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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)

FULFILMENT OF THE RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

The Board is pleased to inform the Shareholders and potential investors that the Company has fulfilled all the Resumption Guidance given by the Stock Exchange.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 2 September 2024.

This announcement is made by Dashan Education Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (A) the announcements of the Company dated (i) 29 March 2023 in relation to, among other things, the delay in publication of the 2022 Audited Annual Results; (ii) 19 April 2023 in relation to the establishment of the SIC; (iii) 9 May 2023 in relation to the Resumption Guidance; (iv) 23 May 2023 in relation to the resignation of Auditor; (v) 25 May 2023 in relation to the appointment of Auditor; (vi) 29 May 2023 in relation to the appointment of AUP Professionals; (vii) 29 June 2023 in relation to the quarterly update on suspension of trading; (viii) 31 August 2023 in relation to the delay in publication of the 2023 Interim Results and delay in despatch of the 2023 Interim Report; (ix) 29 September 2023 in relation to the quarterly update on suspension of trading; (x) 29 December 2023 in relation to the quarterly update on suspension of trading; (xi) 28 March 2024 in relation to the quarterly update on suspension of trading and delay in publication of the 2023 Audited Annual Results and delay in despatch of the 2023 Annual Report; (xii) 29 May 2024 in relation to the key findings of the AUP Report and Internal Control Review; (xiii) 28 June

2024 in relation to the quarterly update on suspension on trading; (xiv) 29 July 2024 in relation to the 2022 Audited Annual Results, 2023 Interim Results and 2023 Audited Annual Results; and (xv) 13 August 2024 in relation to the interim results of the Group for the six months ended 30 June 2024 (collectively, the “**Announcements**”); and (B) (i) the 2022 Annual Report, 2023 Interim Report and 2023 Annual Report published on 5 August 2024; and (ii) the interim report for the six months ended 30 June 2024 published on 21 August 2024. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

BACKGROUND ON SUSPENSION OF TRADING IN THE SHARES

Reference is made to the announcement of the Company dated 29 March 2023. The former auditor of the Company has raised concerns in connection with (i) the commercial substance and business rationale of the payments in connection with the software development services provided by a vendor; (ii) the provision of evidence to substantiate the validity of the provision of training and advisory services by the Group to various customers; (iii) the commercial substance and business rationale for a loan granted by the Group to an entity; and (iv) the acquisition of equity interests in KSI Education Limited (a company incorporated in the United Kingdom) (collectively, the “**Audit Matters**”).

As a result of the delay in publication of the 2022 Audited Annual Results, trading in the shares of the Company (the “**Shares**”) on Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023.

FULFILMENT OF RESUMPTION GUIDANCE

Resumption Guidance

On 5 May 2023, the Company received the following Resumption Guidance from the Stock Exchange, requiring the Company to:

- (a) conduct an appropriate independent investigation into the Audit Matters, announce the findings and take appropriate remedial actions (“**Resumption Guidance 1**”);
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 2**”);
- (c) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 3**”); and
- (d) announce all material information for the Company’s shareholders and investors to appraise its position (“**Resumption Guidance 4**”).

Fulfilment of Resumption Guidance

The Board is pleased to announce that the Company has fulfilled all the Resumption Guidance, details of which are set out below:

Resumption Guidance 1 — conduct an appropriate independent investigation into the Audit Matters, announce the findings and take appropriate remedial actions

(a) *The Audit Matters and the AUP Investigation*

(i) Scope of the AUP Investigation

In May 2023, the SIC appointed Forvis Mazars Risk Advisory Services Limited (formerly known as Mazars Risk Advisory Services Limited) (“**Forvis Mazars**”), an independent risk consulting and accounting firm, to conduct an agreed-upon procedures investigation (the “**AUP Investigation**”) in relation to the Audit Matters. As disclosed in the Company’s announcement dated 29 May 2024, Forvis Mazars has issued the agreed-upon procedures review report on 29 May 2024 setting out the findings of the AUP Investigation.

(ii) Review methodologies

For the purpose of the AUP Investigation, Forvis Mazars conducted the following procedures including but not limited to:

- identifying key management and/or responsible personnel of the Group or of other entities related to the Audit Matters, and conducting interviews with the relevant management and/or personnel to understand the background, the cause, and the outcomes of the Audit Matters;
- obtaining the documents mentioned in the Auditor Letter and/or mentioned during the interviews by the interviewees to verify if there is any inconsistency between the documents, the Auditor Letter, and/or the responses from the interviewees;
- conducting company search (if necessary) of the companies relating to the Audit Matters to verify the company registration information; and
- performing site visit (if necessary) of the companies relating to the Audit Matters to verify if there is any inconsistency between the documents, the Auditor Letter, and/or the responses from the interviewees.

