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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China E-Learning Group Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



CHINA E-LEARNING GROUP LIMITED
中國網絡教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

**PROPOSED AMENDMENT TO TERMS AND
CONDITIONS OF CONVERTIBLE NOTES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of China E-Learning Group Limited to be held at Unit 2610, 26th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 October 2014 at 11:00 a.m. is set out on pages 23 to 25. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page and the website of the Company at www.chinae-learning.com for at least 7 days from the date of its posting.

25 September 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the expressions as stated below will have the following meanings:

“Amendment of Terms”	proposed amendments of certain terms and conditions of the Convertible Notes pursuant to the Deeds of Amendment as supplemented by supplemental deeds dated on 16 September 2014
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“business day”	any day, other than a Saturday or Sunday, on which banks in Hong Kong generally provide their banking services
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“CN2014-1”	the 1% per annum coupon rate convertible notes issued by the Company in the aggregate principal amount of HK\$6,000,000 conferring rights to convert into a total of 60,000,000 Shares to be issued by the Company on the basis of a conversion price of HK\$0.1 per Share (subject to adjustment) on 16 December 2013
“CN2014-2”	the 1% per annum coupon rate convertible notes issued by the Company in the aggregate principal amount of HK\$5,000,000 conferring rights to convert into a total of 50,000,000 Shares to be issued by the Company on the basis of a conversion price of HK\$0.1 per Share (subject to adjustment) on 16 December 2013
“CN2016”	the 1% per annum coupon rate convertible notes issued by the Company in the aggregate principal amount of HK\$42,399,932 conferring rights to convert into a total of 326,153,321 Shares to be issued by the Company on the basis of a conversion price of HK\$0.13 per Share (subject to adjustment) on 6 June 2014
“CN2016A”	the 1% per annum coupon rate convertible notes issued by the Company in the aggregate principal amount of HK\$40,775,000 conferring rights to convert into a total of 285,139,860 Shares to be issued by the Company on the basis of a conversion price of HK\$0.143 per Share (subject to adjustment) on 8 July 2014; as at the Latest Practicable Date, only the convertible notes in the aggregate principal amount of HK\$25,045,000 are still outstanding

DEFINITIONS

“Company”	China E-Learning Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Conversion Price”	the price at which each Conversion Share shall be issued upon conversion, which shall be initially HK\$0.50 per Conversion Share and HK\$0.35 per Conversion Share as reduced upon the approval of the Independent Shareholders at the EGM, subject to adjustment in accordance with the terms and conditions of the Convertible Notes
“Conversion Shares”	the maximum of 172,102,729 new Share(s) which would fall to be issued by the Company upon exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes “	EICN and ETCN
“Conversion Right(s)”	the right(s) of the Noteholder(s) of the Convertible Notes to convert the whole or part of the principal amount of any Convertible Notes into the Conversion Shares subject to and in accordance with the Deeds of Amendment;
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the Conversion Rights attaching to the Convertible Notes
“Deeds of Amendment”	the two deeds of amendment both dated 15 August 2014 entered into between the Company and the Noteholders in relation to the Amendment of Terms for EICN and ETCN respectively, subject to the terms and conditions contained therein, as later supplemented by the supplemental deeds dated 16 September 2014
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve, among other things, the issue and allotment of the Conversion Shares under the Specific Mandate and all transactions contemplated under the Deeds of Amendment

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“EICN”	the 1% coupon rate convertible notes issued by the Company on 20 December 2012 with an aggregate principal amount of HK\$58,235,956 conferring rights to convert to a total of 116,471,912 Shares on the basis of a conversion price of HK\$0.50 per Share (subject to adjustment); as at Latest Practicable Date, all of the principal amount of the convertible note is still outstanding
“ETCN”	the 1% coupon rate convertible notes issued by the Company on 20 December 2012 with an aggregate principal amount of HK\$9,611,906 conferring rights to convert to a total of 19,223,812 Shares on the basis of a conversion price of HK\$0.50 per Share (subject to adjustment); as at Latest Practicable Date, the principal amount of HK\$2,000,000 of the convertible notes conferring rights to convert to a total of 4,000,000 Shares is still outstanding
“Existing Convertible Notes”	the existing convertible notes issued by the Company, including CN2016A
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange which is responsible for GEM listing matters
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the Noteholders and any other connected persons who have material interests in the Amendment of Terms and the transactions contemplated under the Deeds of Amendment
“Instrument”	the instrument to be executed by the Company constituting the Convertible Notes, together with the schedules (as from time to time altered in accordance with the Instrument) and any other document executed in accordance with the instrument (as from time to time so altered) and expressed to be supplemental to the Instrument
“Last Trading Date”	15 August 2014, being the last trading date of the Company prior to the publication of the announcement of the Company dated 15 August 2014

DEFINITIONS

“Latest Practicable Date”	23 September 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Noteholder(s)”	the holder(s) of the Convertible Notes
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	a specific mandate to be granted to the Directors in relation to the allotment and issue of the Conversion Shares to be approved by the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CHINA E-LEARNING GROUP LIMITED 中國網絡教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

