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If you have sold or transferred all your shares in **Leader Education Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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 ARRANGEMENTS**

A letter from the Board is set out on pages 8 to 29 of this circular.

The Finance Lease Arrangements and the transactions contemplated thereunder have been approved by written shareholder's approval obtained from Shuren Education and Junhua Education, 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) pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company. This circular is being despatched to the Shareholder for information only.

23 December 2022

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

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|---|--|
| “Anhui Derun” | Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司) |
| “Announcements” | the announcements of the Company dated 19 October 2022, 27 October 2022, 7 November 2022 and 24 November 2022 in relation to, among other things, Finance Lease Agreements |
| “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 |
| “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 |
| “Consultation Service Agreement (Derun) I” | the service agreement dated 19 October 2022 between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) I |
| “Consultation Service Agreement (Derun) II” | the service agreement dated 19 October 2022 between Anhui Derun and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Derun) II |

DEFINITIONS

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| “controlling shareholders” | has the meaning ascribed thereto 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 |
| “Directors” | 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 |
| “Finance Lease Agreement (Derun) I” | the finance lease agreement dated 19 October 2022 between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) I |
| “Finance Lease Agreement (Derun) II” | the finance lease agreement dated 19 October 2022 between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) II |
| “Finance Lease Agreement (Guojin)” | 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 |

DEFINITIONS

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| “Finance Lease Arrangement (Derun) I” | (i) the purchase of the Leased Assets (Derun) I by Anhui Derun and the lease back of the Leased Assets (Derun) I to Heilongjiang College of Business and Technology and Liankang Consulting; and (ii) the provision of the finance lease, finance and project management consultation services by Anhui Derun to Heilongjiang College of Business and Technology and Liankang Consulting, pursuant to the Finance Lease Agreement (Derun) I and the Consultation Service Agreement (Derun) I respectively |
| “Finance Lease Arrangement (Derun) II” | (i) the purchase of the Leased Assets (Derun) II by Anhui Derun and the lease back of the Leased Assets (Derun) II to Heilongjiang College of Business and Technology and Liankang Consulting; and (ii) the provision of the finance lease, finance and project management consultation services by Anhui Derun to Heilongjiang College of Business and Technology and Liankang Consulting, pursuant to the Finance Lease Agreement (Derun) II and the Consultation Service Agreement (Derun) II respectively |
| “Finance Lease Arrangement (Guojin)” | the purchase of the Leased Assets (Guojin) 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 |
| “Finance Lease Arrangements” | the Finance Lease Arrangement (Derun) I, the Finance Lease Arrangement (Derun) II, the Finance Lease Arrangement (Guojin) and the Finance Lease Arrangement (Chengtay) |
| “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 |

DEFINITIONS

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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 |
| “Independent Third Parties” | person(s) or company(ies) which is/are independent of and not connected with the Company and its connected persons |
| “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 |
| “Latest Practicable Date” | 20 December 2022, being the latest practicable date for ascertaining certain information in this circular |
| “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) |
| “Leased Assets (Derun) I” | certain equipment, the usage of which is for or in connection with teaching by Heilongjiang College of Business and Technology, which was sold by the Heilongjiang College of Business and Technology and Liankang Consulting to Anhui Derun and leased back to Heilongjiang College of Business and Technology and Liankang Consulting pursuant to the Finance Lease Arrangement (Derun) I |

DEFINITIONS

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| “Leased Assets (Derun) II” | certain equipment, the usage of which is for or in connection with teaching by Heilongjiang College of Business and Technology, which was sold by the Heilongjiang College of Business and Technology and Liankang Consulting to Anhui Derun and leased back to Heilongjiang College of Business and Technology and Liankang Consulting pursuant to the Finance Lease Arrangement (Derun) II |
| “Leased Assets (Guojin)” | 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 the Company |
| “Listing Rule” | 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% Heilongjiang College of Business and Technology and 44.03% by Leader Education (HK) Limited |

DEFINITIONS

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| “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 |
| “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) |
| “SFC” | the Securities and Futures Commission |
| “Shanghai Guojin” | Shanghai Guojin Financial Leasing Co., Ltd.* (上海國金融資租賃有限公司), a limited liability company established under the laws of the PRC |
| “Share(s)” | the ordinary share in the share capital of the Company |
| “Shareholder(s)” | holder(s) of share(s) |
| “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 |
| “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) |
| “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) |

DEFINITIONS

“Transfer Agreement (Guojin)” 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.