(iii) Summary of key findings of the AUP Investigation

A summary of the key findings of the AUP Investigation are set forth below:

Audit Matter 1 — Commercial substance and business rationale of the payments in connection with the software development services provided by a vendor (the “Vendor”)

Key findings

Under the influence of the Double Reduction Policy, the Group is facing inquiries regarding the transformation of its business. Due to government policies regarding changes in the education industry and market trends and the demand for online education in the midst of the Covid-19 pandemic, especially the then large-scale lockdown and quarantine measures had changed many economic activities, such as the growth of online education, the Company believed that smart education is one of the important market demands and a key growth opportunity for the future transformation of the education industry.

Against such background, in February 2022, the Group prepared a skeleton feasibility report to assess the feasibility of cooperating with third party technology suppliers to develop an intelligent education software and provide supporting hardware equipment facilities to schools so as to create an intelligent online and offline education environment (the “**Online Education Platform Project**”). Taking into account the specifications of education software, staff costs for research and development teams and estimated timing involved, the Group intended to invest RMB100 million in the Online Education Platform Project. Taking into account the then expected market trend and demand for online education and the expected returns brought by the Online Education Platform Project, the Company then considered that the investment cost of RMB100 million was fair and reasonable.

Between February and early March 2022, Dashan Training, a subsidiary of the Company, commenced a tender process to identify a suitable business partner for the Online Education Platform Project. A tender committee was formed with invitations for tender being sent to potential suppliers. Eventually, Dashan Training obtained two fee quotations from two independent third party suppliers, including the Vendor.

In March 2022, the Group’s 5-member evaluation team (the “**Evaluation Team**”) conducted a vendor selection process and evaluated and compared the suitability and capabilities of the two potential vendors at a tender meeting based on quality, cost, development capability, innovation capability and service capability. Having considered the fee quotations and other related documents provided by the tenderers (including their size of operations, qualifications, credentials and track record, etc.), the Evaluation Team chose the Vendor as its business partner for the Online Education Platform Project as the Evaluation Team considered the Vendor has competitive advantages in terms of operational efficiency and feasibility of the software, operability of the software system, level of work efficiency and ability to respond to and resolve issues.

On 29 April 2022, Dashan Training and the Vendor entered into a 3-year cooperation agreement in relation to their intended cooperation in respect of the Online Education Platform Project (the “**Cooperation Agreement**”). Pursuant to the Cooperation Agreement, Dashan Training intended to invest RMB100 million in the Online Education Platform Project and the Vendor shall be appointed to develop the education software and to engage in the development, operations and sales of ancillary education product compatible with the education software. The specific investment amounts and payment terms will be subject to further negotiations and agreement between the parties based on the scope and extent of services entrusted by Dashan Training.

Accordingly, on 29 April 2022, a software development agreement (the “**Software Development Agreement**”) was entered into between Dashan Training and the Vendor whereby the Vendor shall provide software development services to Dashan Training, including but not limited to development of IT intelligent education platform system, nation-wide teaching resource database, provision of online education interactive classes, online and offline after-sales follow-up services and marketing activities on online platforms (“**Phase 1**”). The service fees charged by the Vendor for Phase 1 was RMB60 million and shall be payable by Dashan Training in three instalments. On 24 May 2022, Dashan Training paid the first instalment of RMB18 million pursuant to the terms of the Software Development Agreement.

Due to the additional requirements by Dashan Training, Dashan Training and the Vendor entered into a supplementary agreement on 27 September 2022, pursuant to which the parties agreed that the software development services provided by the Vendor shall encompass additional functions (i.e. “**Phase 2**”). The service fees charged by the Vendor for Phase 2 was RMB40 million and shall be payable by Dashan Training on or before 31 December 2022.

Status reports were provided by the Vendor to Dashan Training on a monthly basis and except for some minor delays, it was then expected that the education software would progress as expected and be delivered by 31 December 2023.

In late 2022 and early 2023, the PRC Government gradually loosened the Covid-19 lockdown and quarantine measures.

