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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Virscend Education Company Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(I) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND BUY BACK SHARES;
(II) RE-ELECTION OF RETIRING DIRECTORS;
(III) PROPOSED DECLARATION AND PAYMENT OF FINAL
DIVIDEND AND SPECIAL DIVIDEND OUT OF
THE SHARE PREMIUM ACCOUNT;
AND
(IV) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Virscend Education Company Limited to be held at No. 2 Meeting Room, 10th Floor of Chengdu Tianren Hotel, No. 18 Sandongqiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on Friday, 26 January 2024 at 3:00 p.m. is set out on pages 17 to 22 of this circular.

A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. before 3:00 p.m. on Wednesday, 24 January 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting (or any adjournment thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

28 December 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at No. 2 Meeting Room, 10th Floor of Chengdu Tianren Hotel, No. 18 Sandongqiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on 26 January 2024 at 3:00 p.m., or any adjournment thereof and notice of which is set out on pages 17 to 22 of this circular
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to buy back Shares not exceeding 10% of the number of the issued Shares as at the date of passing of the relevant resolution granting the Buy-back Mandate
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Company”	Virscend Education Company Limited (成實外教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2015, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Final Dividend”	the proposed final dividend of HKD0.4 cents per Share as recommended by the Board
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the relevant resolution granting the Issue Mandate

DEFINITIONS

“Latest Practicable Date”	20 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	15 January 2016, being the date on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately RMB850.2 million as at 31 August 2023 based on the audited consolidated financial statement of the Company as at that date
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special Dividend”	the proposed special dividend of HKD0.7 cents per Share as recommended by the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time
“Virscend Holdings”	Virscend Holdings Company Limited, a company incorporated in the British Virgin Islands, one of the controlling Shareholders of the Company and wholly-owned by Mr. Yan Yude, an executive Director
“%”	per cent

LETTER FROM THE BOARD



Virscend Education Company Limited

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

Executive Directors:

Ms. Wang Xiaoying (*Chairwoman*)
Mr. Yan Yude (*Chief Executive Officer*)
Mr. Ye Jiayu
Mr. Deng Bangkai

Registered office:

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

Independent Non-executive Directors:

Mr. Sit Chiu Wing
Mr. Chan Kim Sun
Mr. Wen Ruizheng

*Headquarters and principal place of
business in the PRC:*

No. 18 Sandongqiao Road
Jinniu District
Chengdu
The PRC

*Principal place of business in
Hong Kong:*

Unit 02, 8/F
Tung Che Commercial Centre
246 Des Voeux Road West
Hong Kong

28 December 2023

To the Shareholders,

Dear Sir or Madam

**(I) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND BUY BACK SHARES;
(II) RE-ELECTION OF RETIRING DIRECTORS;
(III) PROPOSED DECLARATION AND PAYMENT OF FINAL
DIVIDEND AND SPECIAL DIVIDEND OUT OF
THE SHARE PREMIUM ACCOUNT;
AND
(IV) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and the following proposals to be put forward at the Annual General Meeting: (a) granting of the Issue Mandate to issue Shares, the Buy-back Mandate to buy back Shares and the extension mandate; (b) the re-election of the retiring Directors; and (c) the proposed declaration and payment of Final Dividend and Special Dividend.

LETTER FROM THE BOARD

ISSUE MANDATE TO ISSUE SHARES AND EXTENSION MANDATE

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the Issue Mandate to issue Shares. At the Annual General Meeting, an ordinary resolution numbered 5(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the number of issued Shares as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, 3,088,761,000 Shares have been fully paid. Subject to the passing of the ordinary resolution numbered 5(A) and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 617,752,200 Shares.

