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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)

DISCLOSEABLE TRANSACTIONS RELATING TO PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

The Board announces that Henan Shangqiu and Tianping College entered into the FY2022 Loan Agreement, the FY2023 Loan Agreement and the FY2024 Loan Agreement, respectively, pursuant to which the Company made the Loans to Tianping College subject to the terms and conditions set out therein.

PROVISION OF FINANCIAL ASSISTANCE

The principal terms of the Loans are summarised as follows:

	Date	Expected Loan Amount under the relevant Loan Agreement
FY2022 Loan Agreement	1 September 2021	RMB450,000,000 for the financial year ended 31 August 2022 (“FY2022”) <i>Note: RMB126,000,000 of the Loan amount was used to fund the consideration for the acquisition of land use right in Nanjing, details of which are set out in the announcement of the Company dated 16 December 2021.</i>
FY2023 Loan Agreement	1 September 2022	RMB520,000,000 for the financial year ended 31 August 2023 (“FY2023”)
FY2024 Loan Agreement	1 September 2023	RMB400,000,000 for the financial year ending 31 August 2024 (“FY2024”)

The purpose of the Loans were for the construction of new campus and operation of Tianping College and the interest rate of the Loans is 4.75% per annum. The Loans are unsecured and shall be payable after the completion of the conversion of Tianping College into a standalone private ordinary college. The Group financed the Loans with the Company’s general working capital. As at the date of this announcement, a certain amount of the Loans has been repaid and RMB718,800,000 of the Loans remains outstanding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Tianping College and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

ADVANCE TO AN ENTITY

In addition, certain advance under the FY2023 Loan Agreement constituted an advance to an entity which requires disclosure under Rule 13.13 of the Listing Rules. On 3 April 2023, on an aggregate basis, the outstanding amount of the advances from the Company to Tianping College exceeded 8% of the assets ratio (as defined under Rule 14.07(1) of the Listing Rules) and as such, the aforementioned advance was subject to the announcement requirement under Rule 13.13 of the Listing Rules. Further details of the aforementioned advance are summarised as follows:

Relevant date on which the disclosure obligation arises under Rule 13.13 of the Listing Rules	Amount advanced on the relevant date	Outstanding amount of the Loans as at the relevant date
3 April 2023	RMB150,000,000 pursuant to the FY2023 Loan Agreement	RMB610,800,000

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENTS

The Loans facilitate the operation of Tianping College and support the conversion process of Tianping College into a standalone private ordinary college. Since the successful tender by the Group for the acquisition of sponsorship interest of Tianping College in 2019, details of which are set out in the announcements of the Company dated 23 July 2019 and 20 August 2019 and the circular of the Company dated 18 January 2022, the Group has been actively working on the conversion of Tianping College into a standalone private ordinary college, including building a new campus for Tianping College pursuant to the acquisition transaction documents to fulfil the requirements of the conversion process and setting up teaching facilities and equipment. The terms of the Loan Agreements were negotiated on an arm's length basis between Henan Shangqiu and Tianping College, taking into account the construction progress and operating expenses of Tianping College for FY2022, FY2023 and FY2024. Once the conversion is complete, Tianping College will become a consolidated affiliated entity of the Group, after which any subsequent loan to Tianping College would be accounted for as an intragroup balance and would not have any implications or disclosure obligations under Chapters 13 or 14 of the Listing Rules.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Loan Agreements are fair and reasonable and in normal commercial terms, and the entering into of the Loan Agreements is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company and Henan Shangqiu

The Company is an investment holding company and the Group is a leading provider of private higher education in the PRC. Since the Group's inception in 2004, it has grown to operate four colleges in Henan Province and two colleges in Hubei Province, and participate in the operation of one college in Jiangsu province. It also participates in the operation of Tianping College. Henan Shangqiu is a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University.

Tianping College

Tianping College began accepting students in September 2000 and became an independent college in 2005. It is an independent college jointly sponsored, organized and funded by Suzhou University of Science and Technology and the Suzhou University of Science and Technology Education Development Foundation* (蘇州科技大學教育發展基金會) to teach full-time undergraduate students.

In 2019, the Group made a successful tender to acquire the sponsorship interest of Tianping College and has been actively working on the conversion of Tianping College into a standalone private ordinary college. As at the date of this announcement, the Company is actively implementing and promoting the conversion process.