It was then observed that during the post-Covid-19 era, since students are no longer affected by lockdown and quarantine measures, they began to revert back to offline education and the growth rate for online education market has slowed down gradually.

In view of the then education situation which was still predominantly traditional offline education and the development of online intelligent education is a long and arduous task, Dashan Training conducted a research and evaluation on the development of the Education Software. A termination proposal (the “**Termination Proposal**”) was submitted to the Board in August 2023, recommending the termination of the Online Education Platform Project (the “**Termination**”).

Having considered, among others, the future prospect of online intelligent education is not as promising as previously envisaged by the Company and the substantial capital commitment the Group needs to further invest to continue with the Online Education Platform Project, the Board approved the Termination on 24 August 2023.

On 27 September 2023, a contract (the “**Termination Agreement**”) was entered into between Dashan Training and the Vendor in relation to the Termination. Pursuant to the Termination Agreement, the Vendor agreed to refund an aggregate sum of RMB46,074,100 (being the total funds paid by Dashan Training less the estimated market value of the education software as assessed by a valuer), to Dashan Training. The refund was received by Dashan Training in full in 2023.

According to the AUP Investigation, Individual A, the 90% shareholder of the Vendor, was an ex-employee of the Group, who resigned from the position of administrative director due to personal reasons on 6 April 2022, which was prior to the execution of the Cooperation Agreement and Software Development Agreement between Dashan Training and the Vendor.

Apart from the foregoing, the AUP Report did not reveal any other relationship between the Vendor and the Group. The Company's management also confirmed that none of the shareholders of the Vendor is a connected person of the Company within the meaning of the Listing Rules.

Independent work conducted by Forvis Mazars in respect of Audit Matter 1

Forvis Mazars conducted the following procedures, including but not limited to:

- (a) interviewed the management of Dashan Training to obtain an understanding of reasons for its decision to develop the Education Software;
- (b) obtained fee proposals submitted by the two potential vendors, as well as Dashan Education's assessment records and evaluation sheets for the two potential vendors;
- (c) obtained and reviewed the board minutes of the Company for approving the Cooperation Agreements, the Supplementary Agreement and the Termination;
- (d) obtained and reviewed the Cooperation Agreements, the Supplementary Agreement, status reports and test run reports in relation to the Education Software development project;
- (e) performed company search on and site visit of the Vendor and conducted interview with the key personnel of the Vendor;
- (f) obtained and considered the content of the feasibility report prepared by the Group (including the budgeting and expected returns brought to the Group upon the completion of the Education Software), the Termination Proposal and the valuation report on the estimated market value of the Education Software as assessed by a valuer;
- (g) obtained a contract between the Vendor and its customer (an independent third party) in relation to the provision of online education platform development services by the Vendor to its customer; and
- (h) obtained a report from an independent third party service provider for an estimated fee proposal for developing the Education Software.

Audit Matter 2 — Lack of supporting evidence to substantiate the validity of the provision of training and advisory services amounted to RMB13,000,000 by the Group to various customers

Key findings

In view of the Double Reduction Policy, the Group closed down all subject tutoring centres and its academic education business was terminated completely by March 2022. To compensate the lost business, the Group decided to develop a new service line involving the provision of teacher training and advisory services to full-time schools (i.e. the B2B business). By August 2022, the Group has developed relevant courses for teacher training. Before the start of the 2022 fall semester, the Group actively expanded its B2B business through various channels and business resources.

The Group eventually finalised the specific content and arrangements for the training with its customers in October 2022 and began providing online training services gradually to its customers since November 2022. During the year ended 31 December 2022, the Group provided training and advisory services to 13 customers, most of the new customers were introduced by the Group's business partner and senior management.

Given the B2B business was launched in response to the impact brought by the Double Reduction Policy and the Group was only able to finalise the specific content and arrangements for the training with its customers in October 2022, it is not unusual that all customers in this business segment are new to the Group with revenue commencing to be recognised in the last two months of 2022.

In respect of the provision of advisory services, since the Group provided advisory services to most of its customers on a regular basis, the Group recognised such revenue after the provision of regular advisory services in accordance with applicable accounting standards.