Executive Directors:

Mr. Yuan Wei

Mr. Yang Jilin

Non-executive Director:

Mr. Li Xiangjun

Independent non-executive Directors:

Dr. Huang Chung Hsing

Mr. Li Qunsheng

Ms. Li Ya Ru Nancy

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Unit 2610, 26th Floor, Office Tower,

Convention Plaza,

No. 1 Harbour Road, Wanchai,

Hong Kong

25 September 2014

** For identification purpose only*

To the Shareholders

Dear Sir or Madam,

PROPOSED AMENDMENT TO TERMS AND CONDITIONS OF CONVERTIBLE NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcements (the “**Announcements**”) dated 14 February 2012, 19 March 2012, 2 April 2012, 2 May 2012, 26 June 2012, 17 July 2012, 26 September 2012, 20 December 2012 and 31 October 2013, and the circular dated 29 June 2012 of the Company in relation to, among other things, the acquisitions of 100% shareholding interest in Everjoy Technology Development Corporation and Everjoy International Media Corporation and the issue of EICN and ETCN.

LETTER FROM THE BOARD

Background of Acquisition of Everjoy Technology Development Corporation and Everjoy International Media Corporation

As disclosed in the Announcements, the Board announced on 14 February 2012 that the Company had on 10 February 2012 (after trading hours) entered into (i) an agreement (as supplemented by a supplemental agreement dated 26 June 2012) (the “**ET Agreement**”) with Ms. Hong Kit Yin Stella, the vendor of 50,000 shares (“**ET Shares**”) of US\$1.00 each in the issued share capital of Everjoy Technology Development Corporation (“**Everjoy Technology**”), being its entire issued share capital for the acquisition of the entire issued share capital of Everjoy Technology; and (ii) an agreement (as supplemented by a supplemental agreement dated 26 June 2012) (the “**EI Agreement**”) with Mr. Lee Chi Kong, the vendor of 1 share (“**EI Share**”) of US\$1.00 each in the issued share capital of Everjoy International Media Corporation (“**Everjoy International**”), being its entire issued share capital for the acquisition of the entire issued share capital of Everjoy International, respectively.

The aggregate consideration for the sale and purchase of the ET Sale Shares was HK\$21,000,000 (subject to adjustment as agreed in the ET Agreement), which shall be satisfied by the Company in the following manner:

- a. HK\$8,000,000 in cash;
- b. HK\$7,000,000 shall be settled by way of issue of the convertible notes in the principal amount of up to HK\$7,000,000; and
- c. HK\$6,000,000 shall be settled by way of issue of the convertible notes in the principal amount of up to HK\$6,000,000.

The aggregate consideration for the sale and purchase of the EI Sale Share is HK\$75,600,000 (subject to adjustment as agreed in the EI Agreement), which shall be satisfied by the Company in the following manner:

- d. HK\$22,600,000 in cash, or by way of issue of the convertible notes;
- e. HK\$29,000,000 shall be settled by way of issue of the convertible notes in the principal amount of up to HK\$29,000,000; and
- f. HK\$24,000,000 shall be settled by way of issue of the convertible notes in the principal amount of up to HK\$24,000,000.

The consideration actually paid for the acquisition of Everjoy Technology and Everjoy International were HK\$8,000,000 in cash and ETCN in the principal amount of HK\$9,611,906, and HK\$2,000,000 in cash and EICN in the principal amount of HK\$58,235,956 respectively.

LETTER FROM THE BOARD

The completion of the above transactions took place on 20 December 2012 and the Company issued ETCN in the total aggregate principal amount of HK\$9,611,906 and EICN in the total aggregate principal amount of HK\$58,235,956 respectively to Ms. Hong Kit Yin Stella and Mr. Lee Chi Kong in accordance with the respective terms of the ET Agreement and the EI Agreement. Both ETCN and EICN bear an interest of 1% per annum, maturing in 36 months from the date of issue, and convertible into ordinary shares at the conversion price of HK\$0.50 per share, subject to adjustments.

In an attempt to expand its income stream and diversify its business spectrum, the Company has acquired the entire share capital of Everjoy Technology and Everjoy International (“**Everjoy**”) in 2012. However Everjoy did not make contribution to the performance of the Group in 2012 and the Directors believe that the deterioration of its performance was mainly caused by the suspension of commercial performance events due to some political concern in October and November 2012 (the “**Events Suspension**”). The Directors also believe that during that period of time, most of the scheduled or booked large-scale commercial performance events in the PRC (especially in Beijing), intended to sell their tickets through the online-ticketing systems of Everjoy, were either rescheduled to 2013 or cancelled for the public safety and stability reasons. As such, the businesses of Everjoy only started to record revenue in the second quarter of 2013. However its overall performance was unsatisfactory to the Group. The profit made by Everjoy during the first six months in the year 2013 was far below the expectation of the Board. The business of Everjoy took long time to recover from the loss caused by the Events Suspension and it was also expected that the profit of Everjoy would not be greatly improved unless substantial resources were allocated thereto.