LISTING RULES IMPLICATIONS AND NON-COMPLIANCE

As the applicable percentage ratios are more than 5% but less than 25%, each of the FY2022 Loan Agreement, the FY2023 Loan Agreement and the FY2024 Loan Agreement constitutes a discloseable transaction of the Company and was subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

In addition, certain advance under the FY2023 Loan Agreement constituted an advance to an entity which requires disclosure under Rule 13.13 of the Listing Rules, details of which are set out in the paragraph headed "Advance to an Entity" in this announcement.

Save as disclosed above, as at the date of this announcement, the Company does not have any other disclosure obligations under Rules 13.13, 13.14, 13.15 or Chapter 14 of the Listing Rules.

The Board considers that the delayed publication of the announcement in relation to the Loan Agreements to be an isolated event. Since the successful tender by the Group for the acquisition of sponsorship interest of Tianping College in 2019, the Company has been participating and responsible for the operations of Tianping College, including: (i) building a new campus for Tianping College pursuant to the acquisition transaction documents to fulfil the requirements of the conversion process and setting up teaching facilities and equipment; (ii) appointing directors on the board of Tianping College; (iii) appointing key staff members of Tianping College; (iv) participating in the management and daily operation of Tianping College; (v) budgeting and providing fundings required by Tianping College; and (vi) engaging in Tianping College's academic and other operations, which is akin to the manner in which the Company operates other colleges and universities in the Group. In addition, it is the Company's normal and usual course of business to provide loans to Tianping College during the preparatory period for conversion in order to complete the conversion. Once the conversion is complete, Tianping College will become a consolidated affiliated entity of the Group, after which any subsequent loan to Tianping College would be accounted for as an intragroup balance and would not have any implications or disclosure obligations under Chapters 13 or 14 of the Listing Rules.

REMEDIAL MEASURES

In order to prevent similar incidents from occurring in the future and to facilitate and ensure ongoing compliance with the Listing Rules which the Company takes seriously, the following enhanced governance measures will be undertaken as soon as practicable: (i) the Company will (a) strengthen the coordination and reporting procedures for advances to entity and notifiable transactions within the Group, (b) designate specific employees to monitor the transaction amount of any transactions falling into the definition under Rule 14.04(1) of the Listing Rules, and (c) enhance regular reviews and cross-checks of the calculation of size tests within the Group; and (ii) the Company will work closely with its company secretary, legal and compliance advisers, and provide relevant and up-to-date guidance materials and training to responsible staff within the Group, senior management of the Company and Directors, so that they can effectively identify circumstances which may trigger any disclosure obligation under the Listing Rules, especially the requirements under Chapters 13, 14 and 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	China Chunlai Education Group Co., Ltd. (中國春來教育集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 15 November 2017, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1969)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“consolidated affiliated entity(ies)”	the entities we control through contractual arrangements from time to time
“Directors”	the directors of the Company
“FY2022 Loan Agreement”	the loan agreement dated 1 September 2021 entered into between Henan Shangqiu and Tianping College
“FY2023 Loan Agreement”	the loan agreement dated 1 September 2022 entered into between Henan Shangqiu and Tianping College
“FY2024 Loan Agreement”	the loan agreement dated 1 September 2023 entered into between Henan Shangqiu and Tianping College
“Group”	the Company, its subsidiaries and its consolidated affiliated entities
“Henan Shangqiu”	Henan Shangqiu Chunlai Education Corporation* (河南商丘春來教育集團), a consolidated affiliated entity and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Loan Agreements”	collectively, the FY2022 Loan Agreement, the FY2023 Loan Agreement and the FY2024 Loan Agreement
“Loans”	the loans provided by the Company to Tianping College pursuant to the Loan Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) of par value of HK\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Tianping College”	Tianping College of Suzhou University of Science and Technology* (蘇州科技大學天平學院), an independent college of Suzhou University of Science and Technology* (蘇州科技大學)
“%”	per cent

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

Hong Kong, 5 July 2024

As at the date of this announcement, the Board comprises Mr. Hou Junyu and Ms. Jiang Shuqin as executive Directors, Ms. Zhang Jie as executive Director and chief executive officer, 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 translations of the company names in Chinese are 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.*