

## FUTURE PLANS AND USE OF PROCEEDS

### FUTURE PLANS

In spite of the long-established relationships with international apparel brand owners based in USA and the European countries for more than 10 years, the Group intends to ride on the growing demand of consumption driven by the expanding population of the style-conscious class in the PRC to attract potential customers such as the international apparel groups which labels are recognised but under-penetrated in the PRC.

The table below sets out the expansion plan to be carried out by the Group:

Details of expansion plan	Status of expansion	Date of expected commencement of production/use	Total investment as at the Latest Practicable Date	Expected time of completion of payment	Estimated total investment and sources of funding
To establish a production plant with the total production capacity of approximately 4,188,000 pieces per year in Yangwu Village, Dalang Town, Dongguan City, Guangdong Province, the PRC, to substitute the existing production premises of the FC Factory and expand the production scale of the Group to two complete production lines comprising the existing one in the Processing Factory and another in the new production factory.	The Group will apply to the relevant government authorities for all applicable licenses and permits. The application process will commence in the fourth quarter of 2011 and the construction is expected to commence in the first quarter of 2012	By the fourth quarter of 2012	HK\$13.9 million (acquisition of the industrial land)	By the fourth quarter of 2013	RMB48,650,000 Net proceeds from the Share Offer and working capital
Acquisition of production machinery and office equipment for the new production plant.	Acquisition order for production machinery and office equipment will be placed in the fourth quarter of 2012	End of fourth quarter of 2012	Nil	By the fourth quarter of 2012	RMB2,320,000 Net proceeds from the Share Offer and working capital
Acquisition of 220 sets of computerised knitting machines for existing production factories.	Acquisition order of 120 sets of computerised knitting machines was placed in the first quarter of 2011 and they have been delivered in the second quarter of 2011	By the second quarter of 2011	HK\$34,368,000	Monthly instalment and final instalment in the fourth quarter of 2016	HK\$34,368,000 Net proceeds from the Share Offer and working capital
	100 sets of computerized knitting machines are expected to be acquired in the second quarter of 2012	End of third quarter of 2012	Nil	Monthly instalment and final instalment in the third quarter of 2017	HK\$29,000,000 Net proceeds from the Share Offer and working capital
New ERP System to integrate different functions of the Group including but not limited to sales, purchase, production, warehouse and finance.	Service contract is expected to be signed in November 2011	By the fourth quarter of 2012	Nil	By the fourth quarter of 2012	HK\$3,000,000 Net proceeds from the Share Offer and working capital
Enhancing sales and merchandising, and design and development capabilities including participating in fashion exhibitions twice a year, designing company brochure, acquiring computer software for design and development and hiring additional staff.	Participating in fashion exhibitions is planned in the third quarter of 2011, first and third quarter of 2012 and first quarter of 2013	By the third quarter of 2011, first and third quarter of 2012 and first quarter of 2013	Nil	By the third quarter of 2011, first and third quarter of 2012 and first quarter of 2013	HK\$2,000,000 Net proceeds from the Share Offer and working capital
	Company brochure is planned to be designed in the fourth quarter of 2011	By the fourth quarter of 2011	Nil	By the fourth quarter of 2011	HK\$300,000 Net proceeds from the Share Offer and working capital
	Computer software for design and development is planned to be acquired in the fourth quarter of 2011	By end of the fourth quarter of 2011	Nil	By end of the fourth quarter of 2011	HK\$180,000 Net proceeds from the Share Offer and working capital

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As the Group's expansion plan exposes the Group to a new business environment and a new market with different culture, there is no assurance that the Group's expansion plan will be realised or such expansion plan will be carried out as planned or will materialise as scheduled. Details of the future plans and the use of proceeds are set out in this section. The risks involved in the implementation of the Group's future plans are set out in the section headed "Risk factors" in this prospectus.

Save as disclosed above, the paragraph headed "Business strategies" in the section headed "Business" in this prospectus also sets out the detailed description of the business strategy of the Group. The Group also intends to finance capital expenditures through internal cash resources, bank borrowings and, if necessary, debt financings. For more details of the Group's capital expenditures, please see the paragraph headed "Historical capital expenditure" in the section headed "Financial information" in this prospectus.

### USE OF PROCEEDS

The Group estimates that the aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by the Company in connection with the Share Offer), based on the Offer Price of HK\$0.5 per Share will be approximately HK\$39.7 million. The Group currently intends to use the proceeds for the following purposes:

- approximately 43.6% or HK\$17.3 million is intended to be used for construction of new production factory on the Land, details of which are set out in the paragraph headed "New production plant" in the section headed "Business" of this prospectus;
- approximately 45.5% or HK\$18.1 million is intended to be used for acquiring an additional 220 sets of computerised knitting machines;
- approximately 3.8% or HK\$1.5 million is intended to be used for enhancing the Group's product design and development capabilities and sales and merchandising capabilities by procuring more advanced technology in yarn development and product design, participating in exhibition twice a year, designing company brochure, acquiring computer software for design and development and hiring additional experienced staff;
- approximately 2.1% or HK\$0.8 million is intended to be used for developing the ERP System of the Group covering various functions including but not limited to sales and merchandising, purchasing, production, warehouse and accounting; and
- the remaining of approximately 5.0% or HK\$2.0 million as the Group's working capital.

It is the Group's intention that, to the extent that the net proceeds of the Share Offer are not immediately used for the above purposes, such net proceeds will be placed on short-term interest-bearing deposits with licensed banks and/or financial institutions in Hong Kong.