Independent work conducted by Forvis Mazars in respect of Audit Matter 2

Forvis Mazars conducted the following procedures, including but not limited to:

- (a) conducted interviews with key management and/or responsible personnel of the Group or of other entities related to the provision of teacher training services and advisory services;
- (b) obtained and reviewed the contracts entered into between the Group and its customers for the provision of teacher training services and advisory services;
- (c) in respect of provision of teacher training services — obtained attendance records of the training courses and customer confirmations on progress of service issued by the respective customers confirming the amount of services provided by the Group during the relevant period and the information contained in such confirmations correspond to the contractual amount as stated in the relevant contracts; and
- (d) in respect of provision of advisory services — obtained confirmations of progress of service issued by the Group’s customers acknowledging the services provided by the Group to them during the relevant period.

Audit Matter 3 — Commercial substance and business rationale for the loan to an entity (the “Borrower”)

Key findings

The management of Dashan Training recognised the presence of idle cash and agreed to utilise such funds to generate returns for Dashan Training. Through a mutual acquaintance, the shareholder of the Borrower approached the Group in relation to a possible loan request.

After considering the returns and risks associated, the management eventually decided to utilise part of its idle cash to grant the Loan in the amount of RMB9.0 million to the Borrower for the period between 29 December 2022 and 29 June 2023 at an interest rate of 1.5% per half annum (i.e. 3% per annum) which is to be secured by the Guarantee Deposit of HK\$10.0 million provided by the Guarantor.

While the Loan's interest rate was lower than the LPR, the management considered that the interest rate aligned with the market interest rate level because Dashan Training could generate interest income via provision of the Loan using its idle cash, and on the other hand, the financial risk associated with the Loan is low as it was secured by the Guarantee Deposit and at the same time the Group is able to earn interest on the Guarantee Deposit and the Loan.

On 5 January 2023, the Borrower decided to repay the Loan in full to Dashan Training due to business decision. Subsequently, the Group received the loan principal and accrued interest in full between 6 and 9 January 2023 and the Guarantee Deposit was returned by the Group to the Guarantor on 5 January 2023.

Independent work conducted by Forvis Mazars in respect of Audit Matter 3

Forvis Mazars conducted the following procedures, including but not limited to:

- (a) conducted interviews with key management and/or responsible personnel of the Group in relation to the background for the provision of and early repayment of the Loan;
- (b) obtained and reviewed the loan agreement and payment records between Dashan Training and the Borrower;
- (c) obtained a PRC legal opinion dated 9 March 2023 which stated that there is no information showing that the loan agreement is considered invalid in accordance with the Civil Code of the People's Republic of China (《中華人民共和國民法典》);
- (d) conducted independent company searches on the Borrower and obtained the certificate of incumbency of the Guarantor to verify their respective shareholders; and
- (e) obtained and reviewed the staff list of the Group and noted that except for an individual who was employed by Dashan Training between April and August 2022, Forvis Mazars did not identify any employee of the Group bearing the same name as that of the shareholder of Borrower or the Guarantor. Forvis Mazars further noted that while the aforementioned ex-employee of the Group shared the same name with that of one of the Borrower's shareholders, their identification numbers are different.

Audit Matter 4 — Commercial substance of the acquisition of 45.74% equity interest in KSI Education Limited (“KSI”)

Key findings

KSI is a UK incorporated company which operates two co-educational private schools for children and collaborates with top UK universities to establish a center for wellbeing research and offering innovative educational resources.

In line with the Group’s strategy to offer overseas study consulting services and having considered factors such as the geographical location, education quality, reputation, scale and growth potential of KSI, the Group is of the view that the acquisition of KSI (the “**Acquisition**”) presents an excellent opportunity for the Group to expand its school network into the UK market and support the Group’s education development plans outside the PRC.

The SPA was entered into on 15 September 2022 whereby Dashan International shall acquire from Bonus First, 30,600,000 A shares in KSI and the shareholders’ loans at the Consideration of GBP5,500,000 and GBP300,000, respectively.

At the request of Bonus First, in order to facilitate its fund arrangement, Bonus First requested Dashan International to settle the Consideration within the PRC. Accordingly, Bonus First appointed the Nominee as the authorised payee and Dashan International authorised Dashan Training to pay the Consideration on its behalf.

The Consideration was paid by Dashan Training to the Nominee in full in November and December 2022.

The Nominee’s sole shareholder is a former employee of a wholly-owned subsidiary of the Company during the period from 23 March 2017 to 30 April 2023. He resigned from the position of supervisor due to personal reasons.

Although the aforementioned individual was still an employee of the Company’s subsidiary when Dashan Training paid the Consideration to the Nominee, such payment arrangement was authorised by Bonus First and Bonus First confirmed in a receipt certificate that it has received the Consideration in full.