In view of the above, the Company decided to dispose of Everjoy and to devote resources to its existing business and any other potential businesses, if any. On 31 October 2013, the Company as seller and an independent third party as purchaser entered into a sale and purchase agreement, pursuant to which the Company agreed to sell, and the purchaser agreed to purchase, the entire share capital of Everjoy at the consideration, which was determined based on the fair values of Everjoy assessed by an independent professional valuer jointly appointed by the parties to the agreement.

On 27 February 2014, Roma Appraisals Limited, being the independent professional valuer jointly appointed by the parties to the sale and purchase agreement as described above, issued its reports on the fair values of Everjoy. Thus, the considerations for the disposal of Everjoy at RMB20,600,000 (equivalent to approximately HK\$26,368,000) was determined and fixed. The completion of the disposal took place on 12 March 2014.

The valuation report on Everjoy was issued on 27 February 2014. Roma Appraisals Limited adopted an income-based approach (under which the Discounted Cash Flow (DCF) Method was adopted) in assessing the fair values of the Everjoy. The principal assumptions upon which the valuation on Everjoy is based are, inter alia, as follows:

- The fair value of Everjoy was estimated based on the income-based approach. In particular, the discounted cash flow method was adopted to restate all future cash flows generated by Everjoy in present value terms.

LETTER FROM THE BOARD

- Projected revenues of Everjoy International were based on estimated underwriting incomes from future ticket sales as provided by the management of the Company. The underwriting incomes were estimated with reference to historical commission rates charged to event organizers, estimated number of events to be participated and the expected ticket sales corresponding to each estimated event. The revenues were projected to decrease each year from 2014 to 2016 due to expected decrease in number of event to be participated.
- Projected revenues of Everjoy Technology were based on estimated commission incomes generated from supporting and upgrading the related online ticketing system as provided by the management of the Company. The commission incomes were estimated based on the commission rate agreed between Everjoy International and Everjoy Technology, and the estimated revenues of Everjoy International. The revenues were projected to decrease each year from 2014 to 2016 due to expected decrease in revenues of Everjoy International.

The purpose of this circular is to provide you with, among other matters, (i) details of the Amendment of Terms; (ii) details of the Deeds of Amendment as supplemented by the Supplemental Deeds (as defined below); and (iii) a notice of EGM.

2. THE DEEDS OF AMENDMENT

The Board announces that on 15 August 2014 (after trading hours), the Company and the Noteholders entered into the Deeds of Amendment, pursuant to which the Company and the Noteholders agreed to amend certain terms and conditions of the Convertible Notes. Pursuant to the Deeds of Amendment, (i) the Conversion Price of the Convertible Notes will be reduced from HK\$0.50 per Share to HK\$0.35 per Share; and (ii) the interest rate of the Convertible Notes will be reduced from 1% per annum to zero. Save as amended pursuant to the Deeds of Amendment, all other terms of the Convertible Notes shall remain unchanged and valid. As at the Latest Practicable Date, the aggregate outstanding principal amount of the Convertible Notes amounts to HK\$60,235,956. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. Furthermore, the Company and each of the Noteholders of ETCN and EICN entered into a supplemental deed to amend certain terms of the Deeds of Amendment on 16 September 2014 (the “**Supplemental Deed**”).

Details of the Deeds of Amendment and the principal terms of the Convertible Notes (upon the Amendment of Terms becoming effective) are set out below.

Date:

15 August 2014 (after trading hours) (as supplemented by the Supplemental Deed dated 16 September 2014)

Parties:

- (a) The Company
- (b) The Noteholders

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Noteholders and their nominee(s) (if any) are third party independent of the Company and its connected persons.

LETTER FROM THE BOARD

Principal terms of the Convertible Notes as amended by Deeds of Amendment

The amended principal terms of the Convertible Notes are arrived at after arm's length negotiation between the Company and the Noteholders. Apart from the Amendment of Terms, all other terms of the Convertible Notes will remain unchanged, material terms of the Convertible Notes as amended pursuant to the Deeds of Amendment are summarised as follows:

Issuers	The Company
Aggregate outstanding principal amount	As at the Latest Practicable Date, in respect of EICN, the aggregate outstanding amount is HK\$58,235,956; and in respect of ETCN, the aggregate outstanding amount is HK\$2,000,000.
Conversion Price	The Conversion Price shall be HK\$0.35 per Share, which is subject to adjustments for, among other matters, consolidation, reduction or sub-division of Shares, capitalization of profits or reserves, rights issue, or issue of convertible securities, warrants or options carrying the right to subscribe for Shares.

The Conversion Price represents:

- (i) a discount of about 22.22% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on the Last Trading Date ("**Last Trading Closing Price**");
- (ii) a discount of about 16.67% to the average closing price of HK\$0.42 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date ("**5-day Average Closing Price**");
- (iii) a discount of about 11.73% to the average closing price of about HK\$0.3965 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date ("**10-day Average Closing Price**");
- (iv) a discount of about 0.568% to the average closing price of about HK\$0.352 per Share as quoted on the Stock Exchange for the twenty consecutive trading days up to and including the Last Trading Date ("**20-day Average Closing Price**"); and
- (v) a premium of about 52.32% to the average closing price of about HK\$0.2298 per Share as quoted on the Stock Exchange for the three months prior to the date of the Deeds of Amendment (ie. from 15 May 2014 to 15 August 2014).

