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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 TRANSACTION FINANCE LEASE ARRANGEMENT (CHENGTAY)

FINANCE LEASE ARRANGEMENT (CHENGTAY)

On 24 November 2022, Heilongjiang College of Business and Technology entered into the Ownership Transfer Agreement (Chengtay), the Sale and Leaseback Agreement (Chengtay), the Services Agreement (Chengtay) and the Surety Agreement (Chengtay) with Chengtay in respect of the Finance Lease Arrangement (Chengtay).

LISTING RULES IMPLICATIONS

Since the Finance Lease Arrangement (Chengtay) and the Finance Lease Arrangement (Chengtay — 2021) were entered into with the same finance lease company and were of similar nature and within a 12-month period, the Finance Lease Arrangement (Chengtay) shall be aggregated with the Finance Lease Arrangement (Chengtay — 2021) for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable ratio of the Finance Lease Arrangement (Chengtay) (whether standing alone or aggregated with the Finance Lease Arrangement (Chengtay — 2021)) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Chengtay) 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 (Chengtay) 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 (Chengtay) 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 (Chengtay).

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 (Chengtay) 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 15 December 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 24 November 2022, Heilongjiang College of Business and Technology entered into the Ownership Transfer Agreement (Chengtay), the Sale and Leaseback Agreement (Chengtay), the Services Agreement (Chengtay) and the Surety Agreement (Chengtay) with Chengtay in respect of the Finance Lease Arrangement (Chengtay).

PRINCIPAL TERMS OF THE FINANCE LEASE ARRANGEMENT (CHENGTAY)

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

Ownership Transfer Agreement (Chengtay)

Date: 24 November 2022

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

Sale Price: RMB57,000,000

Leased Assets (Chengtay): The Leased Assets (Chengtay) comprises electricity generator, furniture, computers, peripherals of computers, networking equipment, audio and visual equipments, ventilators and teaching equipment etc.

Principle Terms: **Sale of the Leased Assets (Chengtay) to Chengtay**

Heilongjiang College of Business and Technology agreed to sell and Chengtay agreed to purchase the Leased Assets (Chengtay) at a consideration of RMB57,000,000, which was determined after arm's length negotiation between the parties, to be paid in one lump sum or by installment.

It is expected that the consideration would be paid in full by Chengtay by the end of November 2022.

Delivery of the Leased Assets (Chengtay)

The ownership of the Leased Assets (Chengtay) shall be transferred to Chengtay upon full payment of the consideration for the transfer of the Leased Assets (Chengtay).

Sale and Leaseback Agreement (Chengtay)

Date: 24 November 2022

Parties: (i) Heilongjiang College of Business and Technology (as the lessee)
(ii) Chengtay (as the lessor)

Lease Term: 36 months, starting from the date on which the sale price for the Leased Assets (Chengtay) was paid

Total Lease Payment: RMB62,200,000

Principle Terms: **Lease of the Leased Assets (Chengtay)**

The Leased Assets (Chengtay) shall be leased back to Heilongjiang College of Business and Technology for the lease term at the total lease payment of RMB62,200,000, payable by Heilongjiang College of Business and Technology to Chengtay in 13 installments at 1, 2, 3 or 4 months intervals during the lease term.

Transfer of Ownership of the Leased Assets (Chengtay) back to the Lessee

Upon the expiry of the lease term and subject to full performance of the Sale and Leaseback Agreement (Chengtay) by Heilongjiang College of Business and Technology, Chengtay shall transfer the ownership of the Leased Assets (Chengtay) to Heilongjiang College of Business and Technology in consideration of the payment of a retention money of RMB100 by Heilongjiang College of Business and Technology, which is payable together with the last instalment of the lease payment.