In addition, subject to a separate approval of the ordinary resolution numbered 5(C), the number of Shares purchased by the Company under ordinary resolution numbered 5(B) will also be added to extend the Issue Mandate as mentioned in ordinary resolution numbered 5(A) provided that such additional value shall represent up to 10% of the number of issued Shares as at the date of passing the resolutions in relation to the Issue Mandate and Buy-back Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

BUY-BACK MANDATE TO BUY BACK SHARES

In addition, an ordinary resolution numbered 5(B) will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to buy back Shares representing up to 10% of the number of issued Shares as at the date of passing of the resolution in relation to the Buy-back Mandate.

As at the Latest Practicable Date, 3,088,761,000 Shares were in issue. Subject to the passing of the ordinary resolution numbered 5(B) and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to repurchase a maximum of 308,876,100 Shares pursuant to the Buy-back Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

The Buy-back Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable laws of Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Ms. Wang Xiaoying being the executive Directors and Mr. Sit Chiu Wing and Mr. Wen Ruizheng being an independent non-executive Director will hold office as the Directors until the Annual General Meeting and being eligible, offered themselves for re-election at the Annual General Meeting.

The Nomination Committee of the Company has reviewed the structure and composition of the Board, the confirmations and disclosure given by the Directors, the qualification, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy and the independence of the independent non-executive Directors. All independent non-executive Directors, in particular Mr. Sit Chiu Wing and Mr. Wen Ruizheng, who have served the Board as independent non-executive Director since 28 December 2015 and 15 November 2018, respectively, have made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is satisfied that, taking into account, *inter alia*, the valuable independent judgement, advice and objective views contributed by the independent non-executive Directors, they are of such character, integrity and experience commensurate with office of independent non-executive Director. The Board is not aware of any circumstance that might influence the independence of Mr. Sit or Mr. Wen.

Details of the above retiring Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Article 85 of the Articles of Association provides that:

“No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that such Notices must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting appointed for such election but no earlier than the day after despatch of the Notice of the general meeting appointed for such election.”

LETTER FROM THE BOARD

For the purpose of the Articles of Association:

- (i) “Member” means a duly registered holder from time to time of the shares in the capital of the Company;
- (ii) “Notice” means a written notice unless otherwise specifically stated and as further defined in the Articles of Association; and
- (iii) “Registration Office” means, in respect of any class of share capital, such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the secretary of the Company, namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice signed by the nominated candidate of the candidate’s willingness to be appointed together with (A) that candidate’s information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information, as set out in the below heading “Required information of the candidate(s) nominated by Shareholders”, and (B) the candidate’s written consent to the publication of his/her personal data.

Required information of the candidate(s) nominated by Shareholders

In order to enable Shareholders to make an informed decision on their election of Directors, the above described notice of intention to propose a resolution by a Shareholder should be accompanied by the following information of the nominated candidate(s):

- (a) full name and age;
- (b) positions held with the Company and its subsidiaries (if any);
- (c) experience including (i) other directorships held in the past three years in public companies of which the securities are listed on any securities market in Hong Kong and overseas, and (ii) other major appointments and professional qualifications;
- (d) current employment and such other information (which may include business experience and academic qualifications) of which Shareholders should be aware of, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with the Company;
- (f) relationships with any Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company, or an appropriate negative statement;

LETTER FROM THE BOARD

- (g) interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or an appropriate negative statement;
- (h) a declaration made by the nominated candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that nominated candidate's standing for election as a Director that should be brought to Shareholders' attention; and
- (i) contact details.

The Shareholder proposing the candidate will be required to read out aloud the proposed resolution at the general meeting.

PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND AND SPECIAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

At the meeting of the Board held on 29 November 2023, the Board recommended the declaration and payment of the Final Dividend of HKD0.4 cents per Share and the Special Dividend of HKD0.7 cents per Share in respect of the year ended 31 August 2023.

As at the Latest Practicable Date, there were a total of 3,088,761,000 Shares in issue. Based on the number of issued Shares as at the Latest Practicable Date, the Final Dividend and the Special Dividend, if declared and paid, will amount to approximately HK\$12.4 million and HK\$21.6 million, respectively. Subject to the fulfilment of the conditions set out in the section headed "Conditions of the Payment of Final Dividend and the Special Dividend out of the Share Premium Account" below, the Final Dividend and the Special Dividend are intended to be paid out of the Share Premium Account pursuant to Article 134 of the Articles and in accordance with the Companies Act.