* *for identification purpose only*

LETTER FROM THE BOARD

Leader Education Limited **立德教育股份有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1449)

Executive Directors:

Mr. Liu Laixiang (*Chairman and Chief Executive Officer*)

Ms. Dong Ling

Mr. Wang Yunfu

Mr. Che Wenge

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Hutchins Drive

Independent non-executive Directors:

Mr. Zhang Su

Mr. Cao Shaoshan

Mr. Chan Ngai Fan

Principal place of business in Hong Kong:

Unit 26, 14/F., Solo Building

41–43 Carnarvon Road

Tsimshatsui, Kowloon

Hong Kong

23 December 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS **FINANCE LEASE ARRANGEMENTS**

INTRODUCTION

Reference is made to the Announcements.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Finance Lease Arrangements and the transactions contemplated thereunder; and (ii) other general information of the Company.

LETTER FROM THE BOARD

BACKGROUND

On 19 October 2022, the Group entered into the following Finance Lease Arrangements:

1. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) I and Consultation Service Agreement (Derun) I with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB15,000,000 and total lease payment of RMB17,030,985 and the consultation services at a service fee of RMB675,000 contemplated under the Finance Lease Arrangement (Derun) I; and
2. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) II and Consultation Service Agreement (Derun) II with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB35,000,000 and total lease payment of RMB39,274,508 and the consultation services at a service fee of RMB1,575,000 contemplated under the Finance Lease Arrangement (Derun) II.

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.

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).

FINANCE LEASE ARRANGEMENT (DERUN) I

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

Finance Lease Agreement (Derun) I

Date : 19 October 2022

Parties : (i) Heilongjiang College of Business and Technology (as the seller/lessee)

LETTER FROM THE BOARD

(ii) Liankang Consulting (as the seller/lessee)

(iii) Anhui Derun (as the purchaser/lessor)

Sale Price : RMB15,000,000

Lease Term : 36 months

Total Lease Payment : RMB17,030,985

Deposit : RMB1,200,000

Principal Terms : **Sale of the Leased Assets (Derun) I to the Anhui Derun:**

Heilongjiang College of Business and Technology and Liankang Consulting agreed to sell and Anhui Derun agreed to purchase the Leased Assets (Derun) I at a consideration of RMB15,000,000, which was determined after arm's length negotiation between the parties. The deposit of RMB1,200,000 shall be paid to Anhui Derun by Heilongjiang College of Business and Technology and Liankang Consulting, which shall be refunded upon performance of all obligations under the Finance Lease Agreement (Derun) I by Heilongjiang College of Business and Technology and Liankang Consulting.

Lease of the Leased Assets (Derun) I:

The Leased Assets (Derun) I shall be leased back to Heilongjiang College of Business and Technology and Liankang Consulting for the lease term at the total lease payment of RMB17,030,985, payable by Heilongjiang College of Business and Technology to Anhui Derun every three months in 12 installments during the lease term.

LETTER FROM THE BOARD

Transfer of Ownership of the Leased Assets (Derun) I back to the lessees:

Upon the expiry of the lease term, and after discharge of all debts, Anhui Derun shall transfer the ownership of the Leased Assets (Derun) I to Heilongjiang College of Business and Technology and Liankang Consulting in consideration of the payment of a retention money of RMB1,000 by Heilongjiang College of Business and Technology and Liankang Consulting.

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.

Consultation Service Agreement (Derun) I

| | | |
|-----------------|---|--|
| Date | : | 19 October 2022 |
| Parties | : | (i) Heilongjiang College of Business and Technology (as the recipient of service) (ii) Liankang Consulting (as the recipient of service) (iii) Anhui Derun (as the service provider) |
| Term | : | 19 October 2022 to 31 December 2022 |
| Service fee | : | RMB675,000 |
| Principal Terms | : | Anhui Derun shall provide Heilongjiang College of Business and Technology and Liankang Consulting with the service of consultation on finance lease, finance and project management. |

LETTER FROM THE BOARD

Guarantee for Finance Lease Agreement (Derun) I

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

FINANCE LEASE ARRANGEMENT (DERUN) II

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

Finance Lease Agreement (Derun) II

| | | |
|---------------------|---|--|
| Date | : | 19 October 2022 |
| Parties | : | (i) Heilongjiang College of Business and Technology (as the seller/lessee) (ii) Liankang Consulting (as the seller/lessee) (iii) Anhui Derun (as the purchaser/lessor) |
| Sale Price | : | RMB35,000,000 |
| Lease Term | : | 36 months |
| Total Lease Payment | : | RMB39,274,508 |
| Deposit | : | RMB2,800,000 |

LETTER FROM THE BOARD

Principal Terms : **Sale of the Leased Assets (Derun) II to the Anhui Derun:**

Heilongjiang College of Business and Technology and Liankang Consulting agreed to sell and Anhui Derun agreed to purchase the Leased Assets (Derun) II at a consideration of RMB35,000,000, which was determined after arm's length negotiation between the parties. The deposit of RMB2,800,000 shall be paid to Anhui Derun by Heilongjiang College of Business and Technology and Liankang Consulting, which shall be refunded upon performance of all obligations under the Finance Lease Agreement (Derun) II by Heilongjiang College of Business and Technology and Liankang Consulting.

