlets as well as upgrading existing retail outlets by the end of 2015, of which (i) approximately 50%, to fund the support, such as store decoration expenses and promotion materials, for our distributors to establish new retail outlets, as well as rental subsidies for selected specialty stores; and (ii) approximately 50%, to fund the support for our distributors in their efforts to renovate the store image and expand the store space and product offering at existing retail outlets, such as providing renovation expenses, store display materials and advertisement billboards. Through such support, we plan to open over 600 new Hosa retail outlets operated by our distributors and increase the number of Hosa retail outlets to over 1,200 spanning 30 provinces, autonomous regions and municipalities by the end of 2011;
- approximately 25%, or HK\$331.0 million, is expected to be used to further enhance our brand image through marketing and promotion, of which (i) approximately 40% will be used for advertising on major television networks and websites and in leading sports and fashion magazines and other print media as well as placing billboards at subway stations and highways; (ii) approximately 35% will be used for establishing flagship stores in major cities, distributing marketing and promotion materials, attending industry exhibitions and hosting distributorship promotion activities to attract new distributors; (iii) approximately 15% will be used for sponsorships of popular sports and fashion events and other public relationship activities and (iv) approximately 10% will be used in professional services for our advertising, marketing and promotion activities;
- approximately 15%, or HK\$198.6 million, is expected to be used for the expansion of our production capacity, including adding new production lines for our swimwear, fitness wear and sports underwear products, upgrading our existing manufacturing facilities by acquiring additional equipment and machinery as well as investing in new production facilities;
- approximately 10%, or HK\$132.4 million, is expected to be used for research, design and development activities, such as (i) recruiting additional professional designers and research, design and development staff; (ii) engaging design and consultancy firms; (iii) upgrading our

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research, design and development platform to further enhance our design and technology capabilities; and (iv) collaborating with external contract manufacturers to develop new products that complement our existing product offering;

- approximately 5%, or HK\$66.2 million, is expected to be used for further developing and upgrading our supply chain and information management systems, such as by implementing the DRP, ERP and CRM systems, to further improve the efficiency of our operations; and
- the remaining approximately 10%, or HK\$132.4 million, is expected to be used to fund our working capital and general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts with financial institutions.

In the event that the Offer Price is set at the high-end or low-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, the net proceeds of the Global Offering will increase or decrease by approximately HK\$237.3 million. Under such circumstances, our intended use of proceeds will be increased or decreased on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$1,527.6 million, assuming an Offer Price of HK\$3.49 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase or decrease by approximately HK\$272.9 million, respectively. We intend to apply the additional net proceeds to the above uses in the proportions stated above.