

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.

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)

SUPPLEMENTAL ANNOUNCEMENT ADOPTION OF SHARE AWARD SCHEME

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

The Company would like to provide further information to its Shareholders and potential investors in relation to the Scheme.

OPERATION OF THE SCHEME

The Company would like to clarify that the primary purpose of adopting the Scheme on 14 December 2020 was to provide the framework for its incentive plan to award the Employees, directors and other personnel that have made or will make valuable contributions to the Group. As at the date of this announcement, the Company has not formulated details of the Grants of Awards and no Share has been or proposed to be issued, received and/or purchased to satisfy any Award and no specific Award has been or proposed to be granted under the Scheme. The Company will make further announcement in such regard when it finalises the Grants of Awards.

Pursuant to the Scheme Rules, the Board may at any time during the term of the Scheme and for the Purpose of the Trust:

- (i) instruct and procure the Trustee to subscribe for new Shares either under its available general mandate on the relevant date of Grant (the “**Grant Date**”) or under a specific mandate approved or to be approved by the Shareholders at such subscription price as the Board may direct; and/or

- (ii) instruct and procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) at such range of purchase price as the Board may direct or authorise.

For the avoidance of doubt, any new Shares to be subscribed by the Trustee under the Scheme will be issued under the available general mandate in effect on the Grant Date. Only when the number of the new Share to be subscribed exceeds the available general mandate, the Board will seek a specific mandate to be approved by the independent Shareholders to cover each Grant to be satisfied by new Shares that falls outside of the available general mandate. In any event, the Company will comply with the announcement, Shareholders' approval and other relevant requirements under the Listing Rules if the Awards are to be satisfied by issue and subscription of new Shares.

The Board will determine the Awards and identify the specific grantees of the Awards before instructing the Trustee to subscribe any new Shares or receive or purchase any existing Shares to satisfy the Award under the Scheme.

As at the date of this announcement, the Company has not yet made detailed plan on the grantees, the number of Shares to be subject to the Awards, and what number or to what extent the Shares are to be satisfied by existing Shares or new Shares. Accordingly, the Company was not able to provide relevant details in the Announcement or in this announcement. The Company will further announce details of each grant of Awards under the Scheme and how they will be satisfied when any plan in such regard is finalised.

SCHEME LIMIT

As disclosed in the Announcement, the total number of Shares to be awarded under the Scheme shall not exceed 10% of the Company's issued Shares as at the Adoption Date (the "**Scheme Limit**").

As mentioned in the Announcement, the Shares held by the Trustee under the Scheme would not be counted towards the public float of the Company. To the best knowledge of the Directors, the Company's direct substantial shareholders are Lucky Heaven International Limited ("**Lucky Heaven**") and Bai Tai Investments Limited ("**Bai Tai**"), which together held an aggregate of 568,420,800 Shares, representing approximately 71.05% of the entire issued Shares of the Company as at the date of this announcement. As a result, to ensure at least 25% of the Company's total issued Shares are held by the public shareholders, the total Shares to be administered under the Scheme shall not exceed 3.95% of the total issued Shares of the Company (the "**Public Float Limit**"), assuming there is no change in the shareholding of Lucky Heaven and Bai Tai. The Company considers this is in effect also a limit on the amount of Shares to be administered under the Scheme.

The Company appreciates that if the Awards are to be satisfied by new Shares, there will be diluting effect on the shareholding of the Shareholders. However, the Company believes that the Scheme Limit and the Public Float Limit would be sufficient to contain such diluting effect. Further, as the new Shares to satisfy any Awards will be issued under available general mandate in effect at the time of the relevant Grant or a specific mandate to be approved by the Shareholders for each Grant, Shareholders would be able to evaluate the relevant diluting effect before they vote in respect of the relevant mandate.

As at the date of this announcement, the Company does not have detailed plan on the number of Shares and to what extent the Shares under the Scheme are to be satisfied by new Shares. As a result, the Company did not propose any annual limit for issuance of new Shares under the Scheme. If the Company decides to adopt any annual limit, the Company will (i) take into consideration of the principles set out in HKEx-LD40-2 and HKEx-LD40-3 when determining the annual limit, (ii) announce details of the relevant annual limit and the basis of determination thereof, and (iii) seek annual approval from Shareholders for such annual limit.

LAPSED SHARES

The primary purpose of the Scheme is to award the Employees, directors and other personnel that have made or will make valuable contributions to the Group. Accordingly, in case there is any Lapsed Award, the Trustee shall hold the Lapsed Shares subject to future Grants to be made by the Board in its discretion.

ELIGIBLE PERSONS

As disclosed in the Announcement, the Board may grant the Awards to any Eligible Person including Employee, director as well as officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider (the “**Non-employee Eligible Persons**”) of any member of the Group or any affiliate of the Company.

It is the Company’s primary intention to grant the Awards to the Employees and directors of the Group. That being said, the Company has adopted a wider definition of “Eligible Persons” to enable flexibility when there is the need to attract talented personnel outside the Group. As at the date of this announcement, the Board has not identified any Eligible Person for the grant of any Award.

Pursuant to the Scheme Rules, an “affiliate” of the Company means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of the holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an associated company of the holding company of the Company; or (i) an associated company of the Company; or (j) associated company of controlling shareholder of the Company.

The Eligible Persons under the Scheme includes the Non-employee Eligible Persons because:

- (i) they also have made or will make valuable contribution to the development of the Group; and
- (ii) the Company may from time to time want to attract the high-calibre Non-employee Eligible Persons to work with the Group as an Employee. The Company may determine such Award to vest subject to such Non-employee Eligible Persons entering into an employment agreement with the Group and stay for a certain period of time as required by the relevant agreement.

The Company will carefully assess the performance and contributions the Non-employee Eligible Persons have made or will make to the Group, and formulate specific criteria for each Selected Participant as vesting condition. As at the date of this announcement, the Board has not set any performance target for the Non-employee Eligible Persons to be eligible for the Award.

The Company has also considered adopting a share option scheme and other cash based incentives to reward the Non-employee Eligible Persons. However, compared with the other alternatives, under the Share Award Scheme,

- (i) the Company may have more control over the Awards by determining the Award Price, vesting conditions, vesting period and the manner of releasing the Vested Shares (i.e. whether in the form of Shares or in cash); and
- (ii) under the circumstances where it is not practicable for the grantee to hold the Shares directly, the Board may instruct the Trustee to pay the Remaining Actual Selling Price to the grantee instead of transferring the relevant Shares.

In light of the above and having considered that attracting and recruiting high-calibre personnel who are not yet an Employee are of importance to the Group's further development, the Board is of the view that including the Non-employee Eligible Persons in the coverage of the Scheme is a preferable approach and could serve the intended purpose of the Scheme.

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

Hong Kong, 21 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.