LETTER FROM THE BOARD

Notwithstanding the Conversion Price of HK\$0.35 per Share represents a discount of about 22.22% to the Last Trading Closing Price, the 5-day Average Closing Price (ie. HK0.42 per Share), the 10-day Average Closing Price (ie. HK\$0.3965 per Share) and the 20-day Average Closing Price (ie. HK\$0.352 per Share), represented a more appropriate and reliable benchmark as they were based on a more number of trading days and thus essentially reflected the stock price in the corresponding market more accurately as opposed to that of the Last Trading Closing Price. The Conversion Price of HK\$0.35 per Share, within a discount of less than 20% to the 5-day Average Closing Price, the 10-day Average Closing Price and the 20-day Average Closing Price, is fair and reasonable.

The closing price of HK\$0.45 per Share as quoted on the Stock Exchange on the Last Trading Date was largely attributed to the price fluctuations of the stocks that happened around that period of time and therefore could not serve as an appropriate benchmark.

The Conversion Price has been determined after arm's length negotiations between the Company and the Noteholders with reference to the then prevailing market price of the Shares.

Interest rate

The Convertible Notes shall carry interest at the rate of 0% per annum.

Transferability of
Convertible Notes

The Convertible Notes may be transferred or assigned in whole or in part by the Noteholders to any party, save and except that the Convertible Notes shall not be transferred to a connected person of the Company or an associate of such connected person unless the necessary approvals and consents from the Independent Shareholders as may be required under the GEM Listing Rules have been obtained.

Maturity Date
(the "**Maturity Date**")

The date falling on the corresponding calendar day in the thirty-sixth (36th) calendar month after the date of issue of the Convertible Notes.

Unless previously converted in accordance with the conditions pursuant to which the Convertible Notes are to be issued, the Company shall at its sole and absolute discretion redeem the Convertible Notes (or any part thereof) at its outstanding principal amount together with interest at any time and from time to time on or before the Maturity Date.

LETTER FROM THE BOARD

Conversion Rights	<p>The Noteholders may convert the whole or part of the principal amount of the Convertible Notes into the Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Notes up to the Maturity Date.</p> <p>The Noteholders shall have the right to convert the Convertible Notes, in whole or in part, at any time at the Conversion Price set out above, provided that no conversion of the Convertible Notes shall be made if immediately upon such conversion, the Company will fail to comply with the public float requirement (the “Public Float Requirement”) of the Shares under Rule 11.23 of the GEM Listing Rules.</p> <p>Furthermore, the Noteholders shall exercise the right of conversion only to the extent that any conversion of the Convertible Notes does not trigger off a mandatory offer obligation under rule 26.1 of the Takeovers Code on the part of the Noteholders.</p> <p>The Company shall be entitled to compel the Noteholders at any time during the conversion period of the Convertible Notes to exercise the Conversion Rights in respect of all or part of the principal amount of the Convertible Notes by serving a notice in writing to the Noteholders.</p>
Conversion Shares in respect of the Convertible Notes	<p>Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the Conversion Price, pursuant to the Convertible Notes, 172,102,729 Conversion Shares will be issued by the Company upon exercise of the conversion rights attaching to the Convertible Notes in full at the Conversion Price of HK\$0.35.</p> <p>The 172,102,729 Conversion Shares represent about 7.49% of the existing issued share capital of the Company as at the Latest Practicable Date.</p> <p>Based on the assumptions set out in the table under the paragraph headed “Changes in Shareholding Structure of the Company” below, the 172,102,729 Conversion Shares represent about 6.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.</p>
Early redemption	<p>The Convertible Notes are redeemable by the Company before the Maturity Date of the Convertible Notes.</p>

LETTER FROM THE BOARD

Ranking of the Conversion Shares	The Convertible Notes constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Voting	The Convertible Notes do not confer any voting rights at any meetings of the Company

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM and will be allotted and issued upon exercise by the Notesholder(s).

3. CONDITIONS PRECEDENT IN RELATION TO AMENDMENT OF TERMS

Completion of the Amendment of Terms is conditional upon the fulfillment of the following conditions precedent:

1. the Company having convened an extraordinary general meeting at which resolutions shall be duly passed by the Independent Shareholders to approve and ratify the Deeds of Amendment and the transactions contemplated thereunder;
2. the written approval of the Deeds of Amendment and the Amendment of Terms set out therein by the respective Noteholders of not less than 75% of the aggregate principal amount of the outstanding EICN and ETCN;
3. the Stock Exchange having approved the Amendment of Terms pursuant to the GEM Listing Rules and the GEM Listing Committee, having granted (either unconditionally or subject to conditions acceptable to the Company) the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the Conversion Rights attaching to the Convertible Notes as amended by the Deeds of Amendment; and
4. all necessary consents and approvals required to be obtained on the part of the Company in respect of the Amendment having been obtained.

