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天立教育国际控股有限公司
Tianli Education International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1773)

ADOPTION OF THE RESTRICTED SHARE AWARD SCHEME

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The Board is pleased to announce that on the 17 December 2018, it has resolved to adopt the Scheme, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme.

For the avoidance of any doubt, no new Share(s) will be issued and allotted by the Company pursuant to the Scheme.

SUMMARY OF THE SCHEME RULES

(1) Purpose and Objective

The Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Group's key management personnel including Directors and senior management. The purpose and objective of the Scheme is (i) to recognize and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the Selected Participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares.

(2) Term of the Scheme

The Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years or until such date of early termination as determined by the Board, whichever is the earlier, after which period no further Award Shares shall be granted or accepted, but the provisions of the Scheme shall remain in full force and effect in order to give effect to the vesting of Award Shares granted and accepted prior to the expiration or termination of the Scheme.

(3) Eligible Participants for the Scheme

Pursuant to the Scheme, the Board may, from time to time, in its absolute discretion, decide the Selected Participants after taking into various factors as they deem appropriate and determine the number of Award Shares to be granted to each of the Selected Participants. The Eligible Participants include Directors, senior management, managerial staff, school district principals (學區校長), school sector principals (學段校長) and school reserve senior executive (學校後備高管) of the Group.

(4) Maximum number of Award Shares

The maximum number of Award Shares that may be granted under the Scheme in aggregate shall be no more than 75,000,000 Shares.

(5) Administration of the Scheme

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The Board may act through its authorised representative and has duly authorised the chief executive officer of the Company to give instructions or notices to the Trustee on matters in connection with the operation and administration of the Scheme and the Trust. The Trustee shall hold the Shares and the income derived therefrom in accordance with the Scheme Rules and the terms of the Trust Deed. The power of the Board includes and is not limited to:

- (i) construe and interpret the Scheme, make factual determinations with respect to the administration of the Scheme, further define the terms used in the Scheme; and prescribe, amend and rescind rules and regulations relating to the administration of the Scheme or the award of Award Shares;
- (ii) determine the persons who will be granted Award Shares, eligibility requirements, the number and Grant Price of the Award Shares, and Restrictions applicable to such Award Shares;
- (iii) make such appropriate and equitable adjustments to the terms of Award Shares as it deems necessary; and
- (iv) amend, add to and/or delete any of the provisions of the Scheme Rules.

(6) Operation

The Board may, from time to time, in its absolute discretion select the Selected Participants after taking into consideration various factors as they deem appropriate and determine the number and the Grant Price of Award Shares to be granted to each of the Selected Participants. In determining the Grant Price for each Selected Participant, the Board shall take into consideration matters, including but not limited to, the Selected Participant's position, experience, years of service, performance and contribution to the Group and the market price of the Shares.

Pursuant to the Scheme Rules, the Board shall cause to pay the Trustee the purchase price and the related expenses from the Group's resources for the Award Shares and the Trustee shall apply the purchase price to purchase from the market all of the Award Shares to be awarded under the Scheme and shall hold such Shares until they are vested with the Selected Participants in accordance with the Scheme Rules and the Trust Deed. For the avoidance of doubt, all Shares purchased as aforesaid shall only be used for allocation to the Selected Participants in accordance with the Scheme Rules.

(7) Restrictions on Award Shares

The Award Shares and any rights and interests (including voting rights) therein may not be enjoyed, sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by the Selected Participants before the Award Shares are vested. The Board may also impose additional Restrictions as it deems appropriate and set out the same in the Award Notice.

(8) Vesting and lapse of Award Shares

A Selected Participant shall be entitled to receive the Award Shares held by the Trustee in accordance with the following vesting schedule and the Selected Participants shall be responsible for all the taxes, stamp duty, levies and charges applicable to the grant and vesting of the Award Shares:

- i. 10% of a Selected Participant's Award Shares shall become vested upon each of the first anniversary, the second anniversary, the third anniversary, the fourth anniversary and the fifth anniversary after the grant of the Award Shares; and
- ii. 50% of a Selected Participant's Award Shares shall become vested upon the sixth anniversary after the grant of the Award Shares.

Vesting of the Award Shares will be conditional on the Selected Participant remaining as an employee of the Group until and on each of the relevant Vesting Date and his/her execution of the relevant documents to effect the transfer from the Trustee. In the event that the Selected Participant ceases to be an employee of the Group before all Award Shares are vested, the Trustee shall repurchase the unvested Award Shares at the Repurchase Price from the resources contributed by the Group. The repurchased Shares shall be held under the Trust and be granted to other Selected Participant(s) as instructed by the Board.

