
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Virscend Education Company Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Virscend Education Company Limited

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND BUY BACK SHARES**

AND

RE-ELECTION OF RETIRING DIRECTORS

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Virscend Education Company Limited to be held at 10/F, Tianren Hotel, San Dong Qiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on 17 June 2016 at 3:00 p.m. is set out on pages 16 to 21 of this circular.

A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting (or any adjournment thereof) if they so wish.

30 April 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at 10/F, Tianren Hotel, San Dong Qiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on 17 June 2016 at 3:00 p.m., or any adjournment thereof and notice of which is set out on pages 16 to 21 of this circular
“Articles of Association”	the articles of association of the Company adopted on 28 December 2015 and as amended from time to time
“Board”	the board of Directors
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to buy back Shares not exceeding 10% of the number of the issued Shares as at the date of passing of the relevant resolution granting the Buy-back Mandate
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Company”	Virscend Education Company Limited (成實外教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2015, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the relevant resolution granting the Issue Mandate
“Latest Practicable Date”	26 April 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Date”	15 January 2016, being the date on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	the consolidated affiliated entities of the Company, namely, Chengdu Foreign Languages School, Chengdu Experimental Foreign Languages School, Chengdu Experimental Foreign Languages School (Western Campus), Chengdu Institute Sichuan International Studies University, Primary School attached to Chengdu Foreign Languages School and Kindergarten of the Primary School attached to Chengdu Jinniu District Foreign Languages
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Virscend Holdings”	Virscend Holdings Company Limited, a company incorporated in the British Virgin Islands, one of the controlling Shareholders of the Company and wholly-owned by Mr. Yan Yude, an executive Director
“%”	per cent

LETTER FROM THE BOARD

Virscend Education Company Limited
成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

Executive Directors:

Ms. Wang Xiaoying (*Chairwoman*)

Dr. Xu Ming

Mr. Ye Jiayu

Mr. Yan Yude

Registered office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Sit Chiu Wing

Mr. Chan Kim Sun

Ms. Xu Dayi

Corporate headquarters:

No. 23 He Xin Lu

Pi County

Chengdu

The PRC

Principal place of business in Hong Kong:

36/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

30 April 2016

To the Shareholders,

Dear Sir or Madam

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND BUY BACK SHARES**

AND

RE-ELECTION OF RETIRING DIRECTORS

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and the following proposals to be put forward at the Annual General Meeting: (a) granting of the General Mandate to issue Shares, the Buy-back Mandate to buy back Shares and the extension mandate; and (b) the re-election of the retiring Directors.

LETTER FROM THE BOARD

ISSUE MANDATE TO ISSUE SHARES AND EXTENSION MANDATE

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the Issue Mandate to issue Shares. At the Annual General Meeting, an ordinary resolution numbered 4(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, 3,088,761,000 Shares have been fully paid. Subject to the passing of the ordinary resolution numbered 4(A) and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 617,752,200 Shares.

In addition, subject to a separate approval of the ordinary resolution numbered 4(C), the number of Shares purchased by the Company under ordinary resolution numbered 4(B) will also be added to extend the Issue Mandate as mentioned in ordinary resolution numbered 4(A) provided that such additional value shall represent up to 10% of the number of issued Shares as at the date of passing the resolutions in relation to the Issue Mandate and Buy-back Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

BUY-BACK MANDATE TO BUY BACK SHARES

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to buy back Shares representing up to 10% of the number of issued Shares as at the date of passing of the resolution in relation to the Buy-back Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

The Buy-back Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable laws of Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Dr. Xu Ming, Mr. Ye Jiayu, Mr. Yan Yude will hold office as the Directors until the Annual General Meeting and being eligible, offered themselves for re-election at the Annual General Meeting.

Details of the above retiring Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Article 85 of the Articles of Association provides that:

“No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

For the purpose of the Articles of Association:

- (i) “Member” means a duly registered holder from time to time of the shares in the capital of the Company;
- (ii) “Notice” means written notice unless otherwise specifically stated and as further defined in the Articles of Association; and
- (iii) “Registration Office” means, in respect of any class of share capital, such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.

LETTER FROM THE BOARD

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the secretary of the Company, namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice signed by the nominated candidate of the candidate's willingness to be appointed together with (A) that candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information, as set out in the below heading "Required information of the candidate(s) nominated by Shareholders", and (B) the candidate's written consent to the publication of his/her personal data.

