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 THE ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2019 AND THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

Reference is made to the announcement of 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**") dated 29 April 2020 in relation to the unaudited consolidated annual results of the Group for the year ended 31 August 2019 (the "**Preliminary 2019 Annual Results Announcement**") and the announcement of the Company dated 29 April 2020 (supplemented with an announcement of the Company dated 3 May 2020) in relation to the unaudited consolidated interim results of the Group for the six months ended 29 February 2020 (the "**2020 Interim Results Announcement**"). Unless the context otherwise requires, capitalised terms used in this update announcement shall have the same meaning as those defined in the Preliminary 2019 Annual Results Announcement and 2020 Interim Results Announcement.

The Board would like to state that due to the change of auditor together with the impact of the COVID-19 outbreak, the audit process for the Group's annual results for the year ended 31 August 2019 (the "**2019 Annual Results**") was delayed and not fully completed as of the date of the Preliminary 2019 Annual Results Announcement. The 2019 Annual Results contained in the Preliminary 2019 Annual Results Announcement were not agreed then by the Company's external auditor, ZHONGHUI ANDA CPA Limited (the "**Auditor**") as required under rule 13.49(2) of the Listing Rules.

AUDITOR'S AGREEMENT ON THE 2019 ANNUAL RESULTS

The Board announces that on 20 August 2020, the Company has obtained the agreement of the Auditor, on the audited consolidated annual results of the Group for the year ended 31 August 2019 (the "**Agreed 2019 Annual Results**") (including the figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto) as required under rule 13.49(2) of the Listing Rules after the completion on the audit process for the Group.

The Board announces that there is no material difference between the Agreed 2019 Annual Results and the unaudited 2019 Annual Results as disclosed in the Preliminary 2019 Annual Results Announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2019 as set out in the Preliminary 2019 Annual Results Announcement have been agreed by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 August 2019. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the Preliminary 2019 Annual Results Announcement or this update announcement.

UPDATE ON THE 2020 INTERIM RESULTS ANNOUNCEMENT

The Auditor has reviewed the interim condensed consolidated financial information of the Group for the six months ended 29 February 2020 in accordance with Hong Kong Standard on Review Engagements 2410. The Board announces that other than the adjustments to the interim results for the six months ended 29 February 2020 as stated in the 2020 Interim Results Announcement set out below, there is no material difference between the interim condensed consolidated financial information of the Group for the six months ended 29 February 2020 after the review performed by the Auditor (the "**Revised Disclosure**") and that as disclosed in the 2020 Interim Results Announcement (the "**Original Disclosure**").

Due to reasons set out below, the Company hereby sets out below the Revised Disclosure in addition to a comparison against the Original Disclosure:

Extract of certain financial information on page 1 of the 2020 Interim Results Announcement:

Items	**Original Disclosure** *RMB'000*	**Revised Disclosure** *RMB'000*	**Difference** *RMB'000*	*Notes*
Gross profit	172,165	170,596	(1,569)	*a*
Profit before taxation	68,248	74,747	6,499	*b*
Profit for the period	65,657	72,156	6,499	*b*
Non-IFRS Measure:				
Adjusted net profit	82,399	88,898	6,499	*b*

Notes:

a. Reasons for the difference are disclosed in notes 1 and 2 below.

b. Reasons for the differences are disclosed in notes 1 to 3 below.

EXTRACT OF FINANCIAL INFORMATION OF THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020 on page 3 of the 2020 Interim Results Announcement:

Items	Original Disclosure *RMB'000*	Revised Disclosure *RMB'000*	Difference *RMB'000*	*Notes*
Cost of revenue	(178,692)	(180,261)	(1,569)	*1, 2*
Administrative expenses	(75,024)	(67,521)	7,503	*1*
Finance costs	(42,476)	(41,911)	565	*3*
Profit and total comprehensive income for the period	68,475	74,974	6,499	*4*

Notes:

1. The difference of RMB7,503,000 is due to the reclassification between cost of revenue and administrative expenses.

2. Depreciation of right-of-use assets of approximately RMB5,934,000 was overprovided in the Original Disclosure.

3. The difference is mainly due to the capitalisation of borrowing costs under-provided in the Original Disclosure.

4. The abovementioned differences lead to an increase in profit of approximately RMB6,499,000 in the Revised Disclosure.

EXTRACT OF FINANCIAL INFORMATION OF THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020 on page 4 of the 2020 Interim Results Announcement:

Items	Original Disclosure *RMB'000*	Revised Disclosure *RMB'000*	Difference *RMB'000*	*Notes*
Property, plant and equipment	1,599,152	1,586,550	(12,602)	*5, 7*
Right-of-use assets	350,497	351,117	620	*6*
Accruals and other payables	236,600	218,119	(18,481)	*7*
Net assets	1,361,943	1,368,442	6,499	*8*

Notes:

5. The differences are mainly due to the capitalisation of borrowing cost and reclassification of other payables and right-of-use assets.

6. The differences are mainly due to the over provision of depreciation of right-of-use assets and reclassification between property, plant and equipment and right-of-use assets.

7. The difference of RMB18,481,000 is due to the reclassification between property, plant and equipment and other payables.

8. The abovementioned differences lead to an increase in net assets of approximately RMB6,499,000 in the Revised Disclosure.

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 Company's annual results for the year ended 31 August 2019, 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 annual report of the Company for the year ended 31 August 2019 and the interim report of the Company for the six months ended 29 February 2020 will be despatched to the shareholders of the Company and published on the respective websites of the Company (www.chunlaiedu.com) and the Stock Exchange (www.hkexnews.hk) in due course. 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 April 2020, 3 May 2020, 29 May 2020 and 9 July 2020.

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 of the Company) 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 of the Company. The Agreed 2019 Annual Results and the update on the 2020 Interim Results Announcement as disclosed in this update announcement have been reviewed by the audit committee of the Company and were approved by the Board on 20 August 2020.

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

Hong Kong, 20 August 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.