

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Immediately following the completion of [REDACTED], the Founder and Sherman Investment collectively will be our Controlling Shareholders directly and beneficially interested in approximately 53.84% of our issued share capital. Sherman Investment is a holding company incorporated in the BVI that is wholly-owned by our Founder, Mr. Jen.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Board is satisfied, on the basis of the following, that our Group is capable of carrying on its business independently of the Controlling Shareholders and its associates after the [REDACTED].

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. We do not rely on the Controlling Shareholders for our business development, staffing or marketing and sales activities. Our Directors and senior management are responsible for the conduct of our business. We have independent access to our customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Management Independence

Our Board consists of eight Directors, comprising four executive Directors, two non-executive Directors (one of whom will cease to be a Director after [REDACTED]) and three independent non-executive Directors. Mr. Jen is our Executive Director, Chairman of the Board and Co-Chief Executive Officer.

Our daily management and operations are carried out by a senior management team. None of the members of our senior management team hold any board or other executive position in, or are employed by, any entity controlled by the Controlling Shareholders outside the Group.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We also have our own treasury function which is operated independently from the Controlling Shareholders. We are capable of obtaining financing from third parties, if necessary, without reliance on the Controlling Shareholders. Our Directors are of the view that there is no financial dependence by us on our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

In March 2008, each of our Founder, Ms. Amy Yan, Shu Ling Jen and Sherman Investment undertook to the Company and Sequoia Capital China Growth Fund I, L.P. not to establish new entities or schools that are in competition with the entities or schools directly or indirectly controlled by us without our consent.

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CORPORATE GOVERNANCE

Our Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “Code”) and will comply with the code provisions in the Code. The Code sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Company is also required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, which provides, among other matters, prohibitions on directors’ dealings in securities and protection of minority shareholders’ rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders’ rights after the [REDACTED].

Our Company is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our independent non-executive Directors, details of whom are set out in the section headed “Directors and Senior Management” in this [REDACTED], individually and together possess the requisite knowledge and experience to be a member of our Board. All of our independent non-executive Directors are experienced and will provide impartial and professional advice to protect the interest of our minority Shareholders.

CONFIRMATION

As of the Latest Practicable Date, neither our Controlling Shareholders nor any of our Directors were interested in the business of operating international schools or educational institutions, other than our Group, which, competes or is likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.