
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

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

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,484.7 million (equivalent to approximately RMB1,167.3 million), after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection with the Global Offering, assuming an Offer Price of HK\$2.30 per Offer Share, being the midpoint of the indicative Offer Price range of HK\$2.00 to HK\$2.60 per Offer Share, and no exercise of Over-allotment Option by the Company.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received by us from the Global Offering will increase to approximately HK\$1,683.8 million (equivalent to approximately RMB1,323.9 million) or decrease to approximately HK\$1,285.6 million (equivalent to approximately RMB1,010.7 million), respectively.

We intend to use the net proceeds of the Global Offering as follows:

- Approximately HK\$519.7 million (equivalent to approximately RMB408.6 million, or approximately 35% of our total estimated net proceeds) for the development of new virtual worlds on both PC and mobile, including two new virtual worlds to be launched in 2014.
- Approximately HK\$445.4 million (equivalent to approximately RMB350.1 million, or approximately 30% of our total estimated net proceeds) to fund our further expansion into the online education and e-learning market on both PC and mobile, including the expansion and commercialization of WenTa, our online tutorial platform.
- Approximately HK\$371.2 million (equivalent to approximately RMB291.8 million, or approximately 25% of our total estimated net proceeds) to fund the expansion of our offline product offerings, such as print media, movies and television show production. For example, we have and plan to enter into additional cooperation arrangements with third-party publishers and toy manufacturers for the licensing and production of books and toys using our virtual world brands and characters.
- Approximately HK\$74.2 million (equivalent to approximately RMB58.4 million, or approximately 5% of our total estimated net proceeds) to fund potential strategic acquisitions.
- The balance of the net proceeds, which is approximately HK\$74.2 million (equivalent to approximately RMB58.4 million, or approximately 5% of our total estimated net proceeds) will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the indicative Offer Price range.

If the Over-allotment Option is fully exercised by the Joint Global Coordinators, (i) we will receive net proceeds of approximately HK\$14.9 million (equivalent to approximately RMB11.8 million) for 6,914,000 additional Over-allotment Shares to be allotted and issued by us to the Joint Global Coordinators; and (ii) LeLe Happy, Angel Wang and LNZ Holding will receive in aggregate net proceeds of approximately HK\$214.0 million (equivalent to approximately RMB168.3 million) for 99,000,000 additional Over-allotment Shares to be sold and transferred to the Joint Global Coordinators, assuming an Offer Price of HK\$2.30 per Offer Share, being the midpoint of the indicative Offer Price range, and after deducting the underwriting commissions and fees (if any) payable by the Over-allotment Option Grantors, as the case may be. We intend to use all the additional net proceeds received by us upon the exercise of the Over-allotment Option proportionally as earmarked above.

To the extent permitted by applicable laws and regulations, we intend to deposit any net proceeds not immediately applied to the above purposes into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.