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DASHAN EDUCATION HOLDINGS LIMITED

大山教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9986)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that the Company has adopted the Scheme on 14 December 2020 in order to (i) recognise the contribution of the Eligible Persons and reward those who have made or will make valuable contribution to the Group; (ii) motivate, retain and recruit high-calibre personnel for further development of the Group; and (iii) synchronise the Eligible Persons' perspectives with Shareholders through ownership of Shares; (iv) encourage or facilitate the holding of Shares by the Eligible Persons; and (v) encourage the Eligible Persons to work diligently in achieving the strategic planning of the Company and increasing the target value of the Company.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme with the meaning under Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

As mentioned in the Company's interim report for the six months ended 30 June 2020, the Board had been considering to adopt a share award scheme in order to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had made valuable contribution to the Group. The Board is pleased to announce that the Company has adopted the Scheme on 14 December 2020. A summary of the Scheme is set out below:

PURPOSES

The specific purposes of the Scheme are to (i) recognise the contribution of the Eligible Persons and reward those who have made or will make valuable contribution to the Group; (ii) motivate, retain and recruit high-calibre personnel for further development of the Group; and (iii) synchronise the Eligible Persons' perspectives with Shareholders through ownership of Shares; (iv) encourage or facilitate the holding of Shares by the Eligible Persons; and (v) encourage the Eligible Persons to work diligently in achieving the strategic planning of the Company and increasing the target value of the Company.

DURATION AND ADMINISTRATION

Unless terminated earlier pursuant to the Scheme, the Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date.

The Scheme shall be subject to the administration of the Administrator as set out in the Scheme Rules. Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion cause to be paid to the Trustee the Contributed Amount from the Company's resources for the subscription or purchase of Shares to be held in accordance with the Scheme Rules and the Trust Deed.

OPERATION OF THE SCHEME

Grant of Awards

The Board may select any Eligible Person for participation in the Scheme as a Selected Participant and determine the number of Grant Shares to be granted to the Selected Participant at the Award Price. In the event that a Director is selected as a Selected Participant, the terms and conditions of the Grant to such Director and the number of Grant Shares thereunder shall be approved by the remuneration committee of the Board (in each case excluding any member of the remuneration committee of the Board who is the proposed Selected Participant).

No Grant shall be made to any Selected Participants and no payment (including but not limited to any Contributed Amount) shall be made to the Trustee and no directions or recommendation to acquire Shares shall be given to the Trustee under the Scheme in the following circumstances:

- (i) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until such price sensitive/inside information has been published in accordance with the Listing Rules and the inside information provisions under Part XIVA of the SFO;
- (ii) on any day on which the Company's financial results are published; and during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless there are circumstances of the Company that fall within the exceptions under the Listing Rules;

- (iii) in any circumstances which are prohibited under the Listing Rules, SFO or any other law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted.

Vesting and lapse of Awards

The Board may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Awards to be vested or credited. All of such vesting criteria and conditions (if any) and periods shall be set out in the relevant grant letter issued to each Selected Participant.

When a Selected Participant has satisfied all vesting conditions specified (if any, and as may be waived or amended from time to time) by the Board and becomes entitled to the Shares forming the subject of the Awards, the Trustee shall, pursuant to the Scheme Rules, transfer the relevant Vested Shares and/or pay the Net Proceeds and/or pay the Remaining Actual Selling Price (and in each case, if applicable, the cash, non-cash income, dividend or distributions and/or sale proceeds of non-cash and non-scrip distributions in respect of those Vested Shares) to such Selected Participant in accordance with the Scheme Rules.

Unless otherwise determined by the Board, any unvested Awards shall automatically lapse if at any time prior to the relevant date of vesting, a Selected Participant

- (i) ceases to be an Eligible Person by reason of such Selected Participant
 - (a) being terminated, or being given notice of termination, by the Group for cause;
 - (b) being summarily dismissed, or being given notice of such summary dismissal, by the Group in so far as such Selected Participant is an Employee; or
 - (c) tendering of his resignation (other than in circumstances where he is constructively dismissed);
- (ii) becomes bankrupt or fails to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally;
- (iii) has been convicted or found guilty or liable for any criminal or civil offence or regulatory sanction involving his integrity or honesty; or
- (iv) has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time.