Independent work conducted by Forvis Mazars in respect of Audit Matter 4

Forvis Mazars conducted the following procedures, including but not limited to:

- (a) conducted interviews with key management and/or responsible personnel of the Group in relation to the background for the Acquisition;
- (b) obtained and reviewed the SPA, the payment instructions and payment receipt instructions in relation to the payment of Consideration by the Group to the Nominee, and the bank slips and receipt certificates issued by Bonus First in relation to the payment of the Consideration; and
- (c) conducted independent company searches on the Company's subsidiaries and the Nominee and did not find any of the phone numbers of the Company's subsidiaries registered in the PRC is the same as that of the Nominee's.

Based on the independent work conducted by Forvis Mazars in respect of each of the Audit Matter, Forvis Mazars has not raised any special and/or specific concern in respect of the Audit Matters.

(iv) Audit procedures performed by Zhonghui Anda CPA Limited (“Zhonghui”) in relation to the Audit Matters

Zhonghui has performed standard audit procedures and specific additional audit procedures in relation to each Audit Matter. Such audit procedures include but not limited to:

- (a) reviewed the methodologies of Forvis Mazars in carrying out the AUP Investigations and the findings of the AUP Report;
- (b) obtained the documents reviewed by Forvis Mazars as provided by the Company;
- (c) considered the relevant facts and circumstances, including but not limited to the findings of the AUP Report;
- (d) considered the accounting treatments proposed by the Company in respect of each Audit Matter; and

- (e) performed specific additional audit procedures to obtain sufficient appropriate audit evidence for each of the Audit Matters, including but not limited to:

Audit Matters

Additional audit procedures

Audit Matter 1 — payments to the Vendor for the Online Education Platform Project

- obtained and reviewed the transaction agreements entered into between the Group and the Vendor, and status reports and test run reports in relation to the Online Education Platform Project;
- performed background check and site visit for the Vendor, and conducted interview with the key personnel of the Vendor together with Forvis Mazars at the office of the Vendor;
- obtained and examined the supporting evidence for the payments to and refunds from the Vendor;
- requested direct confirmation from the Vendor to confirm the amounts paid by the Group to the Vendor as at 31 December 2022; and
- performed site visit and observed the relevant software in the Group's office

Audit Matters

Audit Matter 2 — provision of online training and advisory services to various customers

Additional audit procedures

- obtained and reviewed the service agreements/contracts entered into between the Group and its customers in relation to the provision of online training and advisory services;
- discussed with management to obtain an understanding of the Group's future development strategy relating to the provision of online training and advisory services;
- obtained and reviewed the supporting evidence provided by management that supports the accurate timing for the provision of online training services, and arranged interview, on a sample basis, with the related tutors and customers;
- performed background check for key customers relating to the provision of online training and advisory services; and
- physically attended and observed recent training services provided to one of the Group's customers and conducted interview with the tutor and the principal's assistant and office manager of such customer together with Forvis Mazars.

Audit Matters

Additional audit procedures

Audit Matter 3 — Loan to the Borrower

- discussed with management to obtain an understanding of the Group's policy and internal procedures for the advance of surplus funds to third parties;
- obtained and reviewed the agreements entered into between the Group and the Borrower in relation to the loan arrangement;
- performed background check for parties involved in the loan arrangement; and
- obtained and reviewed legal opinion issued by a PRC legal adviser regarding the legality of the loan arrangement.

Audit Matter 4 — Investment in KSI

- discussed with management to obtain an understanding of the Group's policy and internal procedures for payments;
- obtained and checked the payment records in relation to the investment in KSI and perform background check for parties involved in the payment process; and
- physically visited the office of KSI and the schools run by KSI, and interview its key management to understand its business environment and operations.

(v) The SIC's and the Board's views on the AUP Report

Having considered the findings of the AUP Investigation, in particular (i) the AUP Investigation did not uncover any acts of fraud or financial misconduct; (ii) Zhonghui, the Company's auditor, also indicates that it has not identified any unusual or inconsistency of evidence/documents obtained in respect of each Audit Matter; (iii) based on the findings of the AUP Report and Zhonghui's audit opinions in respect of the 2022 Audited Annual Results and the 2023 Audited Annual Results, the Company is not aware that Forvis Mazars or Zhonghui has raised any special and/or specific concern in respect of the Audit Matters, the Board and the SIC are of the view that the AUP Investigation is sufficient and adequate to address each of the Audit Matters.