Lease of the Leased Assets (Derun) II:

The Leased Assets (Derun) II shall be leased back to Heilongjiang College of Business and Technology and Liankang Consulting for the lease term at 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 during the lease term.

Transfer of Ownership of the Leased Assets (Derun) II back to the lessees:

Upon the expiry of the lease term, and after discharge of all debts, Anhui Derun shall transfer the ownership of the Leased Assets (Derun) II to Heilongjiang College of Business and Technology and Liankang Consulting in consideration of the payment of a retention money of RMB1,000 by Heilongjiang College of Business and Technology and Liankang Consulting.

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.

LETTER FROM THE BOARD

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.

Consultation Service Agreement (Derun) II

Date : 19 October 2022

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

(ii) Liankang Consulting (as the recipient of service)

(iii) Anhui Derun (as the service provider)

Term : 19 October 2022 to 31 December 2022

Service fee : RMB1,575,000

Principal Terms : Anhui Derun shall provide Heilongjiang College of Business and Technology and Liankang Consulting with the service of consultation on finance lease, finance and project management.

Guarantee for Finance Lease Agreement (Derun) II

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

LETTER FROM THE BOARD

FINANCE LEASE ARRANGEMENT (GUOJIN)

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

Finance Lease Agreement (Guojin)

| | | |
|---------------------|---|--|
| 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 |
| Principal Terms | : | Sale of the Leased Assets (Guojin) to Shanghai Guojin: |

Heilongjiang College of Business and Technology agreed to sell and Shanghai Guojin agreed to purchase the Leased Assets (Guojin) 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 December 2022. The delay from the previously announced timing of November 2022 was due to quarantine of certain responsible personnel as a result of the COVID-19 pandemic in mainland China.

Lease of the Leased Assets:

The Leased Assets (Guojin) 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.

LETTER FROM THE BOARD

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 (Guojin) 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 (Guojin)

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

Principal Terms : **Sale of the Leased Assets (Guojin) to Shanghai Guojin:**

Heilongjiang College of Business and Technology agreed to sell and Shanghai Guojin agreed to purchase the Leased Assets (Guojin) 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 December 2022. The delay from the previously announced timing of November 2022 was due to quarantine of certain responsible personnel as a result of the COVID-19 pandemic in mainland China.

LETTER FROM THE BOARD

Delivery of the Leased Assets (Guojin):

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

The Leased Assets (Guojin) comprises air-conditioners, transformers, water heaters, fire detection devices, ventilation machines, sewage treatment equipment and electricity generators etc.

Guarantee for Finance Lease Agreement (Guojin)

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 (Guojin). The guarantors provide joint liability guarantee to Shanghai Guojin for the liabilities of Heilongjiang College of Business and Technology under the Finance Lease Agreement (Guojin).

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. |

LETTER FROM THE BOARD

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.

The consideration had been paid in full by Chengtay on 24 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.

LETTER FROM THE BOARD

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

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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).

EFFECTIVE INTEREST RATES

Set out below are the effective interest rates for each of the Finance Lease Arrangements:

| | Effective Interest Rate |
|--------------------------|--------------------------------|
| Leased Assets (Derun) I | 6.30% |
| Leased Assets (Derun) II | 4.81% |
| Leased Assets (Guojin) | 5.84% |
| Leased Assets (Chengtay) | 5.51% |

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INITIAL ACQUISITION COSTS OF AND NET PROFITS ATTRIBUTABLE TO THE LEASED ASSETS (DERUN) I, LEASED ASSETS (DERUN) II, LEASED ASSETS (GUOJIN) AND LEASED ASSETS (CHENGTAY)

The book value and the net profits attributable to the Leased Assets (Derun) I, Leased Assets (Derun) II, Leased Assets (Guojin) and Leased Assets (Chengtay) for each of the financial years ended 31 August 2021 and 31 August 2022 are as follows:

| | | Year ended 31 August | |
|--------------------------|-------------|----------------------|--------------|
| | | 2021 | 2022 |
| Leased Assets (Derun) I | Book Value | RMB1,837,000 | RMB2,157,000 |
| | Net Profits | N/A | N/A |
| Leased Assets (Derun) II | Book Value | RMB2,831,000 | RMB2,615,000 |
| | Net Profits | N/A | N/A |
| Leased Assets (Guojin) | Book Value | RMB1,077,000 | RMB3,543,000 |
| | Net Profits | N/A | N/A |
| Leased Assets (Chengtay) | Book Value | RMB3,544,000 | RMB5,220,000 |
| | Net Profits | N/A | N/A |

