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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)

PROFIT WARNING FOR 2021 ANNUAL RESULTS AND BUSINESS UPDATE

This announcement is made by Dashan Education Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 11, 22 and 25 July 2021, 13, 22 and 27 August 2021, 10 September 2021 and 14 February 2022, respectively (the “**Announcements**”). Unless the contexts require otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to inform the Shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (“**FY2021**”) and assessment of the latest information currently available to the Board, it is expected that the Group will record a net loss of more than RMB50 million for FY2021, compared with the net profit of approximately RMB2.1 million for the year ended 31 December 2020.

The Board considers that the main reasons for the expected net loss of the Group for FY2021 are as follows:

- (i) the Suspended Centres were suspended since late June 2021 for regular safety screening until further approval by the local authorities;
- (ii) the Group temporarily closed its self-operated teaching centres in Zhengzhou city as a result of the severe flooding in Henan Province since 21 July 2021;

- (iii) physical classes in the Group's self-operated teaching centres were suspended since 31 July 2021 as a result of the COVID-19 Resurgence in Henan Province; and
- (iv) the Group has closed a majority of its self-operated teaching centres for the Existing Business since August 2021 as a result of the restrictions on the Existing Business imposed by the implementation of the Opinion, where the Group has been carefully considering the plan to reorganise its assets and resources for potential new businesses.

The information contained in this announcement in relation to FY2021 is only a preliminary assessment by the management based on the unaudited consolidated management accounts of the Group which have not been reviewed by the Company's auditors or the Audit Committee. Therefore, the actual results of the Group for FY2021 may be different from those contained in this announcement. Further details of the Group's financial results and performance for FY2021 will be disclosed in the Company's annual results announcement which is expected to be published by the end of March 2022.

BUSINESS UPDATE

As disclosed in the announcement dated 25 July, 27 August and 10 September 2021, the Group has wound down its Existing Business to fully comply with the policy under the Opinion issued by the PRC Government. On the other hand, the Group has started to implement its new business plan for the provision of the following types of services, which are (i) extracurricular programmes for personal attainment in arts, sports and coding programming targeting children and teenagers; (ii) overseas education consultation; and (iii) vocational education targeting high school graduates and adults.

The Group has started organic growth of its operation in relation to extracurricular programmes and overseas education consultation. As at the date of this announcement, the Group has established and started its operation in seven training centres to provide extracurricular classes in sports and one centre in Zhengzhou City to provide overseas education consultation. Further, the Group is at an advance stage of preparation in relation to its extracurricular programmes in dancing, arts and programming.

In relation to vocational education, the Group planned to achieve the expansion through selective acquisitions of or strategic cooperation with established operation in the industry. As disclosed in the announcement of the Company dated 14 February 2022, the Group has entered into an Equity Transfer Agreement with independent third parties on 14 February 2022 for the acquisition of 60% equity interest in the Target Company, which is principally engaged in the provision of vocational training and technical education for adults in relation to computer science and information technology. As at the date of this announcement, completion of the Acquisition has not yet taken place.

The Group will continue to actively explore opportunities and monitor the regulatory environment which may have material effects on our business operations and financial position and adjust its business plan from time to time, including but not limited to re-allocation of resources such as proceeds from the listing of its Shares on the Stock Exchange. The Group will make further announcement in compliance with the Listing Rules when a detailed plan is formulated.

Shareholders of the Company and potential investors are advised to exercise caution when dealing with the shares of the Company.

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

Zhengzhou, 16 March 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.