(b) *The Internal Control Review*

The SIC has also engaged Forvis Mazars to perform to an overall internal control review of the Group (the "**Internal Control Review**") for a review period during April 2022 to March 2023 and a follow-up review period during July 2023 to August 2023. Forvis Mazars has issued the internal control review report on 29 May 2024.

The key internal control deficiencies in relation to the AUP Investigation on the Audit Matters as identified by Forvis Mazars include:

- (a) the written record of legal advice on significant transactions was not properly kept;
- (b) lack of a set of formal and comprehensive written policies and procedures document for third party payment and collection;
- (c) deficiencies in the contract management procedures such as absence of contract signing date, absence of written records of the contract approval date, contracts not being approved on time, absence of written records of internal approvals, absence of signature by the company representative;
- (d) deficiencies in the investment approval process such as absence of written records of the review by the management and/or the Board for certain documents involved in the investment approval procedure;

- (e) deficiencies in the payment collection procedure in relation to the provision of training and advisory services such as the customer fails to pay for the service fee in accordance with the terms of the contract and the record of the collection of service fees receivable were not properly kept;
- (f) deficiencies in the fixed assets procurement procedures such as the Material Requirement Application Form has not been prepared and competitive bidding procedures were not properly performed;
- (g) project feasibility report was prepared after the completion of the project bidding procedure;
- (h) absence of a set of written policies on provision of loan to third parties; absence of written records on due diligence exercise, risk analysis and independence check on borrower; and absence of written records on internal approvals for the entering into of loan agreement;
- (i) payments having been made by the Group prior to completion of approval procedures and the use of funds was not stated in the Payment Requisition and Approval Form; and
- (j) certain contracts were entered into by the Group without written records of application and approval for affixation of company chop.

The SIC and the Board have reviewed the above findings and taken necessary actions to address those internal control deficiencies in accordance with the recommendations of Forvis Mazars. The Company has adopted all the recommendations given by Forvis Mazars on the findings of the Internal Control Review in relation to the AUP Investigation on the Audit Matters to rectify the internal control deficiencies. Forvis Mazars has also conducted follow-up reviews with the objective of independently following up the rectification of the review findings and all recommendations have been implemented.

For further details of the AUP Investigation and the Internal Control Review, please refer to the Company's announcement dated 29 May 2024.

Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 1.

Resumption Guidance 2 — publish all outstanding financial results required under the Listing Rules and address any audit modifications

On 25 May 2023, the Company appointed Zhonghui as the new auditor of the Company.

The Company has published the 2022 Audited Annual Results, 2023 Interim Results and 2023 Audited Annual Results on 29 July 2024, and the 2022 Annual Report, 2023 Interim Report and 2023 Annual Report on 5 August 2024.

As disclosed in the 2022 Annual Report and 2023 Annual Report, Zhonghui was of the opinion that the each of the consolidated financial statements for the years ended 31 December 2022 and 2023 give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and 2023, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. It is further noted that each of the 2022 Annual Report and 2023 Annual Report is not subject to any audit modification.

As at the date of this announcement, the Company has no outstanding financial results required by the Listing Rules to be published. The Company published the interim results of the Group for the six months ended 30 June 2024 on 13 August 2024 and despatched the interim report for the six months ended 30 June 2024 to the Shareholders on 21 August 2024.

Accordingly, the Company is of the view that it has published all outstanding financial results and it has fulfilled the Resumption Guidance 2.

Resumption Guidance 3 — demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

Prior to the promulgation of the Opinion on Further Alleviating the Homework and After-school Training Workload of Students in Compulsory Education Stage (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the “**Opinion**”) in July 2021, the Group was principally engaged in the provision of primary and secondary after-school education services (the “**Academic Education Business**”) in Zhengzhou, the People’s Republic of China (the “**PRC**”).

As a result of the promulgation of the Opinion, the Group has closed down its self-operated teaching centres and completely ceased its Academic Education Business in March 2022, in response to, and in compliance with, the restrictions imposed by the Opinion. The Group has realigned its business strategies and is currently principally engaged in areas covering, among others, the provision of (i) extracurricular programmes for personal attainment in the PRC; (ii) overseas education consultation services in the PRC (collectively, referred as the “**Non-academic Education Business**”); and (iii) training and consultancy services for education institutions, schools and other entities (the “**Training and Consultancy Business**”).

