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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)

CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENT AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE INTEGRATED MANAGEMENT SERVICES AGREEMENT

THE LEASE AGREEMENT

Reference is made the announcement of the Company dated 30 November 2022 (the "**Announcement**"), which set out details of a lease agreement that Tibet Huatai (as lessee), a wholly-owned subsidiary of the Company, entered into with Tianren Hotel (as lessor), which is due to expire on 30 November 2025. On 28 November 2025 (after trading hours), Tibet Huatai (as lessee), a wholly-owned subsidiary of the Company, entered into the Lease Agreement with Tianren Hotel (as lessor) to renew the Existing Lease and to continue to use the Property for a term of 3 years from 1 December 2025 to 30 November 2028.

THE INTEGRATED MANAGEMENT SERVICES AGREEMENT

Reference is made to the Announcement, which sets out details of an integrated management services agreement that Tibet Huatai entered into with Tianren Hotel, which is due to expire on 30 November 2025. On 28 November 2025 (after trading hours), Tibet Huatai entered into the Integrated Management Services Agreement with Tianren Hotel, pursuant to which, Tianren Hotel agreed to continue provide integrated management services in relation to the Property for a term of three years from 1 December 2025 to 30 November 2028.

LISTING RULES IMPLICATIONS

Mr. Yan is a Director and a Controlling Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Tianren Hotel was held by Mr. Yan as to approximately 99.1% as of the date of this announcement and hence an associate of Mr. Yan and a connected person of the Company.

In accordance with IFRS 16 "Leases", the Property leased under the Lease Agreement will be recognised as right-of-use asset of the Group in its consolidated statement of financial position for an amount of approximately RMB8,985,757.61. Accordingly, the transaction contemplated under the Lease Agreement will be regarded as an acquisition of right-of-use asset by the Group and constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The highest of the applicable percentage ratio in respect of the value of right-of-use asset under the Lease Agreement is more than 0.1% but less than 5%, this acquisition of assets is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, and does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The transactions contemplated under the Integrated Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Integrated Management Services Agreement is more than 0.1% but less than 5%, the transactions are subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Tianren Hotel was held by Mr. Yan as to approximately 99.1%, each of the executive Directors Mr. Yan and his spouse, Ms. Wang has an interest in the transactions and has abstained from voting on the respective board resolutions approving the Lease Agreement, the Integrated Management Services Agreement and the proposed annual caps thereunder. Other than Mr. Yan and Ms. Wang, none of the Directors has a material interest in the Lease Agreement, the Integrated Management Services Agreement and the proposed annual caps thereunder.

INTRODUCTION

The Board announces that on 28 November 2025 (after trading hours), Tibet Huatai (as lessee), a wholly-owned subsidiary of the Company, entered into the Lease Agreement with Tianren Hotel (as lessor) to use the Property for a term of 3 years from 1 December 2025 to 30 November 2028.

Also on 28 November 2025, Tibet Huatai entered into the Integrated Management Services Agreement with Tianren Hotel, pursuant to which, Tianren Hotel agreed to provide integrated management services in relation to the Property for a term of three years from 1 December 2025 to 30 November 2028.

Details of the principal terms of and the transactions under the Lease Agreement and the Integrated Management Services Agreement are set out below.

THE LEASE AGREEMENT

Terms of the Lease Agreement

Details of the principal terms of the Lease Agreement are set out below:

Date:	28 November 2025 (after trading hours)
Parties:	(i) Tibet Huatai (as lessee); and (ii) Tianren Hotel (as lessor).
Term of the agreement:	3 years from 1 December 2025 to 30 November 2028
Description and use of the Property:	the Property located at floor 5 and floor 8 of Chengdu Tianren Hotel (成都天仁大酒店) at No. 18 Sandongqiao Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, with a total gross floor area of 2,300 square meters. The Property shall be used as office premises of Tibet Huatai.
Monthly rental:	The rent of the Property is RMB120/sq.m. per month (tax inclusive). The rent was determined after arm's length negotiations between Tianren Hotel and Tibet Huatai, taking into consideration of the prevailing market price of comparable premises in the vicinity of the Property. An independent property valuer, Beijing Shicheng Jiaye Real Estate Land Assets Evaluation Co., Ltd. 北京世誠嘉業房地產土地資產評估有限責任公司 engaged by the Group has opined that rental levels in the Lease Agreement is reasonable.
Payment arrangement:	The rent shall be paid by Tibet Huatai to Tianren Hotel every half year at the start of such half year period.
Security Deposit:	The deposit of RMB500,000 paid by Tibet Huatai to Tianren Hotel under the Existing Lease shall be treated as security deposit under the Lease Agreement.