Required information of the candidate(s) nominated by Shareholders

In order to enable Shareholders to make an informed decision on their election of Directors, the above described notice of intention to propose a resolution by a Shareholder should be accompanied by the following information of the nominated candidate(s):

- (a) full name and age;
- (b) positions held with the Company and its subsidiaries (if any);
- (c) experience including (i) other directorships held in the past three years in public companies of which the securities are listed on any securities market in Hong Kong and overseas, and (ii) other major appointments and professional qualifications;
- (d) current employment and such other information (which may include business experience and academic qualifications) of which Shareholders should be aware of, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with the Company;
- (f) relationships with any Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company, or an appropriate negative statement;
- (g) interests in shares of HK\$0.01 each of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or an appropriate negative statement;
- (h) a declaration made by the nominated candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that nominated candidate's standing for election as a Director that should be brought to Shareholders' attention; and
- (i) contact details.

LETTER FROM THE BOARD

The Shareholder proposing the candidate will be required to read out aloud the proposed resolution at the general meeting.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 16 to 21 of this circular is the notice of the Annual General Meeting at which, ordinary resolutions will be proposed to Shareholders to consider and approve, among other things, the granting of the Issue Mandate to issue Shares and the Buy-back Mandate to buy back Shares, and the re-election of the retiring Directors.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

VOTING BY POLL

There is no Shareholder who has any material interest in the proposed resolutions regarding the Issue Mandate and Buy-back Mandate, therefore none of the Shareholders is required to abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairwoman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the Notice will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting of the Issue Mandate to issue Shares, the Buy-back Mandate to buy back Shares, the re-election of the retiring Directors are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 June 2016 to 17 June 2016, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the Annual General Meeting, during which period no Share transfers will be registered. To be eligible to attend the Annual General Meeting, all properly completed transfer forms accompanied by the relevant Share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 June 2016.

Yours faithfully
By order of the Board
Virscend Education Company Limited
Wang Xiaoying
Chairwoman

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

As at the Latest Practicable Date, none of the following Directors, save as disclosed herein, had any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, none of the following Directors holds any position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Save as disclosed herein, the following Directors are not otherwise related to any Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Save as disclosed herein, each of the following Directors has confirmed that there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Executive Directors

Dr. Xu Ming (徐明), aged 44, was appointed as the chief executive officer of the Company and an executive Director on 31 August 2015. Dr. Xu has over 20 years of experience in business management and is responsible for overall operations management of our Group. Dr. Xu is also a director of Tibet Huatai Education Management Consulting Co., Ltd. (西藏華泰教育管理有限公司) ("Tibet Huatai"). Prior to joining our Company, from September 1991 to December 2001, Dr. Xu worked at various state-owned enterprises and government departments and obtained experience in finance and accounting and mid-level management for entities engaged in industrial, infrastructure and administrative business affairs. From November 2002 to April 2010, Dr. Xu served as manager of the finance department, chief financial officer and the director of Chuancai Securities Agents Co., Ltd.* (川財證券經紀有限公司), a securities firm providing financial services, and was responsible for operations and financial management of the firm. From 2011 to September 2014, Dr. Xu served as the executive director of Fang Yu Investment Fund* (成都方興產業投資管理有限公司), and was responsible for operations and strategic development of the company. Dr. Xu concurrently also served as a member of the second session of the financial, accounting committee of the Securities Association of China* (中國證券業協會第二屆財務會計委員會). In February 2016, Dr. Xu has been appointed as the External Director of Sichuan Agriculture Credit & Guarantee Company Limited* (四川省農業信貸擔保有限公司). Dr. Xu graduated from Sichuan University*

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

(四川大學) in the PRC with a doctor degree in economics in June 2009. Dr. Xu has also received the following accreditations and certificates:

Accreditation	Awarding Authority	Date
Certified public accountant	Certified Public Accountant Examination Committee of the Ministry of Finance of the PRC* (中國財政部註冊會計師考試委員會)	August 1997
Certified public valuer	Ministry of Finance of the PRC	June 1998
Certified tax adviser	State Administration of Tax of the PRC	February 1999
Senior Accountant	Chengdu City Competency Reform Working Group* (成都市稱職改革工作領導小組)	December 2003

Dr. Xu has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term. The current Director's fee payable to Dr. Xu is HK\$1,000,000 per year and there is no discretionary bonus paid to director. The remuneration package of Dr. Xu is determined by reference to his duty, experience workload and time devoted to the Group.