Summary of historical financial information

The following table sets forth selected information from the Group’s consolidated statement of profit or loss for the respective periods indicated:

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Audited)	(Audited)	(Audited)
Revenue	352,874	27,674	54,854
Cost of sales and services rendered	(235,440)	(18,717)	(45,845)
Gross profit	117,434	8,957	9,009
Loss before tax	(55,733)	(31,421)	(55,583)
Loss for the year	(56,796)	(31,403)	(54,507)

The total revenue of the Group decreased from approximately RMB352.9 million for the year ended 31 December 2021 to approximately RMB27.7 million for the year ended 31 December 2022. Such decrease in revenue was mainly due to the complete termination of the Group’s Academic Education Business as a result of the restrictions imposed by the Opinion. Nevertheless, with the Group’s swift response in re-alignment of its business strategies and commencement of generating revenue from its Non-academic Education Business and Training and Consultancy Business during the year ended 31 December 2022, the Group was able to generate revenue of approximately RMB27.7 million for the year ended 31 December 2022.

With the continued growth and expansion in the Group’s Non-academic Education Business, the Group was able to achieve a turnaround in its revenue and recorded a growth of approximately 98.2% or RMB27.2 million from approximately RMB27.7 million for the year ended 31 December 2022 to approximately RMB54.9 million for the year ended 31 December 2023.

The follow table sets forth the selected information from the Group’s consolidated statement of financial position as at the respective dates indicated:

	As at 31 December		
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Audited)	(Audited)	(Audited)
Total assets	329,541	269,034	268,086
Total liabilities	82,778	53,844	129,592
Net assets	246,763	215,190	138,494

As at 31 December 2021, 2022 and 2023, the Group maintained healthy financial position with positive net assets of approximately RMB246.8 million, RMB215.2 million and RMB138.5 million, respectively.

As at 31 December 2023, the Group’s major assets included (a) bank balances and cash of approximately RMB109.0 million; (b) property, plant and equipment of approximately RMB46.3 million; (c) interests in associates of approximately RMB39.3 million; and (d) goodwill of approximately RMB26.4 million.

Given the Group receives tuition fees and consultancy fees in advance. Accordingly, the Group recorded contract liabilities of approximately RMB15.4 million and RMB71.9 million as at 31 December 2022 and 2023, respectively. Such contract liabilities primarily relate to the consideration received in advance from the students and contracted parties for contracts, for which revenue is recognised when the performance obligation is satisfied through service rendered.

In addition, the Group is able to generate net operating cashflow of approximately RMB10.7 million for the year ended 31 December 2023 which indicates that it has sufficient funds to operate and develop its business.

Prospects and business strategies

Going forward, the Group will continue to monitor closely the regulatory environment which may have material effects on the business operations and financial condition of the Group and adjust its business plans and reallocate its resources in a timely manner.

The Group is committed to continue developing its Non-academic Education Business and Training and Consultancy Business. In addition, the Group will actively explore different business opportunities, expand the breadth and depth of the Group’s business, in order to achieve the Group’s business goals and generate greater returns for its Shareholders.

Non-academic Education Business

In June 2020, eight government departments including the Ministry of Education of China promulgated “Opinions on Accelerating and Expanding the Opening-up of Education in the New Era” (《關於加快和擴大新時代教育對外開放的意見》), which focus on accelerating the modernisation of China’s education and cultivating more globally competitive talents, emphasise “China still needs to deepen and expand mutually beneficial cooperation and exchanges and mutual learning with countries around the world in the field of education, focusing on breaking down institutional barriers, increasing the reform of Sino-foreign cooperative education, and actively broadening cooperation channels for high-quality educational resources to expand space for studying abroad”. According to figures released by the Ministry of Education of China, the total number of Chinese students studying abroad has increased year by year since the late 1980s and maintained a continuous and stable growth momentum. China remains the largest source of international students, with more than 1 million students studying in overseas higher educational institutions. Factors such as the increasing degree of globalisation, the pursuit of high-quality educational resources, the intensifying competition for employment and the need for economic development, have facilitated more qualified families and students to study abroad. The scale of China’s international education industry continues to expand with the expansion of China’s international student population. At the same time, the professional requirements of study abroad groups and families studying abroad have gradually increased. The scope of study abroad services has gradually expanded from traditional visa applications, school selection, etc. to more areas such as language training, cultural exchanges, background improvement, academic guidance, etc.