Services Agreement (Chengtay)

Date: 24 November 2022

Parties: (i) Heilongjiang College of Business and Technology (as the recipient of service)
(ii) Chengtay (as the service provider)

Fee: RMB3,620,000

Principle Terms: Chengtay shall provide the following services to Heilongjiang College of Business and Technology: (1) risk assessment; (2) finance lease products introduction; (3) finance lease plans and transaction structure design; and (4) financial management etc.

Surety Agreement (Chengtay)

Date: 24 November 2022

Parties: (i) Heilongjiang College of Business and Technology
(ii) Chengtay

Surety: RMB7,000,000

Principle Terms: Heilongjiang College of Business and Technology shall pay Chengtay a surety of RMB7,000,000 as guarantee for payments under the Sale and Leaseback Agreement (Chengtay) within 3 business days after Chengtay pays Heilongjiang College of Business and Technology the consideration for the purchase of the Leased Assets (Chengtay).

Guarantee for Sale and Leaseback Agreement (Chengtay)

Mr. Liu, Ms. Dong, Mr. Liu Yudong (the son of Mr. Liu and Ms. Dong), Harbin Xiangge, Liankang Consulting and Harbin Junfengda are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Sale and Leaseback Agreement (Chengtay). The guarantors provide joint liability guarantee to Chengtay for the liabilities of Heilongjiang College of Business and Technology under the Sale and Leaseback Agreement (Chengtay).

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT (CHENGTAY)

By entering into the Finance Lease Arrangement (Chengtay), the Group would gain access to RMB57,000,000 funds to fund the construction of Hanan Campus while the Group's operation would not be affected by the sale of the Leased Assets (Chengtay), because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Chengtay under the Finance Lease Arrangement (Chengtay). Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (Chengtay) transferred back to the Group.

Therefore, in substance and in terms of accounting treatment, the Finance Lease Arrangement (Chengtay) is in effect the largely similar to borrowing a secured loan.

The terms of the Finance Lease Arrangement (Chengtay) and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the initial acquisition costs of the Leased Assets (Chengtay) of RMB66,692,755 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 (Chengtay). The Directors are of the opinion that the Group will be able to supplement its working capital through the Finance Lease Arrangement (Chengtay), 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 ARRANGEMENT (CHENGTAY)

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.

Chengtay

Chengtay is a limited liability company established under the laws of the PRC and is principally engaged in financial leasing business and financial services in the PRC. Chengtay is owned as to approximately 38%, 23%, 22% and 11% by Sunshine Life Insurance Co., Ltd.* (陽光人壽保險股份有限公司), Shanghai Weishi Investment Management Co., Ltd.* (上海衛石投資管理有限公司), Shanghai Oriental Security Venture Capital Co., Ltd.* (上海東方證券創新投資有限公司) and Shandong Tongjia Investment Co., Ltd.* (山東通嘉投資有限公司) respectively.

Sunshine Life Insurance Co., Ltd.* (陽光人壽保險股份有限公司) is owned as to 99.99% by Sunshine Insurance Group Inc., Ltd.* (陽光保險集團股份有限公司), a major insurance company in the PRC.

Shanghai Weishi Investment Management Co., Ltd.* (上海衛石投資管理有限公司) is owned as to approximately 68%, 32% and 0.002% by Qingdao Changying Jinpeng Equity Investment Partnership (Limited Partnership)* (青島暢贏金鵬股權投資合夥企業 (有限合夥)), Urumqi Dongshixinhe Business Consulting Co., Ltd.* (烏魯木齊東石信和商貿諮詢有限合夥企業) and Liu Weidong* (牛衛東). The single largest shareholder of Qingdao Changying Jinpeng Equity Investment Partnership (Limited Partnership)* (青島暢贏金鵬股權投資合夥企業 (有限合夥)) holding approximately 64% interest is Shandong Expressway Investment Development Co., Ltd.* (山東高速投資發展有限公司), which is a wholly-owned subsidiary of Shandong Hi-speed Company Limited* (山東高速股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600350).