If there occurs any special circumstances which may affect the eligibility of the Selected Participant or the vesting of Award Shares, the Award Shares shall be dealt with in accordance with the Scheme Rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such Award Shares should be handled.

(9) Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust including but not limited to the Award Shares.

(10) Termination

Upon the termination of the Scheme, the Trustee shall continue to hold the unvested Award Shares on trust for the Selected Participant(s).

After all the granted Award Shares are vested or repurchased in accordance with the Scheme Rules, all remaining Shares held by the Trustee will be sold and all net proceeds (after deducting all fees, costs and expenses of the Trustee) will be transferred back to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company and the Company shall not hold any Shares in any other way whatsoever.

(11) Alteration of the Scheme

The Scheme may be altered in any respect from time to time by a resolution of the Board.

LISTING RULES IMPLICATIONS

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required to adopt the Scheme.

The Trustee will become a connected person of the Company if the number of Awarded Shares held by the Trustee for the benefit of the connected persons of the Company exceeds 30% of the aggregate number of the Awarded Shares held by the Trustee. 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.

In the event that the Board selects a Director as a Selected Participant for the Scheme, the grant of the Award Shares pursuant to the Scheme may constitute a connected transaction under Chapter 14A of the Listing Rules. However, given the grant of the Award Shares to a Director will form part of the remuneration of the relevant Director under his/her service contract, such grant of Award Shares is exempted from all the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules. However, any grant of Award Shares to any Director shall be subject to the prior approval of the independent non-executive Directors and the remuneration committee of the Board.

DEFINITIONS

“Adoption Date”	17 December 2018, being the date on which the Board adopted the Scheme
“Award Notice”	a notice to be sent by the Board to the Selected Participants upon the making of an award under the Scheme pursuant to the Scheme Rules
“Award Shares”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award Notice
“Board”	the board of directors of the Company

“Company”	Tianli Education International Holdings Limited (天立教育國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange of Hong Kong Limited (Stock Code: 1773)
“Director(s)”	the director(s) of the Company
“Eligible Participants”	key management personnel of the Group including Directors, senior management, managerial staff, school district principals (學區校長), school sector principals (學段校長) and school reserve senior executive (學校後備高管) of the Group
“Grant Price”	the price per Award Share payable by the Selected Participant which will be specified in the Award Notice
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Price”	shall mean the amount calculated based on the following formula:– $[(A) \times (B)] \times \{ 1 + 15\% \times (\text{holding days per Selected Participant}) / 365 \}$ <p>A: the Grant Price paid by each Selected Participant as set out in the Award Notice</p> <p>B: number of unvested Award Shares</p>
“Restrictions”	time-based or other restrictions and/or other criteria and conditions in relation to the Award Shares as imposed by the Board from time to time
“Scheme”	the restricted share award scheme of the Company adopted by the Board whereby awards of Shares may be made to Selected Participants (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Selected Participant(s)”	means Eligible Participant(s) selected by the Board in accordance with the terms of the Scheme
“Scheme Rules”	the rules relating to the Scheme adopted by the Board
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Trust”	the trust constituted under the Trust Deed from which Award Shares may be granted to a Selected Participant in accordance with the Scheme Rules

“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee (as restated, supplemented and amended from time to time) as trustee in respect of the appointment of the Trustee for the administration of the Scheme
“Trustee”	The Core Trust Company Limited (匯聚信託有限公司) (which is independent of and not connected with the Company), being appointed by the Company for the administration of the Scheme, or any additional or replacement trustee(s)
“Vesting Date”	The date on which any Award Shares held by the Trustee on behalf of a Selected Participant pursuant to the Scheme Rules is vested in such Selected Participant in accordance with the vesting schedule as set out in the Award Notice
“%”	per cent

By the order of the Board of directors
Tianli Education International Holdings Limited
Luo Shi
Chairman, Executive Director and Chief Executive Officer

The PRC, 17 December 2018

As at the date of this announcement, the Board comprises Mr. Luo Shi as chairman and executive director, Ms. Yang Zhaotao and Mr. Wang Rui as executive directors, Mr. Tian Mu and Mr. Shen Jinzhou as non-executive directors and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive directors.