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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)**

## **CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus of Leader Education Limited (the “**Company**”) dated 27 July 2020 relating to the global offering and listing of its shares on the main board of the Stock Exchange of Hong Kong Limited (the “**Prospectus**”) and the annual results announcement for the year ended 31 August 2022 dated 30 November 2022 (the “**Announcement**”) of the Company. Terms used in this announcement shall have the same meanings as defined in the Prospectus and the Announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to announce that the Board has resolved to change the allocation of the use of proceeds from the Global Offering in manner as more particularly set out in this announcement.

## **USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS**

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 40.0% was expected to be used primarily to expand our Hanan Campus in connection with the construction of the second phase;
- approximately 30.0% was expected to be used for repayment of all or a portion of the principals and interests of the borrowings from certain financial institutions;
- approximately 20.0% was expected to be used primarily to acquire other schools to expand our school network; and
- approximately 10.0% was expected to be used to fund our working capital and general corporate purposes.

Net proceeds from the Global Offering of the Company amounted to approximately HK\$333.2 million, after deducting underwriting fee and relevant expenses. As disclosed in the Announcement, as at 31 August 2022, the Company had utilized approximately HK\$265.4 million and the remaining unutilized net proceeds was approximately HK\$67.8 million. Subsequently, in September 2022, the amount of approximately RMB3.0 million (equivalent to HK\$3.6 million), representing the deposit in connection with the proposed acquisition of the sponsorship interest in Qiqihar College, was refunded to the Group, adding back to the unutilized net proceed.

## CHANGE IN USE OF PROCEEDS

Details of the revised use of the net proceeds from the Global Offering are set out below:

	Original use of proceeds (HK\$ million)	Revised use of proceeds (HK\$ million)	Amount utilized as at the date of this announcement (HK\$ million)	Remaining balance as at the date of this announcement (HK\$ million)	Expected timeline for full utilization of the remaining net proceeds
Expand Hanan Campus in connection with the construction of the second phase	133.2	133.2	133.2	—	Fully utilized
Repay principals and interests of the relevant borrowings or loans incurred from the investments and operations of the Company (including but not limited to principals and interests from banks, financial institutions and other sources)	100.0	156.6	95.2	61.4	2023.12.30
Acquire other schools to expand the Group's school network	66.6	—	—	—	N/A
Fund the Group's working capital and general corporate purposes	33.4	43.4	33.4	10.0	2023.12.30
Total	<u>333.2</u>	<u>333.2</u>	<u>261.8</u>	<u>71.4</u>	

*Note:*

The above figures are subject to rounding.

## **REASONS FOR THE CHANGE IN USE OF PROCEEDS**

Considering the development prospects of the education industry and market, and that the current policies in Mainland do not support the acquisitions of other schools in the PRC, the Company believes that carrying out acquisitions is no longer a favorable initiative for the Company. Moreover, given the prevalent education market and environment and the scale of funding of the Company available for acquisitions, acquiring other schools in Mainland China is not practicable. Compared to acquiring other schools, working on optimizing our investment structure, expanding our scale and gradually increasing our scale of enrolment are more favorable to the Company. Thus, in order to more effectively allocate our financial resources, the Company makes reasonable changes to its investment strategies, switching from acquiring other schools to expanding our scale. In the process, we have been increasing the principals and interests of the relevant borrowings (including borrowings from banks and financial institutions). It is now proposed to utilize the fund originally for acquiring other schools to expand the Group's school network on repaying the principals and interests of the relevant borrowings or loans incurred from the investments and operations of the Company (including but not limited to principals and interests from banks, financial institutions and other sources) and funding the Group's working capital and general corporate purposes, so as to facilitate the sustainable development of the Group.

The Board considers that the change in use of proceeds is fair and reasonable and will allow the Company to utilize its financial resources more effectively to enhance the profitability of the Group. The Directors also confirm that there is no material change in the nature of business of the Group as set out in the Prospectus, and that the above change in use of proceeds shall not have any material adverse impact on the operations of the Group and is in the interests of the Group and the Shareholders as a whole.

By order of the Board  
**Leader Education Limited**  
**LIU Laixiang**  
*Chairman*

Harbin, Heilongjiang Province, PRC, 30 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.*