As at 31 August 2023, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB850.2 million. Following the payment of the Final Dividend and the Special Dividend, there will be a remaining balance of approximately RMB819.3 million standing to the credit of the Share Premium Account.

Conditions of the Payment of the Final Dividend and the Special Dividend out of the Share Premium Account

The payment of the Final Dividend and the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders declaring and approving the payment of the Final Dividend and the Special Dividend out of the Share Premium Account pursuant to Article 134 of the Articles; and

LETTER FROM THE BOARD

- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the date on which the Final Dividend and the Special Dividend is paid, unable to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, the Final Dividend and the Special Dividend will be paid in cash on Friday, 9 February 2024 to the Shareholders whose names appear on the register of members of the Company on Friday, 2 February 2024, being the record date of determination of entitlements of the Final Dividend and the Special Dividend.

The conditions set out above cannot be waived. If the conditions set out above are not satisfied, the Final Dividend and the Special Dividend will not be paid.

Reasons for and effect of the payment of the Final Dividend and the Special Dividend out of the Share Premium Account

To reward the Shareholders, the Board considers it appropriate to distribute the Final Dividend and the Special Dividend to repay the Shareholders' support. After taking into account a number of factors including cash flow and financial condition of the Company, the Board considers it is appropriate and proposes that the Final Dividend and the Special Dividend be paid out of the Share Premium Account. The Board considers such arrangement to be in the interests of the Company and its Shareholders as a whole. The Board believes that the payment of the Final Dividend and the Special Dividend will not have any material adverse effect on the underlying assets, business, operations or financial position of the Group and does not involve any reduction in the authorised or issued share capital of the Company or reduction in the nominal value of the Shares or result in any change in the trading arrangements in respect of the Shares.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 17 to 22 of this circular is the notice of the Annual General Meeting at which, ordinary resolutions will be proposed to Shareholders to consider and approve, among other things, the granting of the Issue Mandate to issue Shares and the Buy-back Mandate to buy back Shares, the re-election of the retiring Directors and the declaration and payment of the Final Dividend and the Special Dividend out of the Share Premium Account.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting (i.e. before 3:00 p.m. on Wednesday, 24 January 2024) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

VOTING BY POLL

There is no Shareholder who has any material interest in the proposed resolutions, therefore none of the Shareholders is required to abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of the Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

RECOMMENDATION

The Directors consider that, among others, the proposed resolutions for the granting of the Issue Mandate to issue Shares, the Buy-back Mandate to buy back Shares, the re-election of the retiring Directors and the declaration and payment of the Final Dividend and the Special Dividend out of the Share Premium Account are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 January 2024 to Friday, 26 January 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM to be held on Friday, 26 January 2024, during which period no share transfers will be registered. Shareholders whose names appear on the register of members of the Company on Friday, 26 January 2024 are entitled to attend and vote at the AGM. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 22 January 2024.

LETTER FROM THE BOARD

The register of members of the Company will also be closed from Thursday, 1 February 2024 to Friday, 2 February 2024, both days inclusive, in order to determine the entitlement of the Shareholders to receive the Final Dividend and the Special Dividend, during which period no share transfers will be registered. To qualify for the Final Dividend and the Special Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 31 January 2024.

