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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)

VOLUNTARY ANNOUNCEMENT ENTERING INTO THE FACILITY AGREEMENT

This is a voluntary announcement made by China Chunlai Education Group Co., Ltd. (the **“Company”**), together with its subsidiaries and consolidated affiliated entities, the **“Group”**).

The board (the **“Board”**) of directors (the **“Directors”**) of the Company would like to announce that on 15 July 2020, the College of Engineering and Technology of Yangtze University* (長江大學工程技術學院) (**“Hubei College”**) as borrower (the **“Borrower”**) and China Everbright Bank Co. Ltd., Jingzhou Branch* (中國光大銀行股份有限公司荊州分行) as lender (the **“Lender”**) entered into a facility agreement (the **“Facility Agreement”**), pursuant to which the Lender has agreed to make available a term loan facility in an amount of RMB70,000,000 to the Borrower (the **“Facility”**). The Group is in the process of acquiring the sponsor interest of Hubei College, which is an independent college of Yangtze University* (長江大學), and the Group has been participating in, and responsible for, the operations of Hubei College.

The principal terms of the Facility Agreement are summarised as follows:

THE FACILITY AGREEMENT

Date	:	15 July 2020
Lender	:	China Everbright Bank Co. Ltd., Jingzhou Branch* (中國光大銀行股份有限公司荊州分行)
Borrower	:	College of Engineering and Technology of Yangtze University* (長江大學工程技術學院)
Credit facility	:	RMB70,000,000
Availability period of the Facility	:	27 July 2020 to 26 July 2021

Interest	:	To be separately agreed by the Borrower and the Lender
Security	:	The Facility Agreement is secured by a guarantee provided by each of the Company, PRC Holdco, School Sponsor and Hubei Chunlai (as defined below)

To the best knowledge, information, and belief of the Directors, the Lender and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

GUARANTEE

On 16 July 2020, each of the Company, Henan Chunlai Education Technology Co., Ltd.* (河南春來教育科技有限公司) (“**PRC Holdco**”), Henan Shangqiu Chunlai Education Corporation* (河南商丘春來教育集團) (the “**School Sponsor**”) and Hubei Chunlai Education Technology Co., Ltd.* (湖北春來教育科技有限公司) (“**Hubei Chunlai**”) entered into a guarantee agreement with the Lender (collectively, the “**Guarantee Agreements**”), pursuant to which each of the Company, PRC Holdco, School Sponsor and Hubei Chunlai shall provide a guarantee in favour of the Lender for the Borrower's liabilities under the Facility Agreement (including but not limited to the loans drawn down from the Facility, interest, damages, compensation, and fees incurred by the Lender in connection with any enforcement actions).

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE FACILITY AGREEMENT

By entering into the Facility Agreement, the Group can diversify its financing channels, replenish capital required for its operations and optimise the Group's liability structure.

The terms of the Facility Agreement and the Guarantee Agreements were determined at after arm's length negotiations between the parties thereto, and the Board considers that the terms of each of the Facility Agreement and the Guarantee Agreements were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

CONTINUED SUSPENSION OF TRADING

The Company published an announcement on 2 December 2019 stating its inability to comply with Rule 13.49 of the Listing Rules, to publish its annual results for the year ended 31 August 2019 no later than three months after the end of the financial year of the Company, i.e. on or before 30 November 2019. Shares of the Company have been suspended from trading since 2 December 2019 pursuant to Rule 13.50 of the Listing Rules. Further, on 13 January 2020, the Company announced that given the delay in the publication of the annual results for the year ended 31 August 2019, the annual report of the Company for the year ended 31 August 2019 (the “**2019 Annual Report**”) would not be ready by 31 December 2019, and such delay in despatching the 2019 Annual Report constituted non-compliance with Rule 13.46(2)(a) of the Listing Rules. On 29 May 2020, the Company announced that given the delay in finalizing the required audit work in connection with the consolidated financial statements of the Group for the year ended 31 August 2019 and the delay in despatching the 2019 Annual Report, the interim report of the Company for the six months ended 29 February 2020 (the “**2020 Interim Report**”) would also not be ready for despatch by 31 May 2020, and such delay in despatching the 2020 Interim Report constituted non-compliance with Rule 13.48(1) of the Listing Rules. For further details, please refer to the announcements of the Company dated 2 December 2019, 13 January 2020, 27 March 2020, 9 April 2020, 29 May 2020 and 9 July 2020.

The Company has published its unaudited annual results for the year ended 31 August 2019 on 29 April 2020, and its unaudited interim results for the six months ended 29 February 2020 on 29 April 2020 (and supplemented by a supplemental announcement dated 3 May 2020).

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

Hong Kong, 28 July 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.

* *The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*