
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business – Business strategies” in this prospectus for a detailed description of the Group’s future plans.

USE OF PROCEEDS FROM THE SHARE OFFER

Based on the Offer Price of HK\$0.80 per Offer Share (being the mid-point of the estimated range of the Offer Price), the net proceeds from the Share Offer are expected to be approximately HK\$84 million after deducting the underwriting fees and commissions and estimated expenses payable by the Group in relation to the Share Offer.

The Directors intend to use the net proceeds for the following purposes:

- approximately HK\$41 million (being approximately 48.8% of net proceeds) for the purchase of new machinery and equipment including new offset printing press, digital printing press(es) and new hardcover line(s), which is expected to be completed before the end of 2011 in order to, among other things, increase the Group’s year-on-year maximum printing capacity (with plate changes) by approximately 13.0% and 8.9% for the years ending 31 December 2011 and 2012, respectively, as further detailed in the section headed “Business – Business strategies” in this prospectus;
- approximately HK\$30 million (being approximately 35.7% of net proceeds) for the development of the PRC book publishing brokerage and promotion business. As a publishing broker and promoter, the Group will act as an intermediary for international book publishers and relevant licensed parties in the PRC. The Group will be responsible for co-ordinating the translation, printing and distribution of books in the PRC but shall not be engaged in any activities which may require specific licences or authorisations in the PRC. While the existing plan of the Group is to utilise such proceeds for the book publishing brokerage and promotion business in the PRC, investors should be aware that the Group’s ability to execute such business plan may depend on the Group’s ability to identify suitable PRC publishing partners that possess the requisite licences and rights to carry out the publishing business in the PRC. For more details on the Group’s plans, please refer to the section headed “Business – Business strategies” in this prospectus;
- approximately HK\$5 million (being approximately 6.0% of net proceeds) for the development of the Group’s electronic book conversion services; and
- the remaining amount will be used for funding working capital and general corporate purposes.

If the Offer Price is fixed at HK\$0.90, being the high end of the stated Offer Price range, the net proceeds will be increased by HK\$12.5 million. The Directors currently intend to use such additional proceeds for the development of the PRC book publishing brokerage and promotion business.

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If the Offer Price is fixed at HK\$0.70, being the low end of the stated Offer Price range, the net proceeds will be decreased by HK\$12.5 million. The Directors currently intend to reduce the proceeds used for the development of the PRC book published brokerage and promotion business.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if the Group is unable to effect any part of its future development plans as intended, the Group intends to place the net proceeds on deposit with banks or other financial institutions or held in government issued securities.

If there is any material modification to the use of proceeds as described above, the Company will issue an announcement in relation to the modification.