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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)

FULFILLMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

This announcement is made by Virscend Education Company Limited (the “**Company**”), pursuant to Rule 13.09 and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to the announcements of the Company dated 30 November 2021, 16 December 2021, 23 December 2021, 13 January 2022, 28 February 2022, 28 March 2022, 20 April 2022 and 6 May 2022 (collectively, the “**Announcements**”) in relation to, among others, (i) delay in publication of the 2021 Annual Results; (ii) postponement of Board meeting; (iii) unaudited annual results of the Company and its subsidiaries (the “**Group**”) for the eight months ended 31 August 2021 (iv) suspension of trading; (v) Resumption Guidance; (vi) quarterly update on suspension of trading; (vii) 2021 Annual Results; and (viii) interim results for the six months ended 28 February 2022. Unless otherwise stated, the capitalized terms used herein shall have the same meaning as defined in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 28 February 2022, the Stock Exchange has given the following Resumption Guidance for the resumption of trading in the shares of the Company:

- a) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 1**”);
- b) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 2**”); and

- c) inform the market of all material information of the Company's shareholders and investors to appraise the Company's position ("**Resumption Guidance 3**").

FULFILMENT OF RESUMPTION GUIDANCE AND REMEDIATION OF ISSUES CAUSING TRADING SUSPENSION

The Company has fulfilled all the Resumption Guidance. By doing so, the Company has remedied the issues causing its trading suspension. Details are set out as followings:

Resumption Guidance 1

The Company has published all outstanding financial results, in particular:

- a) the announcement of audited annual results for the eight months ended 31 August 2021 ("**Annual Results Announcement**") on 6 May 2022; and
- b) the announcement of interim results for the six months ended 28 February 2022 ("**Interim Results Announcement**") on 6 May 2022.

There are no audit modifications in the independent auditor's report on the Group's consolidated financial statements for the eight months ended 31 August 2021.

Resumption Guidance 2

Sufficient Operations

The Group is principally engaged in providing private education services in the People's Republic of China.

As disclosed in the 2021 Annual Results Announcement:

- (a) the Group recorded an audited revenue for the eight months ended 31 August 2021 of approximately RMB253,546,000;

- (b) the Group recorded an audited gross loss for the eight months ended 31 August 2021 of approximately RMB656,000, which was attributable to the impact of school holidays, which occurred in February, July and August. The Group usually recognise annual tuition and boarding fees over nine months within an academic year on a straight-line basis, which exclude these three months of school holidays. The Group recognised five months of tuition and boarding fees in the eight months ended 31 August 2021, while incurred cost for the entire eight months period; and
- (c) the Group recorded a gross profit (unaudited) and a net profit from continuing operations (unaudited) for the six months ended 28 February 2022 of approximately RMB85,689,000 and RMB7,597,000, respectively.

Despite the deconsolidation of the schools providing compulsory education services since 31 August 2021, the Group continued with its business operations in all other material respects. As at the date of this submission, the Group operated a total of 11 high schools, universities and after-class tutoring centers in five cities in Sichuan Province, China, Hong Kong SAR and Irvine, the United States. Through these schools, the Group primarily offer formal education with comprehensive education programs in high-school and higher education. The Group also offered educational management and consultation service to one high school, three public K9/K12 schools, and five privately owned kindergartens in Sichuan.

Sufficient Assets

As disclosed in the 2021 Annual Results Announcement:

- (a) the Group's audited total assets as at 31 August 2021 were approximately RMB4,918,774,000; and
- (b) the Group's audited total net assets as at 31 August 2021 were approximately RMB860,856,000.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Company's shares on the Stock Exchange.

Resumption Guidance 3

Since its trading suspension on 30 November 2021, the Company has continued to disclose material information to the public by issuing announcements in a timely manner. The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and investors to appraise the Company's position.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 30 November 2021. Based on the reason as disclosed above, the Board is of the view that all the Resumption Guidance has been fulfilled. Accordingly, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 10 May 2022.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 6 May 2022

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