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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)

SUPPLEMENTAL ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

Reference is made to the announcement of the Virscend Education Company Limited (the “**Company**”) dated 29 January 2021 in relation to the continuing connected transactions relating to the 2021 Lease and Property Management Service Agreement (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcement.

Pursuant to the International Financial Reporting Standards (the “**IFRS**”) issued by the International Accounting Standards Board regarding IFRS 16 “Leases”, the Group, as the lessee, has recognized the total rental payments under the 2021 Lease and Property Management Service as a right-of-use asset in its statement of the financial position. Such recognition of right-of-use asset is regarded as an acquisition of asset and shall be classified as a one-off connection transaction. Given that the value of right-of-use asset recognized under the 2021 Lease and Property Management Service Agreement shall be approximately RMB136,360,069 and the highest of the applicable percentage ratios in respect of the value of right-of-use asset under the 2021 Lease and Property Management Service Agreement are more than 0.1% but less than 5%, this acquisition of assets is exempt from the circular and shareholders’ approval requirements under Chapter 14A of the Listing Rules, and does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Accordingly, the Board wishes to clarify that the proposed annual cap for the continuing connected transactions of the property management service under the 2021 Lease and Property Management Service Agreement shall be revised as follows:

	Proposed annual caps		
	<i>(in RMB'000)</i>		
	for the year ending 31 December		
	2021	2022	2023
2021 Lease and Property Management Service Agreement	<u>20,000⁽¹⁾</u>	<u>20,000⁽¹⁾</u>	<u>20,000⁽¹⁾</u>

Note:

1. Covering property management service fee of properties from 29 January 2021 to 31 December 2023, determined with reference to the prevailing market conditions and the property management service contents of similar properties in the vicinity of the leased premises and the content of property services, as advised by the Group's independent property valuer.

As disclosed in the Announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of the Announcement, Sichuan Derui, being the lessor under the 2021 Lease and Property Management Service Agreement, is beneficially owned as to 69.44% by Mr. Yan, a Director and a Controlling Shareholder, 18.55% by Ms. Yan Hongjia, 3.00% by Ms. Wang Xiaoying, 2.65% by Ms. Ye Jiaqi, 1.59% by Mr. Ye Jiayu, 1.59% by Ms. Yan Bixian, 1.59% by Ms. Yan Birong and 1.59% by Ms. Yan Bihui. Each of Ms. Wang Xiaoying and Mr. Ye Jiayu is a director of the Company.

Save as disclosed above, all other information set forth in the Announcement remains unchanged.

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

Hong Kong, 5 February 2021

As at the date of this announcement, the executive Directors are Ms. Wang Xiaoying, Mr. Ye Jiayu, Mr. Yan Yude and Mr. Deng Bangkai; and the independent non-executive Directors are Mr. Sit Chiu Wing, Mr. Chan Kim Sun and Mr. Wen Ruizheng.