
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effect 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)

PROPOSED DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

The letter from the Board is set out on pages 3 to 6 of this circular. A notice convening the EGM of the Company to be held at Room 105, Virscend Education Company Limited, No.23 He Xin Lu, Pidu District, Chengdu, Sichuan Province, the PRC on 25 October 2019 at 3:00 p.m. or any adjourned meeting hereof to approve matters referred to in this circular is set out on pages 7 to 8 of this circular. A form of proxy for use by the Shareholders at the EGM is also enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk).

Whether or not you are able or intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 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 the holding of the EGM (i.e. before 3:00 p.m. on 23 October 2019) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting hereof should you so wish.

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DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended, supplemented and/or otherwise modified from time to time
“Board”	the board of Directors
“Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented and/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, the Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Room 105, Virscend Education Company Limited, No. 23 He Xin Lu, Pidun District, Chengdu, Sichuan Province, the PRC on 25 October 2019 at 3:00 p.m., to consider and, if appropriate, approve the declaration and payment of the Interim Dividend out of the Share Premium Account
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interim Dividend”	the proposed interim dividend of HK\$0.04 per Share as recommended by the Board
“Latest Practicable Date”	29 August 2019, being the latest practicable date prior to printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency for the time being of the PRC

DEFINITIONS

“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately RMB1,271,880,000 as at 30 June 2019 based on the unaudited consolidated financial statements of the Company as at that date
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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 of the Board*)

Mr. Yan Yude

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

Principal Place of Business in Hong Kong:

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

2 September 2019

To the Shareholders,

Dear Sir or Madam,

**PROPOSED DECLARATION AND PAYMENT OF
INTERIM DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the proposed declaration and payment of the Interim Dividend out of the Share Premium Account; and to give the Shareholders notice of the EGM at which resolution will be proposed to the Shareholders to consider and, if thought fit, approve the aforesaid matter.

A notice convening the EGM is set out on pages 7 to 8 of this circular.

LETTER FROM THE BOARD

2. PROPOSED DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

As announced by the Company in its announcement dated 27 August 2019 regarding the unaudited financial results of the Group for the six months ended 30 June 2019, the Board recommended the payment of the Interim Dividend of HK\$0.04 per Share, subject to the approval of Shareholders at the EGM by way of an ordinary resolution. Subject to the fulfilment of the conditions set out in the paragraph headed “Conditions of the payment of the Interim Dividend out of the Share Premium Account” below, the Interim Dividend is intended to be paid entirely out of the Share Premium Account pursuant to the Articles and in accordance with the Cayman Companies Law.

As at 30 June 2019, based on the unaudited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account amounted to approximately RMB1,271,880,000. The Board proposed to use an amount of approximately HK\$123,550,440 (approximately RMB111,517,000) standing to the credit of the Share Premium Account for the payment of the Interim Dividend. Following the payment of the Interim Dividend on the basis of 3,088,761,000 Shares in issue as at the Latest Practicable Date, there will be a remaining balance of approximately RMB1,160,363,000 standing to the credit of the Share Premium Account.

Conditions of the payment of the Interim Dividend out of the Share Premium Account

The payment of the Interim 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 Interim Dividend out of the Share Premium Account pursuant to the Articles and in accordance with the Cayman Companies Law; and
- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the date on which the Interim Dividend is paid, unable to pay its liabilities as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Interim Dividend will be paid in cash on or around 20 November 2019 to those Shareholders whose names appear on the register of members of the Company at close of business on 5 November 2019, being the record date of determination of entitlements of the Interim Dividend.

Reasons for payment of the Interim Dividend out of the Share Premium Account

The Board considers it unnecessary to maintain the Share Premium Account at its current level. In recognition of the Shareholders’ support, the Board considers that the declaration and payment of the Interim Dividend out of the Share Premium Account is in the interests of the Company and the Shareholders as a whole.

Effect of the payment of the Interim Dividend out of the Share Premium Account

The implementation of the payment of the Interim Dividend out of the Share Premium Account does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

LETTER FROM THE BOARD

Save for the immaterial expenses incurred as a result of the payment of the Interim Dividend, the Board considers that the payment of the Interim Dividend out of the Share Premium Account will not have any material adverse effect on the financial position of the Group.

Closure of register of members

For the purpose of ascertaining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 22 October 2019 to 25 October 2019, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 October 2019.

For the purpose of ascertaining the entitlement to the Interim Dividend, the register of members of the Company will be closed from 31 October 2019 to 5 November 2019, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the Interim Dividend, all transfer of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 30 October 2019.

3. EGM AND PROXY ARRANGEMENT

A notice of the EGM is set out on pages 7 to 8 of this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the ordinary resolution to be proposed at the EGM.

A form of proxy for use at the EGM 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 or intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 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 EGM (i.e. before 3:00 p.m. on 23 October 2019) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned thereof should you so wish.

LETTER FROM THE BOARD

4. VOTING BY POLL AT GENERAL MEETING

Pursuant to Rule 13.94(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution as set out in the notice of the EGM which is put to vote at the EGM shall be decided by poll. The Company will appoint scrutineers to handle vote-taking procedures at the EGM.

5. RECOMMENDATION

The Directors consider that the proposed declaration and payment of the Interim Dividend out of the Share Premium Account is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolution to be proposed at the EGM.

6. 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 relating 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.

Yours faithfully,
For and on behalf of the Board
Virscend Education Company Limited
Wang Xiaoying
Chairwoman

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of Virscend Education Company Limited (the “**Company**”) will be held at Room 105, Virscend Education Company Limited, No. 23 He Xin Lu, Pidu District, Chengdu, Sichuan Province, the PRC on 25 October 2019 at 3:00 p.m. for the following purposes:

To consider and, if thought fit, pass with or without amendments, the following resolution:

ORDINARY RESOLUTIONS

“THAT:

1. (a) the declaration and payment of an interim dividend of HK\$0.04 per ordinary share out of the share premium account of the Company (the “**Interim Dividend**”) to the shareholders of the Company whose names appear on the register of members of the Company on the record date fixed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company for determining the entitlements to the Interim Dividend be and is hereby approved; and
- (b) the Directors be and are hereby authorised to take such action, do such things and execute such further documents as the Directors may at their absolute discretion consider necessary or desirable for the purpose of or in connection with the payment of the Interim Dividend.”

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

Hong Kong, 2 September 2019

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

Principal Place of Business in Hong Kong:
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

NOTICE OF EGM

Notes:

1. A member of the Company entitled to attend and vote at the EGM shall be entitled to appoint one or more proxies (if he is a holder of two or more shares of the Company) to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the EGM and voting in person should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall stand alone be entitled to vote in respect thereof.
3. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time for holding the EGM (i.e. before 3:00 p.m. on 23 October 2019) or any adjournment thereof.
4. To ascertain the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 22 October 2019 to 25 October 2019, both days inclusive, during which period no transfer of shares will be registered. The record date will be 25 October 2019. In order to be eligible to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 October 2019.
5. To ascertain the entitlement to the Interim Dividend, the register of members of the Company will be closed from 31 October 2019 to 5 November 2019, both days inclusive, during which period no transfer of shares will be registered. The record date will be 5 November 2019. In order to qualify for the Interim Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 30 October 2019.
6. If typhoon signal no. 8 or above, or a "black" rainstorm warning is hoisted or remains hoisted at 10:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on The Stock Exchange of Hong Kong Limited's website at www.hkexnews.hk and the Company's website at www.vircscendeducation.com to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors are Ms. Wang Xiaoying (Chairwoman of the Board), 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.

This notice, 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 notice 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 in this notice misleading.