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Leader Education Limited

立德教育股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1449)

MAJOR TRANSACTIONS FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

On 27 October 2022, Heilongjiang College of Business and Technology entered into the Finance Lease Agreement and the Transfer Agreement with Shanghai Guojin in respect of the sale and lease back of the Leased Assets at a sale price of RMB50,000,000 and total lease payment of RMB54,723,097.44.

LISTING RULES IMPLICATIONS

As the highest applicable ratio of the Finance Lease Arrangement exceeds 25% but is less than 100%, the Finance Lease Arrangement constitutes a major transaction for the Company and therefore shall subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, any resolution to approve, confirm and/or ratify the Finance Lease Arrangement if the Company were to convene a general meeting to approve, confirm and/or ratify the same. The Company has received written certificate to approve the Finance Lease Arrangement from Shuren Education (holding 300,000,000 Shares, and 100% owned by Ms. Dong) and Junhua Education (holding 196,674,000 Shares, and 100% owned by Mr. Liu, the spouse of Ms. Dong), being a closely allied group of Shareholders, which together hold 496,674,000 issued shares of the Company (representing approximately 74.50% of the total issued shares of the Company) as at the date of this announcement, in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened by the Company to approve, confirm and/or ratify the Finance Lease Arrangement.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Finance Lease Arrangement and the transactions contemplated thereunder; and (ii) financial information of the Group shall be despatched within 15 business days after publication of this announcement, i.e. on or before 17 November 2022. Since the Company requires additional time to allow for preparation of the disclosure of certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

INTRODUCTION

On 27 October 2022, Heilongjiang College of Business and Technology entered into the Finance Lease Agreement and the Transfer Agreement with Shanghai Guojin in respect of the sale and lease back of the Leased Assets at a sale price of RMB50,000,000 and total lease payment of RMB54,723,097.44.

PRINCIPAL TERMS OF THE FINANCE LEASE ARRANGEMENT

The principal terms of the Finance Lease Arrangement are summarized as follows:

Finance Lease Agreement

Date:	27 October 2022
Parties:	(i) Heilongjiang College of Business and Technology (as the seller/lessee) (ii) Shanghai Guojin (as the purchaser/lessor)
Sale Price:	RMB50,000,000
Lease Term:	24 months
Total Lease Payment:	RMB54,723,097.44
Deposit:	RMB2,500,000
Principle Terms:	Sale of the Leased Assets to Shanghai Guojin:

Heilongjiang College of Business and Technology agreed to sell and Shanghai Guojin agreed to purchase the Leased Assets at a consideration of RMB50,000,000, which was determined after arm's length negotiation between the parties to be paid in cash in one lump sum or by installment.

It is expected that the consideration would be paid by Shanghai Guojin in one lump sum by the end of November 2022.

Lease of the Leased Assets:

The Leased Assets shall be leased back to Heilongjiang College of Business and Technology for the lease term at the total lease payment of RMB54,723,097.44, payable by Heilongjiang College of Business and Technology to Shanghai Guojin monthly in 24 installments during the lease term.

The deposit of RMB2,500,000, shall be paid to Shanghai Guojin by Heilongjiang College of Business and Technology, which shall be refunded upon performance of all obligations under the Finance Lease Agreement by Heilongjiang College of Business and Technology.

Transfer of Ownership of the Leased Assets back to the lessee:

Upon the expiry of the lease term, and after discharge of all payments under the Finance Lease Agreement, Shanghai Guojin shall transfer the ownership of the Leased Assets to Heilongjiang College of Business and Technology in consideration of the payment of a retention money of RMB5 (including tax) by Heilongjiang College of Business and Technology.

Transfer Agreement

Date: 27 October 2022

Parties: (i) Heilongjiang College of Business and Technology (as the seller)
(ii) Shanghai Guojin (as the purchaser)

Sale Price: RMB50,000,000

Principle Terms: **Sale of the Leased Assets to Shanghai Guojin:**

Heilongjiang College of Business and Technology agreed to sell and Shanghai Guojin agreed to purchase the Leased Assets at a consideration of RMB50,000,000, which was determined after arm's length negotiation between the parties to be paid in cash in one lump sum or by installment.

It is expected that the consideration would be paid by Shanghai Guojin in one lump sum by the end of November 2022.

Delivery of the Leased Assets:

The ownership of the Leased Assets shall be transferred to Shanghai Guojin upon its payment of the consideration for the transfer of the Leased Assets (if the consideration is to be paid by installment, upon its payment of the first installment).

Guarantee for Finance Lease Agreement

Mr. Liu, Ms. Dong, Harbin Xiangge, Liankang Consulting, Beijing Junhua, Daqing Xiangge and Nantong Junhua are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Finance Lease Agreement. The guarantors provide joint liability guarantee to Shanghai Guojin for the liabilities of Heilongjiang College of Business and Technology under the Finance Lease Agreement.

FINANCIAL EFFECTS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangement do not constitute a disposal of assets and will not give rise to any gain or loss to be recorded in the Group's income statement.