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

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

As at the Latest Practicable Date, none of the following Directors, save as disclosed herein, had any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, none of the following Directors holds any position with the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Save as disclosed herein, the following Directors are not otherwise related to any Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed herein, each of the following Directors has confirmed that there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Executive Directors

Ms. Wang Xiaoying (王小英), aged 62, was appointed as the Chairwoman of the Board and an executive Director on 31 August 2015. Ms. Wang has more than 20 years of experience in business management and is responsible for the overall management and strategic development of the Group. Ms. Wang has been a director of certain of the PRC Operating Entities since Ms. Wang joined the Group in April 2004. Ms. Wang has been responsible for the overall business strategy and development and management of the PRC Operating Entities in her capacity serving as the general manager of the education sector of Sichuan Derui since January 2008. In August 1999, Ms. Wang joined Sichuan Derui as the vice general manager responsible for general administration. In January 2008, Ms. Wang was then re-designated as the general manager of Sichuan Derui in charge of the education sector and has since been responsible for the overall management and strategic development of the PRC Operating Entities. Ms. Wang is the spouse of Mr. Yan Yude, the chief executive officer and an executive Director of the Company and one of the Controlling Shareholders.

Ms. Wang has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term. The current Director's fee payable to Ms. Wang is HK\$1,000,000 per year and there is no discretionary bonus paid to her. The remuneration package of Ms. Wang is determined by reference to her duty, experience, workload and time devoted to the Group.

As at the Latest Practicable Date, Ms. Wang is the sole shareholder and director of Smart Ally International Limited ("Smart Ally") and she is therefore deemed to be interested in the 67,500,000 Shares held by Smart Ally by virtue of the Securities and Futures Ordinance. Ms. Wang is also the wife of Mr. Yan Yude and is therefore deemed to be interested in 1,320,632,045 Shares indirectly held by Mr. Yan Yude through Virscend Holdings by virtue of the Securities and Futures Ordinance.

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Independent Non-executive Director

Mr. Sit Chiu Wing (薛超穎), aged 73, was appointed as an independent non-executive Director on 28 December 2015 and is responsible for providing independent opinion and judgement to the Board. Prior to joining the Group, in December 1981, Mr. Sit worked at Shaws Brothers (Hong Kong) Company Limited (邵氏兄弟(香港)有限公司). Mr. Sit worked at Chuang's (Holdings) Limited (莊士集團有限公司) from 1984 to 1996. Mr. Sit has been appointed as the honorary president of Hong Kong Quanzhou Associations Limited since March 2001. Mr. Sit graduated from the Fujian Normal University* (福建師範大學) of the PRC with a bachelor's degree in history in July 1976.

Mr. Sit has entered into a service contract with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term. The current Director's fee payable to Mr. Sit is HK\$120,000 per year and there is no discretionary bonus paid to him. The remuneration package of Mr. Sit is determined by reference to his duty, experience, workload and time devoted to the Group.

Mr. Wen Ruizheng (溫瑞征), aged 79, was appointed as an independent non-executive Director on 15 November 2018 and is responsible for providing independent opinion and judgement to the Board. Prior to joining the Group, Mr. Wen has over 50 years of experience in education industry. Mr. Wen has excellent ability and abundant work experience in education management. Mr. Wen served as the secretary of the principal and the director of Students Affairs Office at Chengdu Experimental Foreign Language School (成都市實驗外國語學校) (formally known as Chengdu Xixiang Road Middle School* (成都市西鄉路中學) and Chengdu No.48 Middle School (成都市四十八中)) from February 1965 to August 1984. He served as the vice principal and principal of Chengdu Experimental Foreign Languages School (成都市實驗外國語學校) from August 1984 to August 1987 and from August 1987 to July 2014, respectively. Mr. Wen obtained his junior college diploma in political science from the Party College of Chengdu Municipal Party Committee* (中共成都市委黨校) in July 1987. He obtained the qualification of senior teacher of middle school in Sichuan Province* (四川省中學高級教師). He also obtained various honorary titles from relevant government authorities, including, among others, the "Excellent Principal in Chengdu City"* (成都市優秀校長) and the "Excellent Educator in Chengdu City"* (成都市優秀教育工作者).