Value of the Right-of-use Asset

In accordance with IFRS 16 "Leases", the Property leased under the Lease Agreement will be recognised as right-of-use asset of the Group in its consolidated statement of financial position for an amount of approximately RMB8,985,757.61, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement.

THE INTEGRATED MANAGEMENT SERVICES AGREEMENT

Terms of the Integrated Management Services Agreement

Details of the principal terms of the Integrated Management Services Agreement are set out below:

Date:	28 November 2025 (after trading hours)
Parties:	(i) Tibet Huatai; and (ii) Tianren Hotel.
Term of the agreement:	three years from 1 December 2025 to 30 November 2028
Services to be provided:	Tianren Hotel shall provide (i) management services in relation to the Property, including but not limited to the maintenance and management of the common parts of the property, the maintenance, management and repair of the common facilities, cleaning, security and car parking; and (ii) catering services.
Integrated service fees:	(i) Management fee of RMB26/sq.m. per month, comprised of (a) property management fee of RMB13/sq.m. per month; (b) central air conditioning fee of RMB10/sq.m. per month; and (c) utilities fee of RMB3/sq.m. per month; and (ii) Catering service fee of RMB2,800 per meal, which is calculated based on RMB35/person per meal and assuming there will be 80 persons taking meals.

Payment arrangement:	The management fees shall be paid by Tibet Huatai to Tianren Hotel every half year at the start of each half year period. The catering service fees shall be settled monthly, based on the actual number of days in such month when meals are offered, and paid by Tibet Huatai to Tianren Hotel before the 10th day of the following month.
Security Deposit:	The deposit of RMB100,000 paid by Tibet Huatai to Tianren Hotel under the existing integrated management services agreement shall be treated as the deposit under the Integrated Management Services Agreement.

Pricing policies

The integrated service fees (including the management fee and the catering service fee) were arrived at after arm's length negotiation between Tibet Huatai and Tianren Hotel taking into consideration of the prevailing market conditions and the prices announced by the government in relation to energies, such as water and electricity.

Historical Amount, Proposed Annual Caps and Basis of Determination

The total integrated service fees for management services paid by Tibet Huatai to Tianren Hotel are as follows:

	For the year ended 31 August			From the three months ended 28 November
	2023[(1)]	**2024**	**2025**	**2025[(2)]**
	(RMB)			
Management fees	517,500	702,420	719,601	180,987
Catering service fees	152,565	313,565	282,275	69,090
Total	**670,065**	**1,015,985**	**1,001,876**	**250,077**

Notes:

(1) Represents the historical transaction amount for the nine months from 1 December 2022 to 31 August 2023.

(2) Represents the historical transaction amount from 1 September 2025 to 28 November 2025.

The annual caps for the Integrated Management Services Agreement for the are set out as follows:

	For the year ending 31 August			From the three months ending 30 November
	2026[(1)]	**2027**	**2028**	**2028[(2)]**
	(RMB)			
Management fees	750,000	1,000,000	1,000,000	250,000
Catering service fees	900,000	1,200,000	1,200,000	300,000
Total	**1,650,000**	**2,200,000**	**2,200,000**	**550,000**

Notes:

(1) Represents the expected transaction amount for the nine months from 1 December 2025 to 31 August 2026.

(2) Represents the expected transaction amount from 1 September 2028 to 30 November 2028.

The proposed annual caps were determined based on the aforementioned pricing policies, adjusted by future market conditions (e.g. expected increase in unit price and inflation).

Internal Control Measures

In order to safeguard the interests of the Shareholders, the Group will adopt the following guidelines and principles in monitoring the transactions and the proposed annual caps under the Integrated Management Services Agreement:

(i) internal audit department of the Company will be responsible for monitoring the transactions contemplated under the Integrated Management Services Agreement and the annual caps thereunder, and to ensure that transactions are conducted in accordance with the terms of the Integrated Management Services Agreement and the annual caps will not be exceeded;

(ii) the Company's management will review the relevant pricing policies on a regular basis;

(iii) the Company's auditors will conduct an annual review on the pricing and annual caps of the transactions contemplated under the Integrated Management Services Agreement; and

(iv) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the transactions contemplated under the Integrated Management Services Agreement and the annual caps thereunder.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT AND THE INTEGRATED MANAGEMENT SERVICES AGREEMENT

The Property, with a considerable office space, is situated in a prime location in the downtown of Chengdu City. Considering that (i) the current office space of the Group can no longer satisfy its operation and development needs due to its space size and their locations which are far from urban area, and (ii) the considerable office space of the Property combined with comprehensive transportation network and commercial facilities, the Company considers that the Property is well-suited to provide the Group with enhanced and necessary office and premises to satisfy its daily business operation needs and enhance the operation and management capacity of the Company.

