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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)**

## **GRANT OF AWARDS PURSUANT TO SHARE AWARD SCHEME**

Reference is made to the announcements (the “**Announcements**”) of Dashan Education Holdings Limited (the “**Company**”) dated 14 December 2020 and 21 December 2020, respectively, regarding the Company’s adoption of the Scheme. Unless the context otherwise requires, the terms used in this announcement shall have the same meanings as those defined in the Announcements.

## **GRANT OF AWARDS PURSUANT TO SHARE AWARD SCHEME**

The Board resolved to grant Awards with an aggregate of 30,000,000 award shares (the “**Award Shares**”) on 14 January 2021 (the “**Date of Grant**”), to 56 Eligible Persons (the “**Grantees**”) under the Scheme at nil Award Price, among which 17,670,000 Award Shares were granted to nine Grantees that are connected persons (the “**Connected Grantees**”) and 12,330,000 Award Shares were granted to 47 Employees that are not connected persons (the “**Non-connected Grantees**”).

The Award Shares represent approximately 3.75% of the total issued share capital of the Company as at the Adoption Date (being 800,000,000 Shares). Based on the closing price of HK\$0.960 per Share on the Date of Grant, the market value of the 30,000,000 Award Shares in aggregate is approximately HK\$28,800,000.

The number of Award Shares granted is determined after taking into account, among others, the Grantees’ positions, experience, years of service, performance and contribution to the Company, its subsidiaries and/or associated entities. The nil Award Price is determined after taking into account, among others, the past contribution made by the Grantees to the Group.

The Awards granted are subject to acceptance by the Grantees within the time as stipulated in the grant letter issued by the Company to the Grantees.

Subject to the satisfaction of the relevant condition(s) and/or performance target(s), the Award Shares shall be vested in the Grantees on the respective vesting dates (the “**Vesting Dates**”) and in the respective proportions as follows:

<b>Vesting Dates</b>	<b>% of the awarded Shares to be vested</b>
On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2021 (the “ <b>First Vesting Date</b> ”)	40
On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2022 (the “ <b>Second Vesting Date</b> ”)	30
On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2023 (the “ <b>Third Vesting Date</b> ”)	30

The Awards shall be vested on the relevant Vesting Date in accordance with the Scheme Rules and conditional upon, among others:

(i) *Group performance*

The audited revenue of the Group for the relevant period (the “**Relevant Period**”) meets the respective performance target (the “**Group Performance Targets**”) as set out below:

<b>Vesting Date</b>	<b>Relevant Period</b>	<b>Group Performance Targets</b>
First Vesting Date	Financial year ending 31 December 2021	Audited revenue of not less than RMB480,000,000
Second Vesting Date	Financial year ending 31 December 2022	Audited revenue of not less than RMB610,000,000
Third Vesting Date	Financial year ending 31 December 2023	Audited revenue of not less than RMB750,000,000

The Group Performance Targets are set to incentivise the Group to achieve a growth of approximately 25%, 59% and 95% in the audited revenue for the three years ending 31 December 2023 respectively as compared with the year ended 31 December 2019 and a compound annual growth rate of approximately 25% from 2021 to 2023. The results for the year ended 31 December 2020 were not used as reference because they were adversely affected by COVID-19.

In view of the uncertainty resulting from COVID-19 and the increasing market competition, the Directors understand that it would be a challenge to achieve the Group Performance Targets. However, if the Group Performance Targets materialise, it is expected that the adverse impact of COVID-19 on the financial results of the Group in 2020 could be countered and the market status of the Group could be further solidified and improved. The above Group Performance Targets are determined for the purpose of incentivising the Group and for the vesting of the Awards only, and shall not be taken as a forecast or estimate of the revenue or profits or losses for the Relevant Period.

*(ii) Individual performance*

In addition to the Group Performance Targets, the individual performance of the relevant Grantee during the Relevant Period is subject to the satisfactory review by the Board.

In the event that the condition(s) or performance target(s) as specified in the relevant grant letter are not satisfied or otherwise waived by the Board, the relevant portion of the Award corresponding to the relevant Vesting Date made to such Grantee shall forthwith lapse and be held by the Trustee for future Grant.

The details of Award Shares granted to the Grantees are as follows:

Name of Grantee	Position held within the Group/connected relationship	Number of Award Shares granted	% among Award Shares	% of issued share capital of the Company (approximately)
<i>Connected Grantees</i>				
Mr. Zhang Hongjun	Executive Director, Chairman and chief executive officer of the Company	9,800,000	32.67	1.23
Mr. Shan Jingchao	Executive Director	1,000,000	3.33	0.13
Mr. Ma Wenhao	Executive Director	1,000,000	3.33	0.13
Mr. Jia Shuilin	Non-executive Director	800,000	2.67	0.10
Mr. Ou Junzhan	A director and the secretary of the Communist Party Committee of a Group company	200,000	0.67	0.03

Name of Grantee	Position held within the Group/connected relationship	Number of Award Shares granted	% among Award Shares	% of issued share capital of the Company (approximately)
Mr. Zhang Junying	Chief supervisor of external affairs of the Group and a director of two of the Group companies	2,200,000	7.33	0.28
Ms. Sang Xinxiang	Head of remuneration department of human resources centre of the Group and spouse of a cousin of a Director and accordingly an associate	1,500,000	5.00	0.19
Ms. Yuan Zhaoxia	Principal of Zhengbei teaching district and spouse of a Director and accordingly an associate	170,000	0.57	0.02
Mr. Zhang Hongqi	Head of procurement department of the administrative centre of the Group	1,000,000	3.33	0.13
<b>Sub-total</b>		<b>17,670,000</b>	<b>58.90</b>	<b>2.21</b>
<i>Non-connected Grantees</i>				
47 Employees		12,330,000	41.10	1.54
<b>Total</b>		<b>30,000,000</b>	<b>100</b>	<b>3.75</b>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the Connected Grantees as detailed above, all of the Non-connected Grantees are not connected persons of the Company or its associates.

