

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1565)**

### **Voluntary Announcement**

#### **Impact from the Decision on Amending the Law for Promoting Private Education of the PRC**

This announcement is made by Virscend Education Company Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis to keep the shareholders and potential investors informed of the update of the Group.

The Company noticed that on 7 November 2016, the Decision on Amending the Law for Promoting Private Education of the PRC (關於修改《中華人民共和國民辦教育促進法》的決定) was approved by the Standing Committee of the National People’s Congress (the “Decision”), which will become effective on 1 September 2017. The Decision has made certain amendments to the Law for Promoting Private Education of the PRC. According to the Decision, school sponsors of private schools can choose to establish schools as not-for-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as not-for-profit entities.

The Company would like to update the shareholders and potential investors that as at the date of this announcement, the Decision has not taken effect yet and the detailed rules and regulations regarding the conversion of existing private schools into for-profit or non-for-profit schools have not been promulgated by local governmental authorities. There are uncertainties involved in interpreting and implementing the Decision, therefore, the Company has not decided (1) when the schools which provide compulsory education shall be converted into non-for-profit schools and (2) whether the schools which engage in non-compulsory education will be for-profit private schools or non-for-profit private schools.

As at the date of this announcement, to the best knowledge of the Company, the Decision, after it becomes effective, will not have material adverse impact on the business, including the existing operation and potential expansion plan, and financial impact on the Company’s private school operation, because, among others, the Group derives the economic benefits arising from the operating schools within the Group through the entity wholly owned by the Company’s provision of services to them in

return pursuant to the structured contracts. For further details of the above the structured contracts, please refer to the section headed “Structured Contracts” of the prospectus of the Company dated 31 December 2015. According to the Company’s PRC legal advisors, the arrangement under the existing structured contracts does not violate the Decision, because the Decision does not prohibit any for-profit or non-for-profit private schools from payment of services fees for their operation or impose any limit on the amount of the service fees to be paid by for-profit or non-for-profit private schools.

After the Decision takes effect and the detailed rules and regulations regarding the conversion of existing private schools into for-profit or non-for-profit schools are promulgated, the Company will take measures to comply with the Decision by converting the schools which engage in compulsory education into non-for-profit school according to the detailed rules and regulations in due course and will finally decide whether to convert the existing private schools into for-profit or non-for-profit schools, and will also consider publishing announcement(s) if the detailed rules and regulations have a significant impact on the Company’s operation and financials.

***Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.***

By order of the board of  
**Virscend Education Company Limited**  
**Wang Xiaoying**  
*Chairwoman*

Sichuan Province, the PRC, 17 February 2017

*As at the date of this announcement, the executive directors of the Company are Ms. Wang Xiaoying, Mr. Xu Ming, Mr. Ye Jiayu and Mr. Yan Yude and the independent non-executive directors of the Company are Mr. Sit Chiu Wing, Mr. Chan Kim Sun and Ms. Xu Dayi.*