In the event that the conditions set out in the Deeds of Amendment are not fulfilled within 3 months after the execution of the Deeds of Amendment or any other extended period otherwise as agreed between the parties, the Company may unilaterally terminate the Deeds of Amendment by way of issuing a written notice to the Noteholders upon which the Noteholders shall have no rights against the Company pursuant to the Deeds of Amendment. None of the conditions precedent are waivable by the Company and the Noteholders.

As all the Noteholders have signed the Deeds of Amendment, the condition precedent stated in paragraph 2 has already been fulfilled.

LETTER FROM THE BOARD

4. APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of, and the permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

5. REASONS FOR PROPOSED AMENDMENT OF TERMS

The Company is an investment holding company. The Group is engaged principally in provision of occupational education, industry certification course, skills training and education consultation.

Since 2013, the Company has been seeking additional financial resources to improve the working capital of the Group through various fund raising exercises including issuing convertible notes. The Amendment of Terms effectively allows the Group to refinance the debts under the Convertible Notes. If the Conversion Rights attaching to the Convertible Notes are exercised, the financial position of the Group will be strengthened with the conversion of debt into further equity capital. Furthermore, it will provide flexibility to the Company to manage its liquidity and the pressure from the cash flows and the repayment of the debts of the Group can be alleviated.

Despite the fact that the Convertible Notes will be mature in December 2015, the existing conversion price of the outstanding Convertible Notes is HK\$0.50 which represents (i) a premium of approximately 10% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a premium of approximately 13.2% to the average closing price of HK\$0.434 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day. Given the aforementioned premium, the chance of conversion of any of the outstanding Convertible Notes at such Conversion Price by the Noteholders is remote.

In view that the Convertible Notes would fall due in December 2015, the current assets and the cash in hand of the Group will be hard to satisfy the repayment obligation under the current liabilities of the Company including the Convertible Notes, and having taken into account that the Company would require funding for its general working capital.

The reduced Conversion Price of HK\$0.35 will definitely provide incentive to the holders of the Convertible Notes to exercise the conversion rights attaching to the Convertible Notes but the conversion of the Convertible Notes is not guaranteed. Even if the Conversion Price of HK\$0.35 is approved by the Independent Shareholders, the pressure from the cash flows will not be solved if the holders of the Convertible Notes choose not to Exercise the Conversion Rights attaching to the Convertible Notes.

LETTER FROM THE BOARD

Having said that, as mentioned, the Company entered into the Supplemental Deeds to amend certain terms of the Deeds of Amendment with holders of EICN and ETCN, pursuant to which the Company will be entitled to compel the holders of EICN and ETCN to exercise the Conversion Rights attaching to EICN and ETCN at any time during the conversion period. In this way, upon exercise of the Conversion Rights attaching to the Conversion Notes, this could allow the Group to refinance the debts under the Convertible Notes and provide flexibility to the Company to manage its liquidity and the pressure from the cash flows and the repayment of the debts of the Group can be alleviated.

Therefore, the Company considered that there is a need to amend the terms of the Convertible Notes to allow the Company to elect cash settlement or by issuing the Conversion Shares. In the event that the Company chooses to redeem the Convertible Notes by issuing the Conversion Shares, the Company's liabilities will be reduced and the Company's equity base will be enlarged which in turn shall improve the financial position and gearing of the Group.

Furthermore, the Board did not take into account the closing prices of the Shares after 15 August 2014 into consideration at the time of entering into of the Deeds of Amendment to the terms and condition of the Convertible Notes as it did not know or reasonably foresee the recent increasing trend of the stock price and that the stock price of the Company would rise continuously. To determine the reduced Conversion Price, the Company considered in good faith the Last Trading Closing Price, 5-day Average Closing Price and 10-day Average Closing Price (the "**Reference Prices**") as the bases, which were all based on the closing prices of the stock on or before 15 August 2014. At that time, the Board considered in good faith that the reduced Conversion Price of HK\$0.35 was not significantly deviated from the Reference Prices and was less than 23% discount to the Reference Prices and therefore the Board considered it fair and reasonable. In addition, the Board on 15 August 2014 (after trading hours) had a bona fide negotiation with the holders of the Convertible Notes and was in good faith belief that the reduced Conversion Price of HK\$0.35 would provide incentive to the holders of the Convertible Notes to convert the Convertible Notes into the Shares so the determination of the reduced Conversion Price of HK\$0.35 was part of the commercial decision.

The proposed Amendment of Terms was arrived at after arm's length negotiations between the Company and the Noteholders. In view of the foregoing, the Board considers that the terms and conditions of the Deeds of Amendment as supplemented by the Supplemental Deeds are fair and reasonable and the Amendment of Terms is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

6. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in full by the Noteholders at the Conversion Price of HK\$0.35 per Conversion Share; and (iii) immediately after the allotment and issue of the Conversion Shares and the relevant Shares upon the exercise of conversion rights attaching to the Convertible Notes and CN2016A in full respectively, and assuming that there being no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date save for the allotment and issue of the Conversion Shares and the relevant Shares during the relevant period.