Award Price

The Award Price shall be determined by the Board at its sole discretion.

Restrictions and limitations

Any Grant made shall be personal to the Selected Participant to whom it is made and shall not be assignable, unless as permitted in the Scheme or approved by the Board. A Selected Participant shall not have any contingent interest in the relevant Grant Shares which are referable to him/her until such Grant Shares have been vested in accordance with the Scheme. A Selected Participant shall have no rights in (i) any cash, non-cash income, dividends or distributions and/or sale proceeds of non-cash and non-scrip distributions in respect of any Lapsed Award; and (ii) any cash remaining in the Trust Fund.

The Trustee shall not exercise the voting rights in respect of any Grant Shares, Lapsed Shares or any bonus Shares or scrip Shares attributable to such Grant Shares or Lapsed Shares which are held under the Trust.

No new Shares shall be subscribed by the Trustee pertaining to either (i) an open offer of new securities; or (ii) bonus warrants issued in respect of any Shares held by the Trustee. In the event of a rights issue, the Trustee shall sell any nil-paid rights allotted to it. In the event of the issue of a bonus warrant, the Trustee shall sell the bonus warrants granted to it. The net proceeds from the sale of such rights shall be held as cash income of the Trust Fund and shall be applied in accordance with the Scheme Rules.

In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip dividend.

SCHEME LIMITS

No Shares shall be subscribed for and/or purchased pursuant to the Scheme, nor any amounts paid to the Trustee for the purpose of making such a subscription and/or purchase, if as a result of such subscription and/or purchase, the total number of Shares administered under the Scheme shall exceed 10% of the Company's share capital as at the Adoption Date.

AMENDMENT OF THE SCHEME

The Scheme may be altered in any respect by the Board provided that no alternation to the Scheme shall operate to affect adversely any subsisting rights of any Selected Participants except with the consent of either all the affected Selected Participants or the Selected Participants amounting to three-fourths in nominal value of all Awards so held by the Selected Participants on the date of the resolutions passed by the Board in approving such alternations.

TERMINATION OF THE SCHEME

The Scheme shall terminate on the earlier of the expiry of ten years commencing from the Adoption Date or such date of early termination pursuant to the Scheme Rules provided that such termination shall be without prejudice to any subsisting rights of any Selected Participant under the Scheme.

LISTING RULES IMPLICATIONS

Shares may be awarded to Eligible Participants, including directors of the Company and/or its Subsidiaries and/or other connected persons of the Company. If Shares are awarded to any director of the Company and/or its Subsidiaries and/or other connected persons of the Company, such awards may constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under Chapter 14A of the Listing Rules (including but not limited to obtaining approvals from independent Shareholders if so required) as and when appropriate.

The Trustee will become a core connected person of the Company as defined under Rule 1.01 of the Listing Rules if the Trustee holds any Shares on trust for the Eligible Persons which include connected person(s) of the Company. Accordingly, all the Shares held by the Trustee will not be counted in the public float of the Company in such circumstances. The Company will closely monitor and take appropriate measures to ensure at least 25% of the Company's total issued Shares are held by the public Shareholders from time to time.

The Trustee will become a connected person of the Company if the number of Grant Shares held by the Trustee for the benefit of the connected persons of the Company exceeds 30% of the aggregate number of the Shares held by the Trustee under the Scheme. There is no restriction in the Scheme on the aggregate interests of the Company's connected persons held by the Trustee, the Company will comply with the relevant provisions under Chapter 14A of the Listing Rules where appropriate.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme with the meaning under Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

DEFINITIONS

“Actual Selling Price” means the actual price at which the Grant Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to the Scheme Rules, the consideration receivable under the related scheme or offer

“Administrator”	means the Board and/or any duly authorised representative(s) appointed by the Company to administer the Scheme from time to time
“Adoption Date”	means 14 December 2020, being the date on which the Scheme is adopted by the Company pursuant to the approval by the Board
“Award”	means an award granted by the Board to a Selected Participant, which may vest in the form of Grant Shares or the Actual Selling Price of the Grant Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules (collectively, “Awards”)
“Award Price”	the price of per Grant Share at which the Grant Shares are granted to the relevant Selected Participant;
“Board”	means the board of Directors
“Company”	means Dashan Education Holdings Limited (大山教育控股有限公司) a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Contributed Amount”	means such amount to be contributed by the Company to the Trustee at any time as determined by the Board in its absolute discretion for the Trustee to apply the same towards the purchase or subscription of the Shares for the purpose of the Scheme
“connected person(s)”	has the meaning as defined in the Listing Rules
“core connected person(s)”	has the meaning as defined in the Listing Rules
“Directors”	means the directors of the Company, and “Director” means any one of them

