

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See the section headed “Business — Our Strategies” in this [REDACTED] for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive net proceeds from the [REDACTED] of approximately HK\$[REDACTED] after deducting [REDACTED] commission and other estimated expenses paid and payable by us in the [REDACTED] without taking into account any additional discretionary incentive fee, assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of [REDACTED] per Share. We intend to use the net proceeds we will receive from this [REDACTED] for the following purposes:

- approximately [REDACTED]% (approximately HK\$[REDACTED]) to apply towards the expansion of our school network, in particular by developing new schools on our own in major cities in China;
- approximately [REDACTED]% (approximately HK\$[REDACTED]) to apply towards the maintenance, renovation and upgrade of our existing schools, such as the boys’ schools on our Dalian campus;
- approximately [REDACTED]% (approximately HK\$[REDACTED]) to apply towards the acquisition of schools, except for foreign national schools and preschools, in major cities in China to supplement our school network. We will consider various factors in selecting acquisition targets, including, among other things, the general socio-economic condition of the city in which a target school is located, the demand for international education in such city and its neighboring areas and the level of government support in promoting international education. We plan to open new schools using the premises and land acquired from the target schools. We do not intend to jointly operate such new schools with the relevant original school operators. We expect to be the sole sponsor of each of these new schools and have exclusive rights to operate each new school. We expect to consolidate the new schools into our Group using the same Contractual Arrangements. As of the Latest Practicable Date, we had not identified any specific acquisition target or confirmed the number and type of schools to be acquired or the timeframe for incurring the acquisition expenditure;
- approximately [REDACTED]% (approximately HK\$[REDACTED]) to repay our bank loans as follows:

Bank	Amount (RMB)	Interest rate (per annum)	Maturity date	Usage
Bank of China	20.0 million	6.44%	December 18, 2014	Working capital purposes
Bank of Shanghai	45.0 million	6.00%	December 29, 2014	Working capital purposes
Hankou Bank	30.0 million	6.00%	April 28, 2015	Working capital purposes
Hankou Bank	58.5 million	6.77%	January 28, 2015	Working capital purposes

- approximately [REDACTED]% (approximately HK\$[REDACTED]) as our working capital.

In the event that the [REDACTED] is set at the high point of the indicative [REDACTED] range, the net proceeds of the [REDACTED], assuming the [REDACTED] Option is not exercised, will increase to approximately HK\$[REDACTED]. Under such circumstances, the additional net proceeds will be used for the expansion of our school network in China. In the event that the [REDACTED] is set at the low point of the indicative [REDACTED] range, the net proceeds of the [REDACTED] will decrease to approximately HK\$[REDACTED]. Under such circumstances, the reduced amount of net proceeds will be deducted from the amount applied towards acquisition of schools and working capital.

If the [REDACTED] Option is exercised in full, the net proceeds from the [REDACTED] will increase by HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the proposed [REDACTED] range. In such event, the additional net proceeds will be used for the expansion of our school network in China.

FUTURE PLANS AND [REDACTED]

To the extent that the net proceeds of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the [REDACTED] Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our consolidated affiliated entities such that the net proceeds of this [REDACTED] can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this [REDACTED] to make loans or additional capital contributions to our PRC operating subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements” in this [REDACTED].