

# DASHAN EDUCATION HOLDINGS LIMITED

## 大山教育控股有限公司

(the “Company”)

*(Incorporated in the Cayman Islands with limited liability)*

### TERMS OF REFERENCE FOR THE INVESTMENT MANAGEMENT COMMITTEE (THE “COMMITTEE”)

*(Adopted by the Company on 18 June 2020)*

#### 1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the board (the “**Board**”) of directors of the Company (the “**Director(s)**”) and shall consist of not less than three Directors.
- 1.2 The members of the Committee shall be Directors.
- 1.3 The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.
- 1.4 The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed to the Board and continue to act as a member of the Committee upon expiry of his/her term of appointment relating thereof.
- 1.5 A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee and the Board shall fill the vacancy according to clause 1.1.
- 1.6 Each member shall disclose to the Committee:
  - (i) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
  - (ii) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

## **2. CHAIRMAN**

The chairman of the Committee shall be appointed by the Board.

## **3. SECRETARY**

The company secretary (the “**Company Secretary**”) of the Company shall be the secretary of the Committee. In the absence of the Company Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

## **4. PROCEEDINGS OF THE COMMITTEE**

4.1 Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

4.2 Any resolution shall be passed by the majority votes of the members of the Committee who attend the meeting and a majority vote of the members present shall represent an act of the Committee.

### **4.3 Quorum**

4.3.1 The quorum for meetings of the Committee shall be any two members.

### **4.4 Frequency of meetings**

4.4.1 Meetings shall be held as and when the Committee considers fit and necessary. In addition, the chairman of the Committee may convene additional meeting(s) at his/her discretion.

### **4.5 Attendance and conduct of the meetings**

4.5.1 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

4.5.2 The other Directors, Company Secretary (or his/her delegate(s)), human resources officer and relevant senior management and persons(s) invited by a Committee member may attend meetings of the Committee from time to time where the Committee considers their presence necessary or appropriate to assist the Committee to perform its duties, notwithstanding that the aforesaid persons shall not have a right to vote at such meeting.

4.5.3 The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants, to advise its members.

#### **4.6 Notice of meetings**

4.6.1 A meeting of the Committee may be convened by any of its members through the Company Secretary.

4.6.2 Unless otherwise agreed by all the members of the Committee, notice (containing details of the venue, time and date of the meeting) of at least 14 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.

4.6.3 Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other invited attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

#### **4.7 Written resolutions**

4.7.1 Without prejudice to any requirement under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), written resolution signed by all members of the Committee shall be valid and effectual as if it had been passed at a meeting duly convened and held.

### **5. RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE**

5.1 The responsibilities and authorities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).

5.2 The Company (together with its subsidiaries, the “**Group**”) may invest its surplus funds or funds not designated for specific purpose or funds designated for specific purpose but application of which is not immediately required (collectively, the “**Company’s Funds**”) in accordance with the investment policies of the Company in the form of short term and liquid stocks through investing the Company’s Funds in diversified portfolio of investments products including listed or unlisted securities, unit trust funds, or such other financial investments as the Board, or the Committee or such person as may be authorised by the Board or the Committee may decide from time to time so as to preserve the value of the Company’s Funds and/or achieve capital appreciation.

5.3 The Committee should be provided with sufficient resources to perform its duties.

- 5.4 The Committee should consult the chairman of the Board and/or chief executive of the Company about their investment decisions.
- 5.5 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.6 Management of the Company is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than the information provided voluntarily by the management of the Company, the relevant member of the Committee shall make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the management of the Company.
- 5.7 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Committee if it considers necessary.
- 5.8 The duties of the Committee include the following:
- (a) to monitor the investment activities of the Group and to conduct periodical review of the investments of the Group and report to the Board;
  - (b) to review and approve the management's investment proposal together with the monthly cash budget with reference to the risk of the wealth management products;
  - (c) to provide advice to the Board on investment of wealth management products of the Company;
  - (d) to advise on investment policies of the Company;
  - (e) to set out the long-term and short-term investment goals;
  - (f) to identify, consult and engage such external professional adviser as investment manager or adviser to the Company on investment matters;
  - (g) to consider such other topics and matters relating to the investment of the Company as may be requested by the Board; and
  - (h) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by law, rules or regulations.

### ***Investment Policies***

The investment policies of the Company shall be as follows:

