

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*

## **SHANGHAI GENCH EDUCATION GROUP LIMITED**

### **上海建橋教育集團有限公司**

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

**(Stock Code: 1525)**

#### **ADOPTION OF SHARE AWARD SCHEME**

#### **SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME**

The Board is pleased to announce that, on 11 December 2020, the Board approved the adoption of the Scheme. The purposes and objectives of the Scheme are (i) to recognize the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Scheme does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No approval from shareholders of the Company is required for the adoption of the Scheme.

The Board is pleased to announce that, on 11 December 2020, the Board approved the adoption of the Scheme. The Scheme does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No approval from shareholders of the Company is required for the adoption of the Scheme.

A summary of the Scheme Rules is set out below:

#### **PURPOSES AND OBJECTIVES**

The purposes and objectives of the Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

## **DURATION**

Subject to any early termination as may be determined by the Board pursuant to Scheme Rules, the Scheme shall be valid and effective from the Adoption Date to the date the last of the Awarded Shares has been vested and transferred to the relevant Selected Participant or has lapsed in accordance with the Scheme Rules provided that no Award shall be made on or after the 10th anniversary date of the Adoption Date.

## **ADMINISTRATION**

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and the terms of the Trust Deed. The Trustee shall hold the trust fund (including the Awarded Shares and related income) in accordance with the terms of the Trust Deed. The Board may from time to time issue implementation and operation manual for the Scheme.

## **SCHEME LIMIT**

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding 5% of the issued share capital of the Company as at the Adoption Date.

The maximum number of shares which may be awarded to a Selected Participant under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

## **OPERATION**

The Board may, at any time and from time to time (a) cause the Company to issue and allot new Shares to the Trustee under a General Mandate, or (b) cause to be paid an amount of cash to the Trustee for the purchase of the Shares on and/or off the market for the operation of the Scheme.

In the event that the Board decides to issue and allot new Shares to the Trustee under a General Mandate, the Trustee shall subscribe the relevant Shares from the Company at a subscription price per Share which shall not be less than 80% of the benchmarked price of the Shares as set out in Rule 13.36(5) of the Listing Rules.

In the event that the Board decides that the Trustee shall acquire Shares on and/or off the market, the Trustee shall purchase the relevant Shares on the market at the prevailing market price or purchase the relevant Shares off the market at a purchase price per Share which shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

## **Award of Awarded Shares**

Subject to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Eligible Participant for participation in the Scheme as a Selected Participant.

In determining the number of Awarded Shares for a Selected Participant, the Board may take into consideration matters including (without limitation), the general financial condition of the Group and the rank and performance of the relevant Selected Participant.

The Board is entitled to impose any conditions (including, without limitation, the performance, operating and financial targets and other criteria, if any, to be satisfied by the Selected Participant), as it deems appropriate in its sole and absolute discretion before the Awarded Shares can vest. The Board shall inform (i) such Selected Participant the number of Awarded Shares, the vesting conditions and the vesting schedule and (ii) the Trustee the relevant information of the Selected Participant and the relevant conditions of the Awarded Shares.

Where any grant of Awarded Shares is proposed to be made to any Selected Participant who is a Director (including any independent non-executive Director), such grant must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable unless otherwise exempted under the Listing Rules.

Any Award made under the Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable and, subject to the Scheme Rules, no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to such Award or the related income or any of the Returned Shares under the Scheme prior to the Vesting Date.

## **Vesting of Awarded Shares**

Subject to the terms and conditions of the Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Participant pursuant to the provision of the Scheme Rules shall vest in such Selected Participant in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant on the Vesting Date(s), provided that the Selected Participant remains at all times after the grant of the Award and on each relevant Vesting Date(s) an Eligible Participant.

Where any Awarded Shares and the related income which is in the form of Shares are not vested in any Selected Participant for whatever reasons in accordance with the Scheme Rules, all such unvested Awarded Shares and the related income shall become and for all intents and purposes be deemed to become the Returned Shares for the purposes of the Scheme and in accordance with the Scheme Rules.

In respect of a Selected Participant who retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his retirement with the relevant member of the Group.

### **Disqualification of Selected Participant**

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant under the following circumstances:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

### **Lapse of Award**

#### ***(1) Total Lapse***

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Scheme, the Award shall, unless the Board otherwise agrees, lapse forthwith and the Awarded Shares of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Scheme:

- (i) the relevant Selected Participant dies or ceases to be an Eligible Participant;
- (ii) the Subsidiary by which a Selected Participant is employed ceases to be a Subsidiary of the Company (or of a member of the Group); or

- (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company.

## **(2) *Partial Lapse***

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Scheme, the relevant part of the Award made to such Selected Participant shall, unless the Board otherwise agrees, lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Scheme:

- (i) a Selected Participant is found to be an Excluded Participant; or
- (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period.

## **Restrictions**

No Award shall be made by the Board pursuant to the Scheme Rules and no Shares or payment (as the case may be) shall be delivered or made to the Trustee and no instructions to acquire Shares and allot new Shares shall be given to the Trustee under the Scheme where any director of the Company is in possession of inside information in relation to the Group or where dealings in Shares by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

## **ALTERATION OF THE SCHEME**

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Participant under the Scheme Rules. Written notice of any amendment to the Scheme shall be given to all Selected Participants and the Trustee.