“Eligible Person(s)”	means any individual, being an Employee, director (including but not limited to executive director, non-executive director and independent non-executive director of the Company), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its/their sole discretion, to have contributed or will contribute to the Group, excluding those reside in a place where (i) the award of the Grant Shares and/or vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (ii) in the view of the Board compliance with applicable laws and or regulations in such place make it necessary or expedient to exclude such Employee, in each case as determined by the Board in its absolute discretion
“Employee(s)”	means any employee (including without limitation any Director) of the Group
“Excluded Expenses”	means all and any expenses including but not limited to stamp duty, transaction levy, brokerage, tax, social security contributions, withholding tax, or other duty or expenses of whatever nature payable on the part of the relevant Selected Participant or (where applicable) his/her personal representative and/or the Trustee in respect of any sale, vesting or transfer of Shares pursuant to the Scheme (other than the consideration for the subscription or acquisition of the Grant Shares)
“Grant”	means individually or collectively, a grant of Award(s) under this Scheme
“Grant Share(s)”	means in respect of a Selected Participant, such number of Share(s) determined by the Board as an Award in accordance with the Scheme. The number of Share(s) shall be counted down to the nearest whole number (if any fragmented shares)
“Group”	means the Company and its subsidiaries from time to time
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China

“Lapsed Awards”	means such Awards which do not vest and lapse in accordance with the Scheme Rules
“Lapsed Shares”	means the Shares underlying the Lapsed Awards
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Proceeds”	means the net proceeds from the sale of the Vested Shares on the market by the Trustee as instructed by the Selected Participant or his/her personal representative for the payment of the Excluded Expenses to be paid to the relevant Selected Participant after deducting all Excluded Expenses actually incurred
“Nominee”	means Lofty Goal Holdings Limited, the nominee of the Trustee designated by the Trustee for the purpose of the Trust pursuant to the Scheme Rules. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Nominee is a party independent of and not connected with the Company and its connected persons
“Remaining Actual Selling Price”	means the remaining amount of Actual Selling Price to be transferred to the Selected Participant after deducting all Excluded Expenses
“Scheme”	means the share award scheme constituted by the rules set out in the scheme document and in the form adopted by the Company on the Adoption Date or as amended from time to time
“Scheme Rules”	means the rules of the Scheme, as amended from time to time
“Selected Participant(s)”	means any Eligible Person approved for participation in the Scheme and who has been granted any Award pursuant to the Scheme Rules
“SFC”	means the Securities and Futures Commission
“SFO”	means the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)

“Share(s)”	means the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction
“Shareholder(s)”	means the holder(s) of the Share(s)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Trust”	means the trust constituted by the Trust Deed
“Trust Deed”	means the trust deed dated 14 December 2020 entered into amongst the Company, the Trustee and the Nominee in respect of the Scheme (as restated, supplemented and amended from time to time)
“Trust Fund”	means any property held on the terms of the Trust
“Trustee”	means The Core Trust Company Limited (匯聚信託有限公司), the trustee of the Trust appointed by the Company pursuant to the Scheme Rules. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Trustee is a party independent of and not connected with the Company and its connected persons
“Vested Shares”	means any Grant Share that has been vested pursuant to the Scheme Rules

By order of the Board
Dashan Education Holdings Limited
Zhang Hongjun
Chairman

Hong Kong, 14 December 2020

As at the date of this announcement, the executive Directors are Mr. Zhang Hongjun, Mr. Shan Jingchao and Mr. Ma Wenhao; the non-executive Director is Mr. Jia Shuilin; and the independent non-executive Directors are Mr. Lui Siu Keung, Mr. Li Gang, Mr. Zhang Jian and Ms. Yang Min. This announcement is available for viewing on the website of the Company at www.dashanwaiyu.com and the website of the Stock Exchange at www.hkexnews.hk.