Mr. Wen has entered into a service contract with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term. The current Director's fee payable to Mr. Wen is HK\$96,000 per year and there is no discretionary bonus paid to him. The remuneration package of Mr. Wen is determined by reference to his duty, experience, workload and time devoted to the Group.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 3,088,761,000 Shares of nominal value of HK\$0.01 each which have been fully paid. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back before the Annual General Meeting, the Company will be allowed to buy back a maximum of 308,876,100 Shares which represent 10% of the issued Shares during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF SHARE BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to buy back its Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders as a whole.

Buy-back of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. The Directors may not buy back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make buy-backs with profits of the Company or out of a new issuance of shares made for the purpose of the buy-back or, if authorized by the Articles of Association and subject to the Companies Act, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Act, out of capital.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company. The Directors believe that if the Buy-back Mandate is exercised in full, it may have a material adverse impact on the working capital or gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 August 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention if the Buy-back Mandate is approved by the Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a buy-back of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any buy-back of Shares pursuant to the Buy-back Mandate.

As at the Latest Practicable Date, as far as the Directors are aware, substantial Shareholders having interests in 10% more in the issued Shares are as follows:

Name of Shareholders	Nature of interest	Number of Shares Interested	Approximate percentage of interest in the issued share capital
Bank of China Limited	Security interest	458,876,100(L)	14.86%
Virscend Holdings ⁽¹⁾	Beneficial owner	1,320,632,045(L)	42.76%
Mr. Yan Yude ⁽¹⁾⁽²⁾	Interest in a controlled corporation and interest of spouse	1,388,132,045(L)	44.94%
Ms. Wang Xiaoying ⁽³⁾	Interest in a controlled corporation and interest of spouse	1,388,132,045(L)	44.94%

Notes:

- (1) Mr. Yan Yude is the sole shareholder and sole director of Virscend Holdings and is therefore deemed to be interested in the Shares held by Virscend Holdings.

- (2) Mr. Yan Yude is the husband of Ms. Wang Xiaoying and is therefore deemed to be interested in the Shares indirectly held by Ms. Wang Xiaoying through Smart Ally.
- (3) Ms. Wang Xiaoying is the sole shareholder and sole director of Smart Ally and is therefore deemed to be interested in the Shares held by Smart Ally. Ms. Wang Xiaoying is also the spouse of Mr. Yan Yude and is therefore deemed to be interested in the Shares indirectly held by Mr. Yan Yude through Virscend Holdings.
- (4) L represents “Long Position”.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Yan Yude was interested in 1,388,132,045 Shares, representing approximately 44.94% in aggregate number of issued Shares. In the event that the Directors should exercise in full the Buy-back Mandate, the shareholding of Mr. Yan Yude in the Company will be increased to approximately 49.93% of the issued Shares. To the best knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to buy back the Shares to the extent that will trigger the obligations under the Takeovers Code for Mr. Yan Yude to make a mandatory offer. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any purchase by the Company of its Shares.

The Listing Rules prohibit a company from making buy-back on the Stock Exchange if the result of the buy-back would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued shares of the Company would be in public hands. The Directors do not propose to buy back Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE BUY-BACK MADE BY THE COMPANY

No buy-backs of Shares has been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during the twelve months preceding the Latest Practicable Date were as follows:

Month	Highest prices HK\$	Lowest prices HK\$
2022		
December	0.265	0.125
2023		
January	0.188	0.122
February	0.195	0.145
March	0.188	0.132
April	0.158	0.131
May	0.147	0.118
June	0.159	0.118
July	0.147	0.120
August	0.138	0.118
September	0.124	0.105
October	0.129	0.103
November	0.188	0.110
December (up to and including the Latest Practicable Date)	0.181	0.136

NOTICE OF ANNUAL GENERAL MEETING



Virscend Education Company Limited

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1565)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Virscend Education Company Limited (the “Company”) will be held at No. 2 Meeting Room, 10th Floor of Chengdu Tianren Hotel, No. 18 Sandongqiao Road, Jinniu District, Chengdu, Sichuan Province, the PRC on Friday, 26 January 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions :

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 August 2023 and the reports of the directors of the Company (the “Directors”) and the auditor of the Company therein.
2. To declare a final dividend of HKD0.4 cents per share and a special dividend of HKD0.7 cents per share in respect of the year ended 31 August 2023.
3. (A) To re-elect the following retiring directors of the Company:
 - (i) Ms. Wang Xiaoying as an executive Director
 - (ii) Mr. Sit Chiu Wing as an independent non-executive Director
 - (iii) Mr. Wen Ruizheng as an independent non-executive Director(B) To authorise the board of Directors (the “Board”) to fix the remuneration of the Directors.
4. To re-appoint Elite Partners CPA Limited as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix its remuneration for the year ending 31 August 2024.
5. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:
 - (A) “That:
 - (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company (the “Shares”) or securities convertible into shares, or options,

NOTICE OF ANNUAL GENERAL MEETING

warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the Directors during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to:
 - (1) any Rights Issue (as defined hereinafter);
 - (2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;
 - (3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or
 - (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of:
 - (a) 20% of the number of issued shares of the Company as at the date of passing this resolution; and
 - (b) if the Board is so authorised by resolution numbered 5(C)) the aggregate number of shares of the Company bought back by the Company subsequent to the passing of resolution numbered 5(B) (up to a maximum equivalent to 10% of the number of issued shares of the Company as at the date of passing resolution numbered 5(B),

and the approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (iv) for the purpose of this resolution:
- (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held;
 - (3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and
- (b) “Rights Issue” means an offer of Shares or an issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “That:

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to buy back Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the shares to be bought back pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the number of issued shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly;

NOTICE OF ANNUAL GENERAL MEETING

(iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

(C) **“That** conditional upon the resolutions numbered 5(A) and 5(B) set out in this notice being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and/or otherwise deal with new Shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 5(A) set out in this notice be and is hereby extended by the addition to the number of the issued Shares which may be allotted or agreed conditional or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the number of the issued Shares bought back by the Company under the authority granted pursuant to resolution numbered 5(B) set out in this notice, provided that such extended amount shall represent up to 10% of the number of issued Shares as at the date of passing of the said resolutions.”

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

Hong Kong, 28 December 2023

As at the date of this notice, 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 are Mr. Sit Chiu Wing, Mr. Chan Kim Sun and Mr. Wen Ruizheng.

NOTICE OF ANNUAL GENERAL MEETING

Registered office:

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

*Headquarters and principal place
of business in the PRC:*

No. 18 Sandongqiao Road
Jinniu District
Chengdu
The PRC

Principal place of business in Hong Kong:

Unit 02, 8/F
Tung Che Commercial Centre
246 Des Voeux Road West
Hong Kong

Notes:

- (i) Resolution numbered 5(C) will be proposed to the shareholders for approval provided that resolutions numbered 5(A) and 5(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or (in respect of a shareholder who is a holder of two or more shares) more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.
- (iii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but if more than one of such joint holders are present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iv) In order to be valid, the completed form of proxy must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting (i.e. before 3:00 p.m. on Wednesday, 24 January 2024) or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF ANNUAL GENERAL MEETING

- (v) The register of members of the Company will be closed from Tuesday, 23 January 2024 to Friday, 26 January 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM to be held on Friday, 26 January 2024, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 22 January 2024.

The register of members of the Company will also be closed from Thursday, 1 February 2024 to Friday, 2 February 2024, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend and the special dividend, during which period no share transfers will be registered. To qualify for the final dividend and the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 31 January 2024.

- (vi) In respect of resolutions numbered 3(A) above, Ms. Wang Xiaoying, Mr. Sit Chiu Wing and Mr. Wen Ruizheng shall retire and being eligible, offered themselves for re-election at the above meeting. Details of the above retiring directors are set out in Appendix I to the circular dated 28 December 2023.
- (vii) In respect of the resolution numbered 5(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company referred therein. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of resolution numbered 5(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to buy back shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the Company of its own shares is set out in Appendix II to the circular dated 28 December 2023.