## **VOTING RIGHTS**

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any).

## **TERMINATION**

The Scheme shall terminate on the earlier of: (i) the date the last of the Awarded Shares granted prior to the 10th anniversary of the Adoption Date has been vested and transferred to the relevant Selected Participant or has lapsed in accordance with the Scheme Rules; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Scheme.

Upon termination of the Scheme, all Shares remaining in the trust fund of the Trust shall be sold by the Trustee. The net proceeds of aforesaid sale such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares mentioned above).

## **SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME**

On 11 December 2020, the Board also resolved to provide from time to time but in any event a total sum of not exceeding HK\$100 million for the Trustee to purchase existing Shares (the “**Proposed Purchase**”) at appropriate time and hold such Shares for future award of Shares under the Scheme.

The Board believes that the current share price of the Company and the trading level of the Shares significantly undervalues the Company’s performance and underlying value, which represents a good opportunity to acquire Shares for future award of Shares under the Scheme. The Company is confident in its own business outlook and prospects. The Shares purchased will be provided as the Shares for the Scheme to continue providing incentive to certain Eligible Participants in the future.

The Board believes that the Proposed Purchase as incentive will create value for the Shareholders, and healthy current financial position of the Group enables the Company to provide the necessary funding to the Trustee to carry out the Proposed Purchase while maintaining sufficient financial resources for continued growth of the Group’s operations.

Based on the closing price of the Shares as of the date of this announcement, the maximum number of Shares in board lot that can be purchased is 17,123,000 Shares, which represents approximately 4.13% of the issued share capital of the Company as at the date of this announcement.

As at the date of this announcement, no Shares have been awarded pursuant to the Scheme. The Board will from time to time review and determine at its absolute discretion such number of the Shares to be awarded with such vesting conditions as it may deem appropriate and the number of Shares to be further purchased from the market under the Scheme.

## **DEFINITIONS**

|                 |   |
|-----------------|---|
| “Adoption Date” | 11 December 2020, being the date on which the Scheme Rules are adopted by the Board for the establishment of the Scheme |
| “Award”         | an award of Shares by the Board to a Selected Participant pursuant to the Scheme Rules                                  |

|                        |  |
|------------------------|--|
| “Awarded Share(s)”     | in respect of a Selected Participant, such number of Shares determined by the Board and granted to such Selected Participant pursuant to the Scheme Rules  |
| “Board”                | the board of Directors or a committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of Directors to administer the Scheme   |
| “Company”              | Shanghai Gench Education Group Limited (上海建橋教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 May 2018, the shares of which are listed on the Stock Exchange   |
| “Director(s)”          | director(s) of the Company   |
| “Eligible Participant” | (i) an employee (whether full time or part time), executive or officer, (ii) a director (including any executive, non-executive and independent executive director), or (iii) any consultant or adviser (whether professional or otherwise being engaged whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), of any member of the Group who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group |
| “Excluded Participant” | any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant  |
| “General Mandate”      | the general mandate granted or to be granted by the shareholders of the Company to the Directors at general meetings of the Company from time to time to allot, issue or otherwise deal with Shares in accordance with the Listing Rules   |
| “Group”                | our Company, its subsidiaries and consolidated affiliated entities from time to time   |
| “HK\$”                 | Hong Kong dollars, the lawful currency of the time being of Hong Kong  |
| “Hong Kong”            | the Hong Kong Special Administrative Region of the PRC   |

|                           |  |
|---------------------------|--|
| “Listing Rules”           | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time  |
| “Returned Shares”         | such Awarded Shares or the related income which are not vested and/or forfeited in accordance with the terms of the Scheme or such Shares being deemed to be Returned Shares in accordance with the terms of the Scheme and the Trust Deed |
| “Scheme”                  | the “Gench Share Award Scheme” of the Company constituted by the Scheme Rules  |
| “Scheme Rules”            | the rules relating to the Scheme, as approved and adopted by the Board on the Adoption Date in its present form or as amended from time to time  |
| “Selected Participant(s)” | Eligible Participant(s) selected by the Board pursuant to the Scheme Rules for participating in the Scheme   |
| “SFO”                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “Share(s)”                | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Subsidiary”              | a company which is for the time being and from time to time a subsidiary of the Company or an affiliated entity operated through contractual arrangements  |
| “Trust”                   | the trust constituted by the Trust Deed  |
| “Trust Deed”              | a trust deed dated 11 December 2020 and entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time)   |
| “Trustee”                 | CMB Wing Lung (Trustee) Limited, and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed   |
| “Vesting Date”            | in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant in accordance with the Scheme Rules   |



“%”

per cent

By order of the Board  
**Shanghai Gench Education Group Limited**  
**Zhou Xingzeng**  
*Chairman*

Shanghai, 11 December 2020

*As at the date of this announcement, our executive Directors are Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie, our non-executive Directors are Mr. Zhao Donghui and Mr. Du Jusheng and our independent non-executive Directors are Mr. Chen Baizhu, Mr. Hu Rongen and Ms. Liu Tao.*