Mr. Ye Jiayu (葉家郁), aged 56, was appointed as an executive Director on 31 August 2015. Mr. Ye has more than 22 years of experience in business management and is responsible for the overall strategic development of our Group. Mr. Ye is also a supervisor of Tibet Huatai. Mr. Ye joined our Group as a director of certain of our PRC Operating Entities since September 2000. Since January 1993, Mr. Ye has joined Sichuan Derui Enterprise Development Co., Ltd.* (四川德瑞企業發展有限公司) ("Sichuan Derui") and currently serves as an executive director of Sichuan Derui and is responsible for the overall management of Sichuan Derui. Mr. Ye obtained his diploma in mechanics from Sichuan Radio and TV University* (四川廣播電視大學) in the PRC in August 1985.

Mr. Ye has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term. The current Director's fee payable to Mr. Ye is HK\$1,000,000 per year and there is no discretionary bonus paid to director. The remuneration package of Mr. Ye is determined by reference to his duty, experience workload and time devoted to the Group.

As at the Latest Practicable Date, Mr. Ye was interested in 95,400,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Ye is interested in 37.5% equity interest of Lucky Sign Global Limited ("Lucky Sign") and is therefore deemed to be interested in the 95,400,000 Shares held by Lucky Sign.

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Yan Yude (嚴玉德), aged 54, was appointed as a Director on 13 March 2015 and was designated as an executive Director on 31 August 2015. Mr. Yan is also one of our Controlling Shareholders and a director of certain of our subsidiaries. Mr. Yan has over 20 years of experience in business management and is responsible for the overall strategic development of our Group. Mr. Yan has been a director of our PRC Operating Entities since September 2000. In January 1993, Mr. Yan made the investment in Sichuan Derui and remained as the controlling shareholder of Sichuan Derui since then. Mr. Yan joined Sichuan Derui in 1993 after he invested into Sichuan Derui and was involved in the overall management and strategic development of Sichuan Derui. Mr. Yan obtained his graduation certificate for postgraduate studies in criminology from the Sichuan University* (四川大學) in the PRC in July 1999. Mr. Yan is the husband of Ms. Wang Xiaoying, an executive director of our Company.

Mr. Yan has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term. The current Director's fee payable to Mr. Yan is HK\$1,000,000 per year and there is no discretionary bonus paid to director. The remuneration package of Mr. Yan is determined by reference to his duty, experience workload and time devoted to the Group.

As at the Latest Practicable Date, Mr. Yan was interested in 1,629,967,500 Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Yan is the sole shareholder of Virscend Holdings and is therefore deemed to be interested in the 1,562,467,500 Shares held by Virscend Holdings. Mr. Yan is also the husband of Ms. Wang Xiaoying, the chairwoman of the Board and an executive Director, and is therefore deemed to be interested in the 67,500,000 Shares indirectly held by Ms. Wang Xiaoying through Smart Ally International Limited, a company wholly-owned by Ms. Wang Xiaoying.

* *For identification purposes only*

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 3,088,761,000 Shares of nominal value of HK\$0.01 each which have been fully paid. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back before the Annual General Meeting, the Company will be allowed to buy back a maximum of 308,876,100 Shares which represent 10% of the issued Shares during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to buy back its Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders as a whole.

Buy-back of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. The Directors may not buy back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make buy-backs with profits of the Company or out of a new issuance of shares made for the purpose of the buy-back or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company. The Directors believe that if the Buy-back Mandate is exercised in full, it may have a material adverse impact on the working capital or gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up. The

Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention if the Buy-back Mandate is approved by the Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a buy-back of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any buy-back of Shares pursuant to the Buy-back Mandate.

As at the Latest Practicable Date, as far as the Directors are aware, substantial Shareholders having interests in 10% more in the issued Shares are as follows:

Name of Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital
Virscend Holdings ⁽¹⁾	Beneficial owner	1,562,467,500	50.59%
Mr. Yan Yude ⁽¹⁾⁽²⁾	Interest in a controlled corporation and interest of spouse	1,629,967,500	52.77%
Ms. Wang Xiaoying ⁽³⁾	Interest in a controlled corporation and interest of spouse	1,629,967,500	52.77%
Happy Venus Limited ⁽⁵⁾	Beneficial owner	417,330,000	13.51%
Ms. Yan Hongjia ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	417,330,000	13.51%

Notes:

