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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)

DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENT TO THE EQUITY TRANSFER AGREEMENT

The Board wishes to announce that on 22 April 2022, the Initial Transferee, a wholly owned subsidiary of the Company, the New Transferee, a Consolidated Affiliated Entity, the Transferors and the Target Company, entered into the Supplemental Agreement, pursuant to which, the rights and obligations of the Initial Transferee under the Equity Transfer Agreement are transferred to the New Transferee, for the purpose of acquiring from the Transferors an aggregate of 60% of the total equity interest of the Target Company after the Capital Reduction, subject to the terms and conditions of the Equity Transfer Agreement. Thereafter, the Initial Transferee ceases to have any rights and obligations under the Equity Transfer Agreement.

Save as amended by the Supplemental Announcement, all other terms and conditions of the Equity Transfer Agreement shall remain unchanged.

INTRODUCTION

Reference is made to the Announcement in relation to the Equity Transfer Agreement and the Acquisition contemplated thereunder.

As disclosed in Announcement, the Initial Transferee, the Transferors and the Target Company, entered into the Equity Transfer Agreement, pursuant to which, among others, the Initial Transferee agreed to acquire from the Transferors an aggregate of 60% of the total equity interest of the Target Company after the Capital Reduction, at the Consideration of RMB1,000,000.

The Board wishes to announce that on 22 April 2022, the Initial Transferee, a wholly owned subsidiary of the Company, the New Transferee, a Consolidated Affiliated Entity, the Transferors and the Target Company, entered into the Supplemental Agreement, pursuant to which, the rights and obligations of the Initial Transferee under the Equity Transfer Agreement are transferred to the New Transferee, for the purpose of acquiring from the Transferors an aggregate of 60% of the total equity interest of the Target Company after the Capital Reduction, subject to the terms and conditions of the Equity Transfer Agreement.

THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are set out below:

- Date:** 22 April 2022
- Parties:**
- (a) the Initial Transferee;
 - (b) the New Transferee;
 - (c) the Transferors; and
 - (d) the Target Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, as at the date of this announcement, the Transferors are the ultimate beneficial owners of the Target Company and each of them is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the Supplemental Agreement, all rights and obligations of the Initial Transferee under the Equity Transfer Agreement are transferred to the New Transferee for the purpose of acquiring from the Transferors an aggregate of 60% of the total equity interest of the Target Company after the Capital Reduction, at the Consideration of RMB1,000,000, subject to the terms of the Equity Transfer Agreement.

Thereafter, the Initial Transferee ceases to have any rights and obligations under the Equity Transfer Agreement.

Save as amended by the Supplemental Announcement, all other terms and conditions under the Equity Transfer Agreement shall remain unchanged.

Upon completion of the Acquisition, the Group shall hold a total of 60% of the equity interest in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Confirmation from the Parties

The Initial Transferee has confirmed, and the New Transferee, the Transferors and the Target Company have agreed that the Initial Transferee did not breach any contractual terms of the Equity Transfer Agreement prior to the transfer of its rights and obligations to the New Transferee.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

As disclosed in the Announcement, the Group planned to expand its business portfolio to cover, among others, vocational education targeting high school graduates and adults. As the Target Group is principally engaged in the provision of vocational training and technical education for adults in relation to computer science and information technology, the Acquisition represents one step further to the Group's plan in expanding and developing its business in the area of vocational education training.

Upon further due diligence on the Target Group and for prudent sake, the Group, with the assistance of its PRC legal advisers, conducted an interview with the Department of Human Resources and Social Security of Henan Province (河南省人力資源和社會保障廳) ("**DHRSS Henan**"), where it was revealed that in respect of vocational training and technical education: (i) foreign investors must establish and operate the vocational education institution through a sinoforeign joint venture with a domestic partner (the "**Sino-foreign Education Institution(s)**") and such foreign investors must be a foreign education institution with relevant qualification and experience (and hold less than 50% of the capital in a Sino-foreign Education Institution (the "**Foreign Ownership Restriction**")); and (ii) there had been no precedents of approving a Sino-foreign Education Institution offering vocational training and technical education and they do not expect to approve the establishment of a Sino-foreign Education Institution for control of education quality. As a result, the Group will not be permitted to acquire the Target Interest through the Initial Transferee, its wholly foreign owned subsidiary.

In view of the above, the Group decided to acquire the Target Interest through the New Transferee, a Consolidated Affiliated Entity controlled by the Group through the Contractual Arrangements, which will allow the Group to consolidate the results of the Target Company with those of the Group as well as to minimise the risk of violating the Foreign Ownership Restriction. As advised by our PRC Legal Advisors, the Contractual Arrangements will remain valid, effective and legally binding after completion of the Acquisition.

The Board is of the view that the terms of the Supplemental Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Supplemental Agreement is in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, Unless otherwise defined as follows, capitalized terms used in this announcement shall have the same meaning given to them in the Announcement.

“Announcement”	the announcement of the Company dated 14 February 2022
“Consolidated Affiliated Entity(ies)”	an entity or the entities controlled by our Company through the Contractual Arrangements which comprised
“Contractual Arrangements”	the arrangements under the Structured Contracts, details of which are described in the section headed “Structured Contracts” in the Prospectus
“Initial Transferee”	Zhengzhou Dashan Yun Xiao Technology Company Limited* (鄭州大山雲效科技有限公司), a wholly owned subsidiary of the Company
“New Transferee”	Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司), a Consolidated Affiliated Entity
“Prospectus”	The prospectus of the Company dated 30 June 2020

“Supplemental Agreement” the supplemental agreement dated 22 April 2022 entered into by the Initial Transferee, New Transferee, Transferors and the Target Company in relation to the Equity Transfer Agreement

“Target Business” The principal business as operated by the Target Group

By order of the Board
Dashan Education Holdings Limited
Zhang Hongjun
*Chairman, Chief Executive Officer
and Executive Director*

Zhengzhou, 22 April 2022

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.

* *For identification purposes only*