The Award Shares, being existing Shares to be purchased on the open market, will be held on trust for the Grantees by the Trustee which shall transfer the Award Shares to the Grantees on the Vesting Dates and/or pay the Net Proceeds and/or pay the Remaining Actual Selling Price to the Grantees in accordance with the Scheme Rules, if all the vesting conditions specified by the Board in the award letters issued to each Grantee are satisfied or otherwise waived. The Scheme did not impose restrictions on the subsequent sale of the Vested Shares after they are transferred to the relevant Grantee.

Save as disclosed in this announcement, none of the other Directors has a material interest in the Grant of Award Shares and has abstained from voting on such resolution. The above Grant of Award Shares as detailed above had been approved by the independent non-executive Directors and all the Directors who are also Grantees had abstained from voting on the relevant resolutions approving the Grant of the Award Shares.

## **REASONS FOR AND BENEFITS OF THE GRANT OF AWARD SHARES**

The Group is principally engaged in the provision of primary and secondary after-school education services. The Scheme forms part of the incentive scheme of the Group and the Grantees are all Directors or Employees working for the Group.

In addition, after the year-end review for 2020, the Board has updated and adjusted the business strategies for the Group for 2021 and set out new strategic objectives including performance targets, among which sale target is the most important one. The Board also took the opportunity to make the Grant in order to encourage and incentivise the Eligible Persons to work diligently in achieving the strategic plans of the Company and increasing the target value of the Company in the new year. The Board considers that the Grant of Award Shares to the Grantees will serve to recognise their contributions made to the Group and to motivate and retain them for the further and continual development of the Group.

The Grantees were selected by the Board based after considering various factors, including but not limited to, the Group's overall business objectives and future development plans, their contributions to the Group, their primary responsibilities and length of service to the Group.

In determining the number of Award Shares to be granted to each of the Grantees, the Board has considered, among others, (i) their past contributions and responsibilities; (ii) their continual contribution to future development of the Group; (iii) whether the Grant fairly reflects their respective past performances and provides sufficient motivation for their continual endeavour for the Group.

The Board considers that it is important to provide attractive incentives to reward and retain high-calibre Employees. The nine Connected Grantees are experienced in various areas (including strategic development, operation management, accounting and finance, sales and marketing, and research and development) and have been working with the Group for several years.

Among the Connected Grantees, Mr. Zhang Hongjun, being an executive Director, chairman and chief executive officer of the Company, is the core person in managing the Group's daily operations. He has led the Group in (i) formulating development strategies and plans for operation; (ii) adjusting business framework to cater for each development stage; (iii) introducing talents and the establishing training system for Employees; (iv) establishing the standardised curriculum structure; and (v) establishing the online-merge-offline (OMO) education services. He plays an essential role in the Group's growth in becoming a leading after-school education institution in Henan Province. To reflect the past contributions made by Mr. Zhang Hongjun which were paramount to the foundation, success and development of the Group, the Board considers it appropriate to grant the highest portion of Award Shares (representing approximately 32.67% of the total Award Shares granted) to Mr. Zhang Hongjun as compared with other Grantees.

In addition to Mr. Zhang Hongjun, the other eight Connected Grantees have also made extraordinary contributions to the Group's steady operation and business development with reference to their respective positions.

On the basis that (i) the Grant to the Connected Grantees aims to recognise their achievements and encourage them to make continual contribution to the Group and (ii) save for the Grant, the Company has not granted any Award as at the date of this announcement, the Directors (including the independent non-executive Directors) consider that such Grant to the Connected Grantees conforms to the current situation and development of the Group and is necessary and reasonable.

The Directors (including the independent non-executive Directors) are of the view that the Grant of Awards to the Grantees, the respective terms and conditions and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Grant of 17,670,000 Award Shares to the Connected Grantees as detailed above constitutes connected transactions of the Company under Chapter 14A of the Listing Rules. The Grant of 12,600,000 Award Shares to the four Directors as detailed above forms part of their remuneration package under their respective service contracts and is therefore, fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules. In respect of the Grant of 5,070,000 Award Shares to other Connected Grantees that are not Directors, as one or more of the applicable percentage ratios in respect of such Grant are more than 0.1% but lower than 5%, such Grant is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements according to Chapter 14A of the Listing Rules.

As mentioned in the Announcements, the Shares held by the Trustee under the Scheme would not be counted towards the public float of the Company. Taking into consideration of the shareholding of the Company as disclosed in the Announcements which remains unchanged, the Grant of Awards detailed above are within the Public Float Limit. Accordingly, it is expected that the Company would be able to maintain at least 25% of the Company's total issued Shares being held by the public Shareholders after the Grant.

As the Grant is to be satisfied by existing Shares to be purchased on the open market while observing the Public Float Limit, the Company did not propose any annual limit for issuance of new Shares under the Scheme. The Company will revisit the requirements and principles in relation to setting annual limit for issuance of new Shares under the Scheme as and when appropriate.

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

Hong Kong, 14 January 2021

*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](http://www.dashanwaiyu.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*