- (1) Mr. Yan Yude is the sole shareholder and sole director of Virscend Holdings and is therefore deemed to be interested in the Shares held by Virscend Holdings.
- (2) Mr. Yan Yude is the husband of Ms. Wang Xiaoying and is therefore deemed to be interested in the Shares indirectly held by Ms. Wang Xiaoying through Smart Ally International Limited.
- (3) Ms. Wang Xiaoying is the sole shareholder and sole director of Smart Ally International Limited and is therefore deemed to be interested in the Shares held by Smart Ally International Limited. Ms. Wang Xiaoying is also the spouse of Mr. Yan Yude and is therefore deemed to be interested in the Shares indirectly held by Mr. Yan Yude through Virscend Holdings.
- (4) Ms. Yan Hongjia is the daughter of Mr. Yan Yude.
- (5) Ms. Yan Hongjia is the sole shareholder and sole director of Happy Venus Limited and is therefore deemed to be interested in the Shares held by Happy Venus Limited.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Yan Yude was beneficially interested in 1,629,967,500, representing approximately 52.77% in aggregate number of issued Shares. In the event that the Directors should exercise in full the Buy-back Mandate, the shareholding of Mr. Yan Yude in the Company will be increased to approximately 58.63% of the issued Shares. To the best knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to buy back the Shares to the extent that will trigger the obligations under the Takeovers Code for Mr. Yan Yude to make a mandatory offer. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any purchase by the Company of its Shares.

The Listing Rules prohibit a company from making buy-back on the Stock Exchange if the result of the buy-back would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued shares of the Company would be in public hands. The Directors do not propose to buy back Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE BUY-BACK MADE BY THE COMPANY

No buy-back of Shares has been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange from the Listing Date up to the Latest Practicable Date were as follows:

Month	Highest prices HK\$	Lowest prices HK\$
2016		
January (<i>from the Listing Date to 31 January</i>)	2.79	2.40
February	2.88	2.16
March	3.85	2.40
April (<i>up to and including the Latest Practicable Date</i>)	4.55	2.80

NOTICE OF ANNUAL GENERAL MEETING

Virscend Education Company Limited

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of Virscend Education Company Limited (the “Company”) will be held at 10/F, Tianren Hotel, San Dong Qiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on 17 June 2016 at 3:00 p.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2015 and the reports of the directors and auditors thereon.
2. (a) To re-elect the following retiring directors of the Company:
 - (i) Dr. Xu Ming as executive director
 - (ii) Mr. Ye Jiayu as executive director
 - (iii) Mr. Yan Yude as executive director
- (b) To authorise the board of directors (the “Board”) to fix the remuneration of the directors.
3. To re-appoint Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration for the year ending 31 December 2016.
4. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:
 - (A) **“That:**
 - (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;

 - (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to:
 - (1) any Rights Issue (as defined hereinafter);

 - (2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors of the Company, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;

 - (3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or

 - (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of:
 - (a) 20% of the number of issued shares of the Company as at the date of passing this resolution; and

 - (b) (if the Board is so authorised by resolution numbered 4(C)) the aggregate number of shares of the Company bought back by the Company subsequent to the passing of resolution numbered 4(B) (up to a maximum equivalent to 10% of the number of issued shares of the Company as at the date of passing resolution numbered 4(B)),
- and the approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (iv) for the purpose of this resolution:-
- (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and
- (b) “Rights Issue” means an offer of shares of the Company or an issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“That:**

- (i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the shares to be bought back pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the number of issued shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:-

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

(C) “**That** conditional upon the resolutions numbered 4(A) and 4(B) set out in this notice being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and/or otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 4(A) set out in this notice be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted or agreed conditional or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the number of the issued shares of the Company bought back by the Company under the authority granted pursuant to resolution numbered 4(B) set out in this notice, provided that such extended amount shall represent up to 10% of the number of issued shares of the Company as at the date of passing of the said resolutions.”

By order of the Board
Virscend Education Company Limited
Wang Xiaoying
Chairwoman

Sichuan, the PRC, 30 April 2016

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate headquarters:

No. 23 He Xin Lu
Pi County
Chengdu
The PRC

Principal place of business in Hong Kong:

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) Resolution numbered 4(C) will be proposed to the shareholders for approval provided that resolutions numbered 4(A) and 4(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.
- (iii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iv) In order to be valid, the completed form of proxy must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The register of members of the Company will be closed from 14 June 2016 to 17 June 2016, both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 June 2016.
- (vi) In respect of resolutions numbered 2 above, Dr. Xu Ming, Mr. Ye Jiayu and Mr. Yan Yude shall retire and being eligible, offered themselves for re-election at the above meeting. Details of the above retiring directors are set out in Appendix I to the circular dated 30 April 2016.
- (vii) In respect of the resolution numbered 4(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company referred therein. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

- (viii) In respect of resolution numbered 4(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to buy back shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the Company of its own shares is set out in Appendix II to the circular dated 30 April 2016.
- (ix) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.