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CHINA CHUNLAI EDUCATION GROUP CO., LTD.

中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1969)

INSIDE INFORMATION

(1) CHANGE OF AUDITOR;

(2) DELAY IN PUBLICATION OF THE 2019 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2019 ANNUAL REPORT; AND

(3) SUSPENSION OF TRADING

This announcement is made by China Chunlai Education Group Co., Ltd. (中國春來教育集團有限公司) (the “**Company**”; together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to rules 13.09(2)(a), 13.49(3)(i) and 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities 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).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 2 December 2019 in relation to, among others, the delay in publication of the announcement in relation to the preliminary results of the Group in respect of the financial year ended 31 August 2019 (the “**2019 Annual Results**”), the postponement of the meeting of the board of directors of the Company for the purpose of considering and, if thought fit, approving the 2019 Annual Results for publication and the suspension of trading in the shares of the Company. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

RESIGNATION OF THE EXISTING AUDITOR

The Board hereby announces that Deloitte Touche Tohmatsu (“**Deloitte**”) has tendered its resignation (the “**Resignation Letter**”) as the auditor of the Company with effect from 10 January 2020. In the Resignation Letter, Deloitte stated their concerns (the “**Issues**”) relating to, among others, the commercial rationale of (i) an investment into a debenture, (ii) certain expenditure for property, plant and equipment and (iii) the acquisition (the “**Tianping College Acquisition**”) of the school sponsor interest of Tianping College of Suzhou University of Science and Technology (蘇州科技大學天平學院). For further details relating to the Tianping College Acquisition, please refer to the announcements of the Company dated 23 July 2019 and 20 August 2019. Given that the Company and Deloitte could not reach an agreement on the resolution of the foregoing matters, Deloitte resigned as the auditor of the Company with effect from 10 January 2020. As

informed by Deloitte in the Resignation Letter, since Deloitte had not completed the audit of the consolidated financial statements of the Group for the year ended 31 August 2019 with reference to the foregoing, Deloitte was not in a position to confirm whether there were any other matters in connection with their resignation that needed to be brought to the attention of the Company's shareholders (the "**Shareholders**") or creditors.

The Company wishes to emphasize that it takes the Issues seriously, and the Company has taken reasonable steps with a view to resolving the Issues, including but not limited to instructing external legal firms to carry out an investigation and seeking advice from senior counsels in Hong Kong, which have concluded that the Issues do not give rise to any legitimate concerns. The Company finds Deloitte's decision regrettable, but nevertheless expresses its sincere appreciation for Deloitte's support in the past, including acting as the reporting accountant for the initial public offering of the shares of the Company in September 2018.

APPOINTMENT OF NEW AUDITOR

In accordance with Article 176 of the Articles of Association of the Company (the "**Articles**"), where there exists a vacancy for the auditor position, the Board shall be entitled to appoint an accounting firm to fill the vacancy until the conclusion of the next annual general meeting. Accordingly, the Board is pleased to announce that, with the recommendation of the audit committee of the Board, Zhonghui Anda CPA Limited ("**Zhonghui Anda**") has been appointed by the Board as the new auditor of the Group with effect from 12 January 2020 to fill the vacancy arising from the resignation of Deloitte in accordance with the Articles, and shall hold office as the auditor of the Company until the conclusion of the next annual general meeting of the Company.

VIEWS OF THE AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") would like to inform the Shareholders that, upon becoming aware of the Issues raised by Deloitte, it had, with the assistance of independent external advisers, commenced investigations (the "**Investigations**") with a view to understanding whether the Issues raise any legitimate concerns in the context of the interests of the Company and the Shareholders as a whole. Based on its communication with Deloitte, the Audit Committee was given to understand that Deloitte has yet to form any conclusions in respect of the Issues. Mr. Lau, Tsz Man, an independent non-executive director of the Company and chairman of the Audit Committee with more than 11 years of experience in accounting and finance, has taken charge of the Investigations. As at the date of this announcement, the Investigations remain on-going and, so far, nothing has come to the attention of the Audit Committee that would lead it to conclude that there are legitimate concerns relating to the Issues that need to be brought to the attention of the Shareholders.

With a view to seeking further assurance that the Issues do not raise legitimate concerns in the context of the interests of the Company and the Shareholders as a whole, the Audit Committee has brought the Issues to the attention of Zhonghui Anda and requested Zhonghui Anda to include specific procedures in its audit plan and work scope in relation to the 2019 Annual Results. The Audit Committee is satisfied that the proposed audit plan and work scope are adequate and will closely monitor the audit progress of Zhonghui Anda and timely inform the Shareholders of material findings, if any.

FURTHER DELAY IN PUBLICATION OF THE 2019 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2019 ANNUAL REPORT

Following the change of auditor of the Company, the Board currently expects that there will be a further postponement of the Board Meeting and in the publication of the 2019 Annual Results. In addition, given the delay in the 2019 Annual Results, the annual report of the Company for the year ended 31 August 2019 (the “**2019 Annual Report**”) was not ready for publication by 31 December 2019.

The Board acknowledges that any delay in the despatch of the 2019 Annual Report will constitute non-compliance with rule 13.46(2)(a) of the Listing Rules. The Company will use its best endeavours to assist and cooperate with Zhonghui Anda after its appointment in its performance of the required audit work, so that the 2019 Annual Results Announcement and the 2019 Annual Report can be finalised, approved and published and/or despatched (as the case may be) as soon as practicable. The Company will publish further announcement(s) to inform the Shareholders of material updates and the date of the Board Meeting as and when appropriate.

TRADING SUSPENSION

Pursuant to rule 13.50 of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer’s securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules. As a result of the delay in publication of the 2019 Annual Results, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 December 2019. The trading suspension will remain in force until the publication of the requisite financial information in accordance with rule 13.50 of the Listing Rules.

The Board wishes to state that the business operations of the Group have not been affected as a result of the matters set out in this announcement. The Board (including the Audit Committee) has confirmed that as at the date of this announcement, there are no other matters in connection with the foregoing that need to be brought to the attention of the Shareholders.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Chunlai Education Group Co., Ltd.
Hou Junyu
Executive Director

Hong Kong, 13 January 2020

As at the date of this announcement, the Board comprises Mr. Hou Junyu as executive Director and chief executive officer, Ms. Jiang Shuqin as executive Director, Mr. Hou Chunlai as non-executive Director and chairman, and Dr. Jin Xiaobin, Ms. Fok, Pui Ming Joanna and Mr. Lau, Tsz Man as independent non-executive Directors.