
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Business strategies” of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Our Directors intend to apply the net proceeds from the Share Offer to finance our capital expenditure and business expansion, strengthen our capital base and improve our overall financial position.

We estimate that we will receive net proceeds from the Share Offer of approximately HK\$38.4 million (based on the Offer Price of HK\$0.8 per Share) after deducting the underwriting commissions and estimated expenses payable by us in relation to the Share Offer.

We currently intend to use the net proceeds to be received by us from the Share Offer as follows:

- as to approximately 50%, or HK\$19.2 million, for upgrading and expanding our manufacturing equipment and production plants to enhance our production efficiency (please refer to the section headed “Business — Production — Production facilities and capacity — Expansion” for further details of our Group’s expansion of equipment);
- as to approximately 20%, or HK\$7.7 million, for expanding the sales of our fabric products in the PRC market and the sales of our innerwear products in the overseas market by establishing and reinforcing the sales channels in these markets and participating in trade exhibitions;
- as to approximately 10%, or HK\$3.8 million, for developing high-margin and innovative products and for enhancement of our new high-tech fabrics development capability;
- as to approximately 10%, or HK\$3.8 million, for developing our ODM capability and for promoting our brand name “UTEX”; and
- the remaining net proceeds for funding our general working capital and other general corporate purposes.

To the extent that the net proceeds to be received by us from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and/or authorised financial institutions in Hong Kong and/or the PRC for so long as it is in our best interest.