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attaching to the Convertible Notes in full (Note 1)		Immediately after the allotment and issue of the Conversion Shares and the relevant Shares upon exercise of the conversion rights attaching to the Convertible Notes and CN2016A in full respectively (Note 1)	
	Number of Shares	% of the issued share capital of the Company (Approximate)	Number of Shares	% of the issued share capital of the Company (Approximate)	Number of Shares	% of the issued share capital of the Company (Approximate)
Connected Persons						
Li Xiangjun (Note 2)	313,590	0.014	313,590	0.013	313,590	0.012
Mr. Yang Dong Jun (also a holder of CN2016A) (Note 3)	207,554,896	9.03	207,554,896	8.40	382,694,756	14.47
Public Shareholders						
holder of ETCN	0	0.00	5,714,285	0.23	5,714,285	0.22
holders of EICN	200,000	0.0087	166,588,444	6.75	166,588,444	6.30
Other public shareholders	2,089,531,549	90.94	2,089,531,549	84.60	2,089,531,549	79.00
Total	<u>2,297,600,035</u>	<u>100.00</u>	<u>2,469,702,764</u>	<u>100.00</u>	<u>2,644,842,624</u>	<u>100.00</u>

Notes:

- Assuming (i) the Conversion Price is not adjusted as a result of any dilutive event and (ii) there is no redemption of the Convertible Notes pursuant to the terms and conditions of the Convertible Notes.
- Li Xiangjun is a non-executive Director.
- Yang Dong Jun is the father of Yang Jilin, an executive Director.

LETTER FROM THE BOARD

7. FUND RAISING ACTIVITIES

The equity fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date are set out below:

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
29 November 2013 and 16 December 2013	Issue of CN2014-1 with an aggregate principal amount of HK\$6,000,000, which may be converted into 60,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment)	Approximately HK\$6,000,000 has been raised from issue of CN2014-1	For set-off of the existing debt of the Company	For set-off of the existing debt of the Company
29 November 2013 and 16 December 2013	Issue of CN2014-2 with an aggregate principal amount of HK\$5,000,000, which may be converted into 50,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment)	Approximately HK\$5,000,000 has been raised from issue of CN2014-2	For set-off of the existing debt of the Company	For set-off of the existing debt of the Company
10 December 2013 and 18 December 2013	Issue of convertible notes with an aggregate principal amount of HK\$10,000,000, which may be converted into 100,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment)	Approximately HK\$10,000,000 has been raised from issue of the convertible notes	For set-off of the existing debt of the Company	For set-off of the existing debt of the Company

LETTER FROM THE BOARD

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
10 December 2013 and 18 December 2013	Issue of convertible notes with an aggregate principal amount of HK\$4,234,400, which may be converted into 42,344,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment)	Approximately HK\$4,234,400 has been raised from issue of the convertible notes	For set-off of the existing debt of the Company	For set-off of the existing debt of the Company
9 May 2014, 20 May 2014, 30 May 2014 and 6 June 2014	Issue of CN2016 with an aggregate principal amount of HK\$42,399,932, which may be converted into 326,153,321 Shares at the conversion price of HK\$0.13 per Share (subject to adjustment)	Approximately HK\$42,399,932 has been raised from issue of CN2016	For set-off of the existing debt of the Company and set-off of the moneys payable by the Company for redeeming the convertible notes	For set-off of the existing debt of the Company and set-off of the moneys payable by the Company for redeeming the convertible notes
27 June 2014 and 8 July 2014	Issue of CN2016A with an aggregate principal amount of HK\$40,775,000, which may be converted into 285,139,860 Shares at the conversion price of HK\$0.143 per Share (subject to adjustment)	Approximately HK\$40,775,000 has been raised from issue of CN2016A	For set-off of the existing debt of the Company	For set-off of the existing debt of the Company

LETTER FROM THE BOARD

As disclosed in the circular of the Company dated 23 September 2014, the Board is proposing to the Shareholders the refreshment of the existing general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 23 May 2014 (“**2014 AGM**”) to allot, issue or deal with up to a maximum of 331,889,342 new Shares, representing 20% of the issued share capital of the Company as at the date of 2014 AGM. Saved as disclosed above, the Company currently has no plans for other fund raising exercise to improve its liquidity position.

As at the Latest Practicable Date, in relation to the refreshment of the existing general mandate, the Directors have no immediate concrete plan for raising capital by issuing new Shares and the Company has not identified or was not considering any potential investment opportunities, and did not have any arrangements, undertakings or negotiations relating to the utilization of the new general mandate if the said refreshment is successfully achieved.

