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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of Virscend Education Company Limited in the hands of a small number of Shareholders as at 27 April 2016.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of Virscend Education Company Limited (the “**Company**”) in the hands of a small number of shareholders of the Company (the “**Shareholders**”, and each a “**Shareholder**”) as at 27 April 2016.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement has been published by the Securities and Futures Commission (the “**SFC**”) on 16 May 2016 (the “**SFC Announcement**”).

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. SFC’s findings suggested that as at 27 April 2016, 16 Shareholders held an aggregate of 807,588,500 shares of the Company (“**Shares**”, and each a “**Share**”), representing 26.14% of the issued Shares. Such shareholding, together with 2,142,697,500 Shares (representing 69.38% of the issued Shares) held by two substantial Shareholders and two executive directors of the Company (“**Executive Directors**”), represented 95.52% of the issued Shares. Therefore, only 138,475,000 Shares (representing approximately 4.48% of the issued Shares of the Company) were held by other shareholders as at 27 April 2016.

As set out in the SFC Announcement, the shareholding structure of the Company as at 27 April 2016 was as follows:

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Virscend Holdings Company Limited (<i>Note 1</i>)	1,562,467,500	50.59
Happy Venus Limited (<i>Note 2</i>)	417,330,000	13.51
Smart Ally International Limited (<i>Note 3</i>)	67,500,000	2.19
Lucky Sign Global Limited (<i>Note 4</i>)	95,400,000	3.09
A group of 16 shareholders (<i>Note 5(a) & (b)</i>)	807,588,500	26.14
Other shareholders	<u>138,475,000</u>	<u>4.48</u>
Total	<u><u>3,088,761,000</u></u>	<u><u>100.00</u></u>

Note 1: Virscend Holdings Company Limited is a company beneficially owned as to 100% by Mr YAN Yude (Executive Director of the Company). Mr YAN Yude is also the husband of Ms WANG Xiaoying (Chairwoman and Executive Director of the Company). He is therefore deemed to be interested in the Shares held by Ms WANG Xiaoying through Smart Ally International Limited.

Note 2: Happy Venus Limited is a company beneficially owned as to 100% by Ms YAN Hongjia (the daughter of Mr YAN Yude).

Note 3: Smart Ally International Limited is a company beneficially owned as to 100% by Ms WANG Xiaoying (Chairwoman and Executive Director of the Company). Ms WANG Xiaoying is also the wife of Mr YAN Yude. She is therefore deemed to be interested in the Shares held by Mr YAN Yude through Virscend Holdings Company Limited.

Note 4: Lucky Sign Global Limited is a company beneficially owned as to 37.5% by Mr YE Jiayu (Executive Director of the Company) and 62.5% by Ms YE Jiaqi.

Note 5(a): The 16 shareholders include Top Alliance Global Limited (beneficially owned as to 100% by the three sisters of Mr YAN Yude) who holds 107,302,500 shares (3.47% of issued Shares) and two Cornerstone Investors who hold an aggregate of 71,717,000 shares (2.32% of issued Shares).

Note 5(b): 395,571,000 Shares (12.81% of the issued Shares) were held by 8 shareholders who initially obtained 416,403,000 Shares from the international placing under the Company's global offering in January 2016.

The Company was listed on the Main Board of the Stock Exchange by way of global offering a total of 750,000,000 Shares, representing 25% of the issued Shares, at HK\$2.40 per Offer Share. On 15 January 2016 (first trading day), share price of the Company closed at HK\$2.43, which was 1.25% higher than the Offer Price.

During the period from 16 January to 27 April 2016, the closing price of the Shares increased further to close at HK\$4.26 on 27 April 2016. On 15 February 2016, 88,761,000 Shares were issued pursuant to the partial exercise of over-allotment option under the global offering. On 28 March 2016, the Company announced its Annual Results for the year ended 31 December 2015 with a reported Profit for the year of RMB125,150,000, representing a 9.5% increase from the previous year of RMB114,321,000.

As at 13 May 2016, the closing price of the Shares was at HK\$4.67, which represents 94.58% increase from the initial offer price of HK\$2.40.

The information above is extracted from the SFC Announcement and the board of directors of the Company (the “**Board**”) has not independently verified such information. Please also refer to the SFC Announcement for further information.

PUBLIC FLOAT

Based on the information available and to the best knowledge of the Board after making all reasonable enquiries of its connected persons, as at 27 April 2016 and the date of this announcement, the Company confirms that not less than 25% of the issued Shares are held in the public hands and the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

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

Sichuan Province, the PRC, 17 May 2016

As at the date of this announcement, the executive directors of the Company are Ms. Wang Xiaoying, Dr. 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.