Under the Finance Lease Arrangement, it is expected that (i) the total assets of the Group will be increased to reflect the cash to be received from the sale proceeds of the Leased Assets (the “**Proceeds**”) and (ii) the total liabilities of the Group will be increased by the amount of the Proceeds to reflect the liability of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

The terms of the Finance Lease Arrangement and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the book value of the Leased Assets being RMB55,193,960 and the average fair market price of the similar assets and the prevailing market interest rates and trading terms of the similar Finance Lease Arrangement. The proceeds will be used to fund the construction of Hanan Campus. The Directors are of the opinion that the terms and conditions of which are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES TO THE FINANCE LEASE AGREEMENTS

The Group

The Company is principally engaged in investment holding and the Group is principally engaged in providing private higher education services in the PRC through Heilongjiang College of Business and Technology.

Heilongjiang College of Business and Technology is a consolidated affiliated entity of the Company, and is a private regular undergraduate institution approved and established under the laws of PRC.

Shanghai Guojin

Shanghai Guojin is a limited liability company established under the laws of the PRC and is principally engaged in finance lease services.

Shanghai Guojin is owned as to approximately 58.88%, 29.15% and 11.97% by Shanghai Sitico International Trading Company* (上海上實金融服務控股股份有限公司), Shangshi Investment (Shanghai) Co., Ltd.* (上實投資(上海)有限公司) and Shanghai Huadong Industrial Co., Ltd.* (上海華東實業有限公司), which are ultimately controlled and majority owned by Shanghai State-owned Assets Administration Supervision and Administration Commission (上海市國有資產監督管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Guojin and its ultimate beneficial owner (if applicable) are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, any resolution to approve, confirm and/or ratify the Finance Lease Arrangement if the Company were to convene a general meeting to approve, confirm and/or ratify the same. The Company has received written certificate to approve the Finance Lease Arrangement from Shuren Education (holding 300,000,000 Shares, and 100% owned by Ms. Dong) and Junhua Education (holding 196,674,000 Shares, and 100% owned by Mr. Liu, the spouse of Ms. Dong), being a closely allied group of Shareholders, which together hold 496,674,000 issued shares of the Company (representing approximately 74.50% of the total issued shares

of the Company) as at the date of this announcement, in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened by the Company to approve, confirm and/or ratify the Finance Lease Arrangement.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Finance Lease Arrangement and the transactions contemplated thereunder; and (ii) financial information of the Group shall be despatched within 15 business days after publication of this announcement, i.e. on or before 17 November 2022. Since the Company requires additional time to allow for preparation of the disclosure of certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Junhua”	Beijing Junhua Business Information Consulting Co., Ltd.* (北京峻華商務信息諮詢有限公司), a limited liability company established under the laws of the PRC on July 8, 2020, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Daqing Xiangge”	Daqing Xiangge Property Development Co, Ltd.* (大慶市祥閣房地產開發有限公司), a limited liability company established under the laws of the PRC, and is indirectly owned as to 100% by Mr. Liu
“Director(s)”	the director(s) of the Company

“Finance Lease Agreement”	the finance lease agreement dated 27 October 2022 between Shanghai Guojin and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement
“Finance Lease Arrangement”	the purchase of the Leased Assets by Shanghai Guojin and the lease back of the Leased Assets to Heilongjiang College of Business and Technology pursuant to the Finance Lease Agreement and the Transfer Agreement
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), formerly known as Harbin Xiangge Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司), a limited liability company established under the laws of the PRC and a consolidated affiliated entity of the Company
“Heilongjiang College of Business and Technology”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Junhua Education”	Junhua Education Limited (竣華教育有限公司), a company incorporated under the laws of the BVI on 18 June 2019 and wholly-owned by Mr. Liu
“Leased Assets”	certain electrical appliances and equipment located in Heilongjiang College of Business and Technology, which was sold by the Heilongjiang College of Business and Technology to Shanghai Guojin and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement
“Liankang Consulting”	Heilongjiang Liankang Business Information Consulting Co., Ltd.* (黑龍江聯康商務信息諮詢有限公司), a limited liability company established under the laws of the PRC on 8 August 2019, which is an indirect wholly-owned subsidiary of our Company

“Listing Rules”	the rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Laixiang (劉來祥), the Chairman, the Chief Executive Officer, an executive Director and the spouse of Ms. Dong
“Ms. Dong”	Ms. Dong Ling (董玲), an executive Director and the spouse of Mr. Liu
“Nantong Junhua”	Nantong Junhua Kechuangyuan Ltd* (南通峻華科創園有限公司), a limited liability company established under the laws of the PRC, which is held as to 55.97% by Heilongjiang College of Business and Technology and 44.03% by Leader Education (HK) Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Guojin”	Shanghai Guojin Financial Leasing Co., Ltd.* (上海國金融租賃有限公司), a limited liability company established under the laws of the PRC
“Shuren Education”	Shuren Education Limited (樹人教育有限公司), a company incorporated under the laws of the BVI on 18 June 2019 and wholly-owned by Ms. Dong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the transfer agreement dated 27 October 2022 between Shanghai Guojin and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement
“%”	per cent

By the order of the Board
Leader Education Limited
Liu Laixiang
Chairman

Harbin, Heilongjiang Province, PRC, 27 October 2022

As at the date of this announcement, the executive Directors are Mr. Liu Laixiang, Ms. Dong Ling, Mr. Wang Yunfu and Mr. Che Wenge; and the independent non-executive Directors are Mr. Zhang Su, Mr. Cao Shaoshan and Mr. Chan Ngai Fan.

* *for identification purpose only*