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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 LOAN 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 14 May 2020, Anyang University\* (安陽學院), one of the Group’s operating schools in the People’s Republic of China, as borrower (the “**Borrower**”) and Zhongyuan Bank Co., Ltd., Shangqiu Branch\* (中原銀行股份有限公司商丘分行) as lender (the “**Lender**”) entered into a loan agreement (the “**Loan Agreement**”), pursuant to which the Lender has agreed to make available a term loan facility in an amount of RMB300,000,000 (the “**Loan**”) to the Borrower.

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

#### **THE LOAN AGREEMENT**

Date	:	14 May 2020
Lender	:	Zhongyuan Bank Co., Ltd., Shangqiu Branch* (中原銀行股份有限公司商丘分行)
Borrower	:	Anyang University* (安陽學院)
Loan amount	:	RMB300,000,000
Term of the Loan	:	2 years, commencing on 25 May 2020

- Interest : An annual interest rate of 6.0%, being 2.15% above the one-year loan prime rate promulgated by the National Interbank Funding Center under the authority of the People's Bank of China as at the date immediately before the date of the Loan Agreement of 3.85%
- Security : The Loan is secured by a guarantee provided by each of the Company, PRC Holdco and the School Sponsor (as defined below), and a pledge of account receivables by Anyang University\* (安陽學院) in favour of the Lender

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 14 May 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**”) and Henan Shangqiu Chunlai Education Corporation\* (河南商丘春來教育集團) (the “**School Sponsor**”, both the PRC Holdco and the School Sponsor are the Group's consolidated affiliated entities) entered into a guarantee agreement with the Lender (the “**Guarantee Agreements**”), pursuant to which each of the Company, PRC Holdco and the School Sponsor shall provide a guarantee in favour of the Lender for the Borrower's liabilities under the Loan Agreement (including but not limited to the Loan, interest, damages, compensation, and fees incurred by the Lender in connection with any enforcement actions).

## **PLEDGE OF RECEIVABLES**

On 14 May 2020, Anyang University\* (安陽學院) entered into an account receivables pledge agreement with the Lender (the “**Pledge Agreement**”), pursuant to which Anyang University\* (安陽學院) agreed to pledge its account receivables in favour of the Lender for the Borrower's liabilities under the Loan Agreement (including but not limited to the Loan, interest, damages, compensation, and fees incurred by the Lender in connection with any enforcement actions).

## **REASONS FOR AND THE BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

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

The terms of each of the Loan Agreement, the Guarantee Agreements and the Pledge Agreement were determined at after arm's length negotiations between the parties thereto, and the Board considers that the terms of each of the Loan Agreement, the Guarantee Agreements and the Pledge Agreement are 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 (“**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. For further details, please refer to the announcements of the Company dated 2 December 2019, 13 January 2020, 27 March 2020 and 9 April 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 (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, 21 May 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.*