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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)

UPDATE ON 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), 13.24A and 13.49(3)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 (i) the announcements of the Company dated 2 December 2019 and 13 January 2020 in relation to, among others, the delay in publication of the announcement in relation to the 2019 Annual Results and the 2019 Annual Report, the suspension of trading of the shares of the Company (the “**Shares**”) on the Stock Exchange with effect from 9:00 a.m. on 2 December 2019 (the “**Suspension**”), and the change of auditors of the Company; (ii) the announcement of the Company dated 27 March 2020 in relation to the resumption guidance issued by the Stock Exchange on 23 March 2020 (the “**Resumption Guidance**”); (iii) the announcement of the Company dated 9 April 2020 in relation to the quarterly update on the Suspension; (iv) the announcements of the Company dated 29 April 2020 and 3 May 2020 in relation to the publication of its unaudited annual results for the year ended 31 August 2019 and its unaudited interim results for the six months ended 29 February 2020; and (v) the announcement of the Company dated 29 May 2020 in relation to the delay in despatch of the interim report of the Company for the six months ended 29 February 2020 (the “**2020 Interim Report**”). Capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 13 January 2020 unless the context requires otherwise.

The Company is now taking appropriate steps to resolve the issues causing the Suspension and to fully comply with and address the Resumption Guidance to the Stock Exchange’s satisfaction.

UPDATE ON INVESTIGATIONS

The Company wishes to emphasise that it takes seriously the Issues raised by Deloitte in its Resignation Letter, 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 Audit Committee would like to inform the Shareholders that it has substantially completed the specific procedures together with Zhonghui Anda and finalised its investigations, and 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. Given the matters were raised by Deloitte from an auditor's perspectives, the Audit Committee is minded to conclude its investigations after hearing the final report from Zhonghui Anda on the audit work for the financial year ended 31 August 2019 as and when appropriate.

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 Financial Statements (as defined below). 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.

UPDATE ON OUTSTANDING FINANCIAL RESULTS

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

As explained in the announcement of the Company dated 9 April 2020, given the change of auditor of the Company in early January this year and the challenging circumstances brought about by the outbreak of COVID-19 in China, the Board expected then that extra time would be required for the auditor of the Company to complete the required audit work in connection with the audited consolidated financial statements of the Group for the year ended 31 August 2019 (the **"2019 Financial Statements"**). Given that the auditor of the Company is still in the process of finalizing the required audit work in connection with the 2019 Financial Statements, the despatch of the 2019 Annual Report and the 2020 Interim Report will be further delayed.

The Company has been, since the appointment of Zhonghui Anda, using its best endeavours to assist and cooperate with Zhonghui Anda in its performance of the required audit work, so that the 2019 Financial Statements, 2019 Annual Report and 2020 Interim 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 as and when appropriate.

RESUMPTION PLAN

The Company is working closely with Zhonghui Anda to finalise the audit work, so that the 2019 Financial Statements, 2019 Annual Report and 2020 Interim Report can be finalised, approved and published and/or despatched (as the case may be) as soon as practicable. The Company will then make further announcement(s) on the findings of the Investigations and appropriate remedial measures, if any.

The Company will make further announcement(s) regarding a timetable for its fulfilment of the Resumption Guidance as and when appropriate.

BUSINESS OPERATIONS AND CONTINUED SUSPENSION OF TRADING

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 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.

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

Hong Kong, 9 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.