The Group is committed to building an international education ecosystem, providing high quality and diversified comprehensive services, in order to meet the personalised needs of different customer groups at different stages. The Group plans to expand the overseas education consultation service centres by means of mergers and acquisitions, cooperation, new establishments, etc., to cover more overseas study groups and families. The Group will continue providing application guidance based on students’ needs and goals, conduct professional planning based on students’ personal academic background, interests and experiences, and future employment directions, design and customise college application plans for applicants, and provide customers with comprehensive consulting services.

Under the background of the current increasingly connected international social connection, integrated Chinese and Western education has become the choice of more families and students, the trend of younger students studying abroad is increasing. According to the “International Talent Blue Book: China Study Abroad Development Report” (《國際人才藍皮書:中國留學發展報告》) released by the Chinese Academy of Social Science (CASS), the number of younger students studying abroad in China’s first-tier cities is growing at an annual rate of about 20%. Parents believe that studying abroad at a younger age can lay the foundation for their children to enter prestigious overseas schools in the future. Leverage on its school network in the United Kingdom, the Group will also integrate its business resources in China to promote Chinese students to study abroad or have short-term exchanges in the schools in the United Kingdom, and at the same time study and develop overseas study tour projects.

With the improvement of people’s living standards and the emphasis on education, parents pay more attention to the comprehensive development and individual needs of their children. They hope that their children will not only master academic knowledge in learning process, but also cultivate various talents and qualities. In addition, international education attaches great importance to students’ comprehensive quality, and quality education welcomes more development opportunities. The Group believes there will be increasing demand in the extracurricular programmes. In December 2022, 13 government departments including the Ministry of Education of China issued the “Opinions on Regulating Non-academic After-school Tutoring for Primary and Secondary School Students” (《關於規範面向中小學生的非學科類校外培訓的意見》), which aims strengthen supervision of non-academic after-school tutoring in China. The Group will follow the market development trend and regulatory requirements, to conduct extracurricular programmes in a standardised manner.

Training and Consultancy Business

The Group will continue utilising its cumulative teaching experience, curriculum resources, research and development team and management system, combined with the needs of educational institutions and schools, to offer targeted trainings to teachers. The Group will be closely coordinated with educational institutions and schools, combined with the Group’s resources and advantages, wide range of service offerings and contents, to provide diversified and professional consulting services to customers. The Group will also increase its effort to broaden the market, and actively develop new customers while serving existing customers well.

Based on the above, the Board is of the view that under the leadership and management of the Group's senior management, the Group has successfully transformed its business from the Academic Education Business to the current Non-academic Education Business and the Training and Consultancy Business amid the adverse impact brought by the promulgation of the Opinion in July 2021.

In particular, the Group is able to achieve a sizeable number of enrolment hours for its provision of extracurricular programmes for personal attainment in the PRC and attract a considerable number of students as customers for its provision of overseas education consultation services in the PRC and achieve a turnaround in its revenue and recorded a growth of approximately 98.2% or RMB27.2 million for the year ended 31 December 2023, as compared to the corresponding year in 2022.

In view of the growing demand for extracurricular programmes in the PRC and the increasing trend for studying abroad, the Company believes that there is ample growth potential in the Group's business going forward.

The Board is of the view that under the leadership of the Group's senior management and the Group's continuous efforts and devotion to the further development and expansion of the Non-academic Education Business and the Training and Consultancy Business, it will undoubtedly be able to achieve a long-term sustainable growth in the future and continue to carry on a business with a sufficient level of operations and assets of sufficient value, which warrant the continued listing of the Shares on the Stock Exchange under Rule 13.24 of the Listing Rules.

Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 3.

Resumption Guidance 4 — announce all material information for the Company's shareholders and investors to appraise its position

The Company has continuously published announcements in accordance with the Listing Rules to keep the market informed of all material information for Company's shareholders and other investors to appraise the Company's position. Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 4.

RESUMPTION OF TRADING

At the request of the Company, the trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023. As the Resumption Guidance has been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 2 September 2024.

The Board would like to express its gratitude and appreciation to all its external professional advisers and consultants, including Merit Consultant Group Limited, for their valuable contribution to the Company during the resumption process.

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, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Hongjun and Mr. Shan Jingchao; the non-executive Director is Mr. Jia Shuilin; and the independent non-executive Directors are Mr. Zhang Jian, Dr. Xie Xiangbing and Ms. Wang Yanxiao.