8. FINANCIAL INFORMATION OF THE GROUP

Summary of Financial Position

As at 31 August 2014, the Group recorded cash and cash equivalents of approximately HK\$29 million. The Group did not have any outstanding bank borrowings and the total current liabilities of the Group were approximately HK\$31.58 million which mainly comprised trade and other payables of approximately HK\$30 million, other borrowings of approximately HK\$1.24 million, convertible notes and the related financial derivatives of approximately HK\$0.34 million. The net current assets were approximately HK\$83.88 million. The total non-current liabilities of the Group as at 31 August 2014 were approximately HK\$86.86 million, which comprised mainly the convertible notes of ETCN, EICN and CN2016A. The total outstanding principal amount of convertible notes ETCN and EICN is approximately HK\$60 million which will fall due in December 2015. The outstanding principal amount of convertible notes CN2016A is approximately HK\$25 million which will fall due in July 2016. The other current liabilities of the Group are payable within one year.

The operating and capital expenditures of the Group are funded by cash flow from operations and internal liquidity. Assuming that the holders of ETCN, EICN and CN2016A exercise the conversion rights in full, the Company’s cash balance as well as the cash flow from the operating activities is sufficient to meet its capital expenditures and working capital requirements and finance its existing business operation for around two years. Notwithstanding that the Group has no imminent financing needs, the Group would require additional amount of cash flow from operation and/or financing to support the future operation of the Company and seek any investment opportunities. Financial sources available to the Group include bank borrowings and equity fund-raising such as issue of shares and convertible notes. In view of the total net liabilities of the Company as at 30 June 2014 in the sum of approximately HK\$31,529,000 as disclosed in the interim report of the Company, the source of funding to the Company is very limited.

LETTER FROM THE BOARD

Summary of Business Operation

The Group is principally engaged in the provision of an internet platform for the facilitation of education program in Chinese medicine and other advisory and training programs. The Group's major incomes are predominantly based on the operations and activities of its indirect wholly-owned subsidiary, Hunan IIN Medical Network Technology Development Company Limited (“**Hunan IIN Medical**”), which is principally engaged in e-learning business in relation to Chinese Medicine in collaboration with the Beijing University of Chinese Medicine in mainland China. For the six months ended 30 June 2014, an unaudited turnover of approximately HK\$28.2 million, an unaudited gross profit of approximately HK\$17.1 million and an unaudited net profit of approximately HK\$17 million were derived from the provision of this e-learning business which is the main business and major operational funding sources of the Group. The major costs of the said e-learning business include staff cost, printing cost, tutor travelling cost, tuition operating cost, purchase of equipment and equipment maintenance cost.

At present, the e-learning business launched six subjects including Chinese herbalist, Chinese medicine, Chinese medicine aftercare, acupuncture, business administration, public utilities administration and with three levels, being bachelor's degree, top-up degree and specialty. The graduates are entitled to receive a diploma that is issued by the Beijing University of Chinese Medicine. The students who fulfill certain criteria and successfully complete the relevant courses and programmes receive a bachelor's degree from the Beijing University of Chinese Medicine. The e-learning business receives tuition fees from the students upon provision of the distant learning services.

The e-learning business has established 28 education centres in 18 provinces and cities across the country with over 13,000 attending students and over 30,000 graduates. This business is a stable income source of the Group.

Notwithstanding that the Company has no concrete plans and timeframe for expanding its current business, the Company will continue to keep track of the number of the students enrolled and will consider regularly the popularity of and the demand for the said e-learning education. The Company will open more education centres or even expand its business to other provinces in the PRC if such opportunities arises, the demand for the said e-learning education is high and the Company finds it profitable to do so.

The Company currently has no funding needs for expanding the current business of the above business as the e-learning business stably generates significant income to sustain itself and meet its costs and expenses.

This e-learning business will remain the core business of the Group and main cash generator in the near future. The Company anticipates that the e-learning business will continue to grow as it will be principally driven by the rising disposal income of consumers in the PRC and increasing use of an internet platform for education and business in the PRC. As such, the Group will continue to place focus on its e-learning business in Hunan IIN Medical.

LETTER FROM THE BOARD

Summary of Outstanding Convertible Notes

The information of the respective holders, issue dates and maturity dates of the outstanding convertible notes are summarized as follows:

Convertible Notes	Holders of Convertible Notes	Outstanding principal amount as at the Latest Practicable Date (HK\$)	Issue Dates	Maturity Dates
CN2016A	Yang Dong Jun	25,045,000	8 July 2014	8 July 2016
EICN	Lee Chi Kong	3,000,000	20 December 2012	20 December 2015
	于曉紅	32,000,000	20 December 2012	20 December 2015
	李靜	10,000,000	20 December 2012	20 December 2015
	李建成	13,235,956	20 December 2012	20 December 2015
ETCN	Hong Kit Yin Stella	2,000,000	20 December 2012	20 December 2015

As at the Latest Practicable Date, the Company has no repayment plan in relation to the above convertible notes. Nevertheless, with respect to ETCN and EICN, as disclosed in the announcement of the Company dated 16 September 2014, on 16 September 2014, the Company and each of the Noteholders of ETCN and EICN entered into the Supplemental Deeds to amend certain terms of the Deeds of Amendment. Pursuant the Supplemental Deed, the Company shall be entitled to compel the Noteholders at any time during the conversion period of the Convertible Notes to exercise the Conversion Rights attaching to the Convertible Notes in respect of all or part of the principal amount of the Convertible Notes by serving a notice in writing to the Noteholders. The Company shall allot and issue the Conversion Shares to the Noteholders credited as fully paid in accordance with the terms and conditions of the Convertible Notes.