- (a) **Forms of Investment:** the Company's Funds may be invested in equity securities, equity-related securities, cash deposits, fixed deposits, trusts, unit trusts, mutual funds, derivatives, futures, warrants, options, bonds or debt instruments (collectively, the "**Investment Tools**") issued by enterprises listed on the Stock Exchange;
- (b) **Industries to be invested in:** the Company's Funds shall normally be invested in forms of the Investment Tools issued by any companies listed on the Stock Exchange engaged in different industries including, but not limited to, information technology, telecommunications, biological technology, manufacturing, service, property, internet-related business, financial services, entertainment business and hotel catering with a view to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company in respect of any downturn in any particular sector in which the Company has investments; where it is not to the benefit of the Company to realise such investments and the market conditions are favourable, the Company may package such investments into equity and/or equity-related products and/or derivative instruments to hedge against unfavourable conditions or to enhance yields from the investments;
- (c) **Factors to be considered in making particular investment:** the Company's Funds shall normally be invested in enterprises which are established in their respective fields and in which the Board, the Committee or such person as may be authorised by the Board or the Committee believes there are potential prospects for possible growth. In particular, the Company shall seek to identify enterprises with competitive products and concepts, strong management, high level of technical expertise and research and development capabilities, large potential markets, as well as management commitment to the long-term growth;
- (d) **Investment in entities in recovery situation:** the Company's Funds may also be invested in companies or other entities which are considered and recommended by the Board, the Committee or such person as may be authorised by the Board or the Committee, as being special or in recovery situations on a case-by-case basis, such as companies in the course of recovery situations or the shares of which are trading below their net asset value per share, which may have potential to attain growth within a short period of time and provide attractive returns to the Company;

- (e) **Additional factor(s) in making investment decision:** where possible, the Company's Funds shall be invested in entities where there is a certain degree of synergy with other investee entities and where co-operation between such entities would be of mutual benefit to each other;
- (f) **Term of investment:** the investments made with the Company's Funds are intended to be held for short term capital appreciation, depending on the market condition, financial situation of the Company and advise from such professional fund manager or investment advisers and the actual holding period shall be dependent on the return from investment and/or the prospect of the investee entities. The Company may, however, realise investments where the Board, the Committee or such person as may be authorised by the Board or the Committee believes that such realisation would be in the best interests of the Company and its shareholders as a whole or where the terms on which such realisation can be made are considered by the Board, the Committee or such person as may be authorised by the Board or the Committee to be particularly favourable to the Company; and
- (g) **Preservation of Company's Funds:** before suitable investments are identified, the Company may seek to protect the capital value of the Company's Funds by placing the funds not deployed on deposits in Hong Kong Dollars or any currency with financial institutions in Hong Kong or The People's Republic of China or investing in debt securities, money market instruments, bonds, treasury securities or other instruments denominated in any currency. The Company may also engage in transactions in options and futures which are traded on recognised securities exchanges, futures exchanges or other over-the-counter markets.

### ***Investment Restriction***

Only principal-protected product with medium risk ranking or lower can be invested after the investment proposal together with the monthly cash budget have been approved in writing by the Committee. The Company shall not make any investment which would expose the Company to unlimited liability. In addition, the Company shall not for the treasury purpose either by itself or through its wholly-owned subsidiaries or in conjunction with any connected person (as defined in the Listing Rules), take legal, or effective management control of underlying investments, and in no event shall the Company itself or through its wholly-owned subsidiaries invest in or own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers or other laws, regulations, rules, codes, orders or policies of other relevant jurisdictions as being the level of interest for triggering a mandatory general offer for all the interest in any of the investee companies/entities or any

other similar action or consequence) of the voting rights in any one company or entity, except in relation to wholly-owned subsidiaries of the Company for the sole purpose of holding investments of the Company.

### ***Investment Management***

The Board or the Committee shall be responsible for carrying out and implementation of the investment policies as set out in these terms of reference.

In carrying out or implementation of the investment policies as set out in these terms of reference, the Board or the Committee may seek advice from or engage external experts, fund managers or investment banks of good reputation, past performance and such other qualities as the Board or the Committee may think fit.

## **6. REPORTING RESPONSIBILITIES**

- 6.1 The Committee shall report to the Board on their decisions or recommendations on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on (i) findings and recommendations of the Committee and (ii) investment performance, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 6.2 On an annual basis, the Committee shall evaluate and assess the effectiveness of the Committee and the adequacy of these Committee Terms of Reference and recommend any proposed changes to the Board.
- 6.3 The record of individual attendance at the meetings of the Committee shall be prepared by the Company Secretary which shall be sent to all committee members of the Committee as soon as practicable after the conclusion of any meeting of the Committee. Minutes of meetings of the Committee shall be prepared by the Company Secretary and should record in detail the matters considered and decisions reached, including any concerns raised by members of the Committee or dissenting views expressed. Draft and final versions of minutes of meetings of the Committee should be sent to all Committee members for their comment and records respectively, in both cases within a reasonable time after the meeting.
- 6.4 Minutes of meetings of the Committee shall be kept by the Company Secretary and shall be available for inspection at any reasonable time on reasonable notice by any member of the Board.

## **7. AMENDMENTS TO TERMS AND AVAILABILITY OF TERMS**

- 7.1 The Committee shall, from time to time, review its own performance, constitution and terms of reference to ensure that it is operating effectively, and recommend any changes it considers to the Board for approval.
- 7.2 The terms may be amended, supplement or revoked by the Board from time to time taking into consideration the operations of the Committee and its contribution to the corporate governance of the Company, as well as any amendments to the Listing Rules from time to time.
- 7.3 The Committee shall make available these terms by publishing them on the websites of the Stock Exchange of Hong Kong Limited and the Company.

*Note:* If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.

For the purpose of these Terms of Reference, “senior management” means the same persons as referred to in the Company’s annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules, as such rule may be amended from time to time.