
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

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

USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering and the maximum amount of discretionary incentive fee which we may pay to the Joint Global Coordinators) are estimated to be approximately HK\$757.7 million, assuming an Offer Price of HK\$2.77 per Offer Share, being the mid-point of the stated Offer Price range of HK\$2.30 to HK\$3.24 per Offer Share. At our sole discretion, we may or may not pay the discretionary incentive fee to the Joint Global Coordinators in an amount of up to 1.5% of the gross proceeds we receive from the Global Offering. We presently plan to use these net proceeds as follows:

- approximately 40% or HK\$303.1 million, for expansion of our retail network. We plan to use these proceeds to open new proprietary outlets of our self-developed brands in the next three years. Specifically, we intend to add a net number of approximately 200 to 280 proprietary outlets of our self-developed brands (excluding “Naturalizer” outlets), which are primarily department store outlets, in each of the years ending December 31, 2011, 2012 and 2013. In line with our previous practice and experience, the establishment of a medium-size proprietary outlet typically costs in aggregate approximately RMB400,000. For more information on our plan to open proprietary outlets by region in 2011, see the section entitled “Business—Our Business Strategies—Expand distribution and retail network” in this prospectus. For the six months ended June 30, 2011, we had opened 138 new proprietary outlets (with 39 existing proprietary outlets terminated during the same period);
- approximately 25% or HK\$189.4 million, for expansion and maintenance of our production facilities as well as construction of offices and warehousing facilities. This includes capital expenditures up to the end of 2013 in the amount of approximately RMB118.2 million for purchase of land use rights and plant and production equipment for our Suining production facility, approximately RMB10.1 million for the maintenance of our Nanjing production facility, and approximately RMB34.0 million for the construction of offices and warehousing facilities;
- approximately 20% or HK\$151.5 million, for selective acquisition of footwear businesses;
- approximately 10% or HK\$75.8 million, for repayment of a portion of the balance under the Hongguo Loan Facility; and
- approximately 5% or HK\$37.9 million, for the expansion of our online sales through the internet in the next three years, including investment in computer software and hardware, establishment of warehousing facilities, recruitment of experienced technical and sales personnel for online business, and working capital related to the inventories for online business.

If the Offer Price is fixed at HK\$3.24, being the high end of the stated Offer Price range, our net proceeds will be increased by approximately HK\$135.3 million. Our Directors currently intend to use such additional proceeds to increase our use of proceeds proportionately as earmarked except that,

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for the proceeds initially earmarked for repayment of the balance under the Hongguo Loan Facility, the remaining proceeds after full repayment of the Hongguo Loan Facility will be used for working capital and other general corporate purposes.

If the Offer Price is fixed at HK\$2.30, being the low end of the stated Offer Price range, our net proceeds will instead be decreased by approximately HK\$135.3 million. Our Directors currently intend to reduce our use of proceeds proportionately as earmarked.

We estimate the net proceeds of the Global Offering to the Selling Shareholder to be approximately HK\$531.8 million (assuming the same mid-point of the proposed Offer Price range and no exercise of the Over-allotment Option), after deducting the underwriting fees payable by the Selling Shareholder in relation to the Global Offering and the maximum amount of discretionary incentive fee which the Selling Shareholder may pay to the Joint Global Coordinators. At the Selling Shareholder's sole discretion, it may or may not pay the discretionary incentive fee to the Joint Global Coordinators in an amount of up to 1.5% of the gross proceeds it receives from the Global Offering. The Selling Shareholder will be responsible for the underwriting fees for the Sale Shares, and the expenses incurred in relation to the Global Offering will be borne by us. We will not receive any proceeds from the sale of the Sale Shares in the Global Offering, including the Over-allotment Option.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.