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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO MAJOR TRANSACTIONS FINANCE LEASE ARRANGEMENTS

Reference is made to the announcement of Leader Education Limited (the “**Company**”) dated 19 October 2022 in relation to Finance Lease Arrangements with Anhui Derun (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The Board would like to further announce the supplemental information in this announcement.

FINANCE LEASE AGREEMENT (DERUN) I

The sale price of RMB15,000,000 for the Leased Assets (Derun) I was paid on 25 October 2022.

The Leased Assets (Derun) I comprises computers, tablets, copy machines, electronic appliances (including air-conditioners, water heaters, projectors, televisions, speakers, digital displays and monitors etc), drones, and furniture (including beds, tables, chairs, wardrobes, cupboards and bookshelves etc.) etc.

The initial purchase price of Leased Assets (Derun) I by the Group and the appraised value of the Leased Assets are RMB19,396,557.48 and RMB15,133,608 respectively.

The sale price was arrived at after arm’s length negotiations with reference to the average fair market price of the similar assets.

FINANCE LEASE AGREEMENT (DERUN) II

The sale price of RMB35,000,000 for the Leased Assets (Derun) II, the timing of payment of which is to be agreed among the parties based on the actual need of the Group for funds, is expected to be paid in around January 2023. The lease term of the Leased Assets (Derun) II is to commence after the payment of the sale price by Anhui Derun, during which the total lease payment of RMB39,274,508, payable by Heilongjiang College of Business and Technology to Anhui Derun every three months in 12 installments.

The Leased Assets (Derun) II comprises computers, books, electronic appliances (including air-conditions, speakers, and sound mixer etc), printers, production machines, laboratory equipment, and furniture (big monitor stand, bookshelves, tables, chairs, sofas and digital blackboards etc.) etc.

The initial purchase price of Leased Assets (Derun) II by the Group and the appraised value of Leased Assets (Derun) II are RMB41,801,920.08 and RMB35,022,244 respectively.

The sale price was arrived at after arm's length negotiations with reference to the average fair market price of the similar assets.

FINANCIAL EFFECTS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangements 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 Arrangements, 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 (Derun) I and Leased Assets (Derun) II (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

By entering into the Finance Lease Arrangements, the Group would gain access to RMB50,000,000 funds to supplement its working capital while the Group's operation would not be affected by the sale of the Leased Assets (Derun) I and the Leased Assets (Derun) II, because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Derun under the Finance Lease Arrangements. Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (Derun) I and the Leased Assets (Derun) II transferred back to the Group.

Therefore, in substance and in terms of accounting treatment, the Finance Lease Arrangements are in effect largely similar to borrowing a secured loan.

WRITTEN SHAREHOLDERS' APPROVAL

The Company has received written certificate to approve the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II 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 the Announcement, in accordance with Rule 14.44 of the Listing Rules.

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

Harbin, Heilongjiang Province, PRC, 7 November 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.