Working Capital Analysis

The following table sets out details of the contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

As at 31 August 2014, Financial Liabilities	On demand or within one year	More than one year but less than two years
Trade and other payables	HK\$30 million	Nil
Other borrowings	HK\$1.24 million	Nil
Convertible Notes	Nil	HK\$86.86 million

LETTER FROM THE BOARD

9. GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Amendment of Terms pursuant to the requirements under the GEM Listing Rules.

As at the Latest Practicable Date, Mr. Lee Chi Kong, who is the holder of EICN, is interested in 200,000 Shares, representing 0.087% of the issued share capital of the Company. As Mr. Lee has a material interest in the Amendment of Terms, he is required to abstain from voting at the EGM. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the proposed resolution at the EGM.

The proposed Amendment of Terms and the Deeds of Amendment and the transactions contemplated thereunder will be subject to the Independent Shareholders' approval by way of poll at the EGM.

10. WARNING

The issue and allotment of the Conversion Shares under the Specific Mandate, are subject to, inter alia, the approval of the Independent Shareholders at the EGM.

If any of the conditions precedent to the completion under the Deeds of Amendment is not satisfied, the Deeds of Amendment will lapse and will not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

11. EGM

A notice convening the EGM to be convened and held at Unit 2610, 26th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Wednesday, 15 October 2014 is set out on pages 23 to 25 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

12. RECOMMENDATION

With reference to the "Reasons for the Proposed Amendment of Terms" as stated above, the Board considers that the Amendment of Terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

LETTER FROM THE BOARD

13. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

14. RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 document 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 document misleading.

Yours faithfully,
For and on behalf of the Board of
CHINA E-LEARNING GROUP LIMITED
Yuan Wei
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA E-LEARNING GROUP LIMITED 中國網絡教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of China E-Learning Group Limited (the “**Company**”) will be held at Unit 2610, 26th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Wednesday, 15 October 2014 to consider and, if thought fit, passing the following resolution as a ordinary resolution (with or without amendments):

ORDINARY RESOLUTION

“**THAT:**

- a. The deeds of amendment dated 15 August 2014 as supplemented by the supplemental deeds dated 16 September 2014 (the “**Deeds of Amendment**”) entered into between the Company and the existing noteholders of (i) the existing redeemable convertible notes with an aggregate principal amount of HK\$58,235,956, all of which is still outstanding, and (ii) the existing redeemable convertible notes with an aggregate principal amount of HK\$9,611,906, of which HK\$2,000,00 is still outstanding at the date of this resolution, issued by the Company on 20 December 2012 (the “**Convertible Notes**”) (details of the Convertible Notes and the Deeds of Amendment are set out in the circular of the Company dated 25 September 2014 and a copy of the Deeds of Amendment marked “A” and signed by the chairman of the EGM for the purpose of identification has been produced to the EGM in relation to the proposed amendment of certain terms and conditions of the Convertible Notes and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- b. The directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue ordinary shares of HK\$0.1 each in the share capital of the Company (the “**Conversion Shares**”) at a conversion price of HK\$0.35 per Conversion Share (subject to adjustments) upon an exercise of the conversion rights attaching to the Convertible Notes in accordance with the terms and conditions of the Convertible Notes as amended by the Deeds of Amendment; and
- c. The Directors be and are hereby authorized to exercise all the powers of the Company and take all steps as might in their opinion be desirable, necessary or expedient to give effect to or in connection with the Deeds of Amendment including without limitation to:

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (1) The execution, amendment, delivery, submission and/or implementation of any further documents, instruments or agreements in relation to the Deeds of Amendment and the allotment and issue of the Conversion Shares; and
- (2) The taking of all necessary actions to implement the transactions contemplated under the Deeds of Amendment.”

By order of the Board
CHINA E-LEARNING GROUP LIMITED
Yuan Wei
Executive Director

Hong Kong, 25 September 2014

Registered Office:

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

Principal place of business in Hong Kong:

Unit 2610, 26th Floor,
Office Tower, Convention Plaza,
No. 1 Harbour Road,
Wanchai,
Hong Kong

Notes:–

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority, must be delivered at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting at the extraordinary general meeting or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board comprises two executive directors, namely Mr. Yuan Wei and Mr. Yang Jilin; one non-executive director, Mr. Li Xiangjun; and three independent non-executive directors, namely Dr. Huang Chung Hsing, Mr. Li Qunsheng and Ms. Li Ya Ru Nancy.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 notice is accurate and complete in all material respects and no misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and the website of the Company at www.chinae-learning.com for at least 7 days from the date of its publication.