
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Our Strategies” for a detailed description of our future plans.

PROPOSED USE OF NET PROCEEDS FROM THE ISSUE OF NEW SHARES

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering and excluding net proceeds from the sale of the Sale Shares and assuming that the Over-allotment Option is not exercised), assuming an Offer Price of HK\$3.14 per Share, being the mid-point of the proposed Offer Price range of HK\$2.51 to HK\$3.76 per Share, will be approximately HK\$713.7 million. We currently intend to apply these net proceeds for the following purposes:

- Approximately HK\$285.5 million, or 40% to be used towards strengthening the marketing and promotion of our brands and products, expanding and strengthening the management of our sales network and channels, including the implementation of a fully integrated enterprise resource planning system;
- Approximately HK\$214.1 million, or 30% to be used towards expanding and enhancing our production facilities and capacities, including construction of the second and third phases of our new plant and staff dormitory building and installation of new equipment in our new plant;
- Approximately HK\$107.1 million, or 15% to be used towards expanding our product offerings;
- Approximately HK\$35.7 million, or 5% to be used towards enhancing our research and development capabilities, including installing new equipment in our research and development department, employing more technical personnel for our research and development team, establishing our new research and development centre in Shanghai and participating in joint development programs with universities and professional institutions; and
- Approximately HK\$71.3 million, or 10% to be used towards providing funding for our working capital and other general corporate purposes.

In the event that the Offer Price is fixed at the highest end of the proposed Offer Price range, the net proceeds from the Global Offering (excluding net proceeds from the sale of the Sale Shares and assuming that the Over-allotment Option is not exercised) to us will be approximately HK\$862.5 million (assuming an Offer Price of HK\$3.76 per Share). In the event that the Offer Price is fixed at the lowest end of the proposed Offer Price range, the net proceeds of the Global Offering (excluding net proceeds from the sale of the Sale Shares and assuming that the Over-allotment Option is not exercised) to us will be approximately HK\$562.5 million (assuming an Offer Price of HK\$2.51 per Share). We will adjust the allocation of the net proceeds for the aforementioned purposes on a pro-rata basis.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash

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generated from our operations and bank financing. We currently believe that the net proceeds from the issue of the new Shares, when combined with such alternative sources of financing, are sufficient for the uses set forth above.

If the Over-allotment Option is exercised in full, we estimate we would receive additional net proceeds in the amount of approximately HK\$90.4 million (assuming an Offer Price of HK\$2.51 per Share, being the lowest end of the proposed Offer Price range), approximately HK\$113.0 million (assuming an Offer Price of HK\$3.14 per Share, being the mid-point of the proposed Offer Price range) and approximately HK\$135.4 million (assuming an Offer Price of HK\$3.76 per Share, being the highest end of the proposed Offer Price range) which we intend to apply as additional funding for the purposes above on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit them in short-term demand deposits and/or money market instruments.

No proceeds from the sale of the Sale Shares under the Global Offering will accrue to our Company.