The Directors (including the independent non-executive Directors) considered that the transactions contemplated under the Lease Agreement and the Integrated Management Services Agreement were entered into in the ordinary and usual course of business of the Group, and the Lease Agreement and the Integrated Management Services Agreement (together with its proposed annual caps) have been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Lease Agreement and the Integrated Management Services Agreement (together with its proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Tibet Huatai

Tibet Huatai is a wholly-foreign owned enterprise established under the laws of PRC on 22 August 2015 and a wholly-owned subsidiary of the Company. Tibet Huatai is principally engaged in the provision of technical service, management support and consulting services.

Tianren Hotel

Tianren Hotel is a company established under the laws of the PRC on 6 July 1998, which is owned as to approximately 99.1% by Mr. Yan, and 0.9% by Yang Yan (楊艷), an independent third party as of the date of this announcement. Tianren Hotel is principally engaged in the provision of accommodation services, catering services, property management services, hotel management services and non-residential real estate leases.

LISTING RULES IMPLICATIONS

Mr. Yan is a Director and a Controlling Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Tianren Hotel was held by Mr. Yan as to approximately 99.1% as of the date of this announcement and hence an associate of Mr. Yan and a connected person of the Company.

In accordance with IFRS 16 "Leases", the Property leased under the Lease Agreement will be recognised as right-of-use asset of the Group in its consolidated statement of financial position for an amount of approximately RMB8,985,757.61. Accordingly, the transaction contemplated under the Lease Agreement will be regarded as an acquisition of right-of-use asset by the Group and constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The highest of the applicable percentage ratios in respect of the value of right-of-use asset under the Lease Agreement is more than 0.1% but less than 5%, this acquisition of assets is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, and does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The transactions contemplated under the Integrated Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratio in respect of the transactions contemplated under the Integrated Management Services Agreement is more than 0.1% but less than 5%, the transactions are subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Tianren Hotel was held by Mr. Yan as to approximately 99.1%, each of the executive Directors Mr. Yan and his spouse, Ms. Wang has an interest in the transactions and has abstained from voting on the respective board resolutions approving the Lease Agreement, the Integrated Management Services Agreement and the proposed annual caps thereunder. Other than Mr. Yan and Ms. Wang, none of the Directors has a material interest in the Lease Agreement, the Integrated Management Services Agreement and the proposed annual caps thereunder.

DEFINITIONS

"Board"	the board of Directors of the Company
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the directors of the Company
"Existing Lease"	the lease of the Property under the property lease agreement entered into between Tibet Huatai and Tianren Hotel on 30 November 2022
"Group"	the Company, its subsidiaries and its consolidated affiliated entities from time to time

"IFRS"	the International Financial Reporting Standards issued by the International Accounting Standards Board
"Integrated Management Services Agreement"	the integrated management services agreement entered into between Tibet Huatai and Tianren Hotel on 28 November 2025 (after trading hours) in relation to the provision of services related to the lease of the Property
"Lease Agreement"	the property lease agreement entered into between Tibet Huatai and Tianren Hotel on 28 November 2025 (after trading hours) in relation to the lease of the Property
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Mr. Yan"	Mr. Yan Yude (嚴玉德), one of the Controlling Shareholders and an executive Director
"Ms. Wang"	Ms. Wang Xiaoying (王小英), chairwoman of the Board and an executive Director, is the spouse of Mr. Yan
"Property"	the property leased by Tianren Hotel to Tibet Huatai pursuant to the Lease Agreement, which is located at floor 5 and floor 8 of Chengdu Tianren Hotel (成都天仁大酒店) at No. 18 Sandongqiao Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, with a total gross floor area of 2,300 square meters
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"Shareholder(s)"	holder(s) of the ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianren Hotel"	Chengdu Tianren Hotel Co., Ltd. (成都天仁大酒店有限公司), a company established under the laws of the PRC on 6 July 1998, which is owned as to approximately 99.1% by Mr. Yan, and 0.9% by Yang Yan (楊 艷), an independent third party as of the date of this announcement

"Tibet Huatai"	Tibet Huatai Education Management Consulting Co., Ltd. (西藏華泰教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 22 August 2015, and a wholly-owned subsidiary of the Company

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

Hong Kong, 28 November 2025

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. Yin Dajia.