Shanghai Oriental Security Venture Capital Co., Ltd.* (上海東方證券創新投資有限公司) is a wholly-owned subsidiary of Orient Securities Company Limited* (東方證券股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600958) and the Stock Exchange (Stock Code: 3958).

Shandong Tongjia Investment Co., Ltd.* (山東通嘉投資有限公司) is owned as to approximately 99.97% by Shandong Qijiao Development Investment Fund Partnership (limited Partnership)* (山東齊交發展投資基金合夥企業 (有限合夥)), which in turn is owned as to 99.99% by Zhonghai Trust Co., Ltd.* (中海信託股份有限公司). Zhonghai Trust Co., Ltd.* (中海信託股份有限公司) is owned as to 95% by China National Offshore Oil Corp. (中國海洋石油集團有限公司), a company listed on the New York Stock Exchange (Stock Code: CEO) and the Stock Exchange (Stock Code: 883).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chengtay 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

Since the Finance Lease Arrangement (Chengtay) and the Finance Lease Arrangement (Chengtay — 2021) were entered into with the same finance lease company and were of similar nature and within a 12-month period, the Finance Lease Arrangement (Chengtay) shall be aggregated with the Finance Lease Arrangement (Chengtay — 2021) for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable ratio of the Finance Lease Arrangement (Chengtay) (whether standing alone or aggregated with the Finance Lease Arrangement (Chengtay — 2021)) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Chengtay) 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 (Chengtay) 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 (Chengtay) 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 (Chengtay).

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 (Chengtay) 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 15 December 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:

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| “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 8 July 2020, an indirect wholly-owned subsidiary of the Company |
| “Board” | the board of Directors |

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| “BVI” | British Virgin Islands |
| “Chengtay” | Chengtay Finance Lease Shanghai Co., Ltd.* (誠泰融資租賃(上海)有限公司), a limited liability company established under the laws of the PRC |
| “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 Arrangement (Chengtay)” | (i) the purchase of the Leased Assets (Chengtay) by Chengtay; (ii) the lease back of the Leased Assets (Chengtay) to Heilongjiang College of Business and Technology; (iii) the provision of the business consultation services by Chengtay to Heilongjiang College of Business and Technology; and (iv) the provision of surety by Heilongjiang College of Business and Technology to Chengtay, pursuant to the Ownership Transfer Agreement (Chengtay), the Sale and Leaseback Agreement (Chengtay), the Services Agreement (Chengtay) and the Surety Agreement (Chengtay) respectively |
| “Finance Lease Arrangement (Chengtay — 2021)” | the sale and lease back arrangement between Heilongjiang College of Business and Technology and Chengtay as disclosed in the Company’s announcement dated 30 December 2021 |
| “Group” | the Company, its subsidiaries and consolidated affiliated entities from time to time |
| “Harbin Junfengda” | Harbin Junfengda Property Development Co., Ltd.* (哈爾濱竣峰達房地產開發有限公司), a limited liability company established under the laws of the PRC, and is indirectly held as to 60% and 40% by Ms. Dong and Mr. Liu respectively |

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| “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 (Chengtay)” | certain assets which Heilongjiang College of Business and Technology agreed to sell to Chengtay and Chengtay agreed to lease back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (Chengtay) |
| “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 the 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 |
| “Ownership Transfer Agreement (Chengtay)” | the ownership transfer agreement dated 24 November 2022 between Chengtay and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Chengtay) |
| “PRC” | the People’s Republic of China |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Leaseback Agreement (Chengtay)” | the sale and leaseback agreement dated 24 November 2022 between Chengtay and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Chengtay) |
| “Services Agreement (Chengtay)” | the services agreement dated 24 November 2022 between Chengtay and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Chengtay) |
| “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 |
| “Surety Agreement (Chengtay)” | the surety agreement dated 24 November 2022 between Chengtay and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Chengtay) |
| “%” | per cent |

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

Harbin, Heilongjiang Province, PRC, 24 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.

* *for identification purpose only*