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENTS

Finance Lease Arrangement (Derun) I and Finance Lease Arrangement (Derun) II

By entering into the Finance Lease Arrangement (Derun I) and Finance Lease Arrangement (Derun II), 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 Anhui Derun under the Finance Lease Arrangement (Derun I) and Finance Lease Arrangement (Derun II). 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 Arrangement (Derun I) and Finance Lease Arrangement (Derun II) are in effect largely similar to borrowing a secured loan.

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The terms of the Finance Lease Arrangement (Derun I) and Finance Lease Arrangement (Derun II) and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the average fair market price of the similar assets and the prevailing market interest rates and trading terms of similar finance lease arrangements. The proceeds will be used to fund the construction of Hanan Campus. The effective interest rates for the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II are consistent with the interest rates for similar secured loans that could be obtained by the Group, which range from 5.245% to 6.366% based on quotation obtained from other financial institutions. 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.

Finance Lease Arrangement (Guojin)

By entering into the Finance Lease Arrangement (Guojin), the Group would gain access to RMB50,000,000 funds to fund the construction of Hanan Campus while the Group's operation would not be affected by the sale of the Leased Assets (Guojin), because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Shanghai Guojin under the Finance Lease Arrangement (Guojin). Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (Guojin) transferred back to the Group.

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

The terms of the Finance Lease Arrangement (Guojin) 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 similar finance lease arrangements. The proceeds will be used to fund the construction of Hanan Campus. The effective interest rate for the Finance Lease Arrangement (Guojin) is consistent with the interest rates for similar secured loans that could be obtained by the Group, which range from 5.929% to 6.472% based on quotation obtained from other financial institutions. 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.

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

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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 price of RMB66,692,755 and the average fair market price of the similar assets and the prevailing market interest rates and trading terms of similar finance lease arrangements. The effective interest rate for the Finance Lease Arrangement (Chengtay) is consistent with the interest rates for similar secured loans that could be obtained by the Group, which range from 5.245% to 6.052% based on quotation obtained from other financial institutions. 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.

FINANCIAL EFFECTS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENTS

Finance Lease Arrangement (Derun) I and Finance Lease Arrangement (Derun) II

According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II 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 (Derun) I and the Finance Lease Arrangement (Derun) II, 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 of RMB15 million and RMB35 million respectively and (ii) the total liabilities of the Group will be increased by the amount of such proceeds, being RMB15 million and RMB35 million for the Leased Assets (Derun) I and Leased Assets (Derun) II respectively, to reflect the liability of the Group.

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Finance Lease Arrangement (Guojin)

According to the International Financial Reporting Standards, the transactions contemplated under Finance Lease Arrangement (Guojin) 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 Finance Lease Arrangement (Guojin), 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 (Guojin) of RMB50 million and (ii) the total liabilities of the Group will be increased by the amount of such proceeds, being RMB50 million, to reflect the liability of the Group.

Finance Lease Arrangement (Chengtay)

According to the International Financial Reporting Standards, the transactions contemplated under Finance Lease Arrangement (Chengtay) 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 Finance Lease Arrangement (Chengtay), 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 (Chengtay) of RMB57 million and (ii) the total liabilities of the Group will be increased by the amount of such proceeds, being RMB57 million, to reflect the liability of the Group.

LISTING RULES IMPLICATIONS

Finance Lease Arrangement (Derun) I and Finance Lease Arrangement (Derun) II

Since both the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II were entered into with Anhui Derun, of similar nature and within a 12-month period, the Finance Lease Arrangement (Derun) I shall be aggregated with the Finance Lease Arrangement (Derun) II 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 (Derun) I and the Finance Lease Arrangement (Derun) II (as aggregated) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II constitute major transactions 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 (Derun) I and the Finance Lease Arrangement (Derun) II if the Company were to convene a general meeting to

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approve, confirm and/or ratify the same. 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 Latest Practicable Date, 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 (Derun) I and the Finance Lease Arrangement (Derun) II.

Finance Lease Arrangement (Guojin)

As the highest applicable ratio of the Finance Lease Arrangement (Guojin) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Guojin) 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 (Guojin) 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 (Guojin) 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 Latest Practicable Date, 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 (Guojin).

Finance Lease Arrangement (Chengtay)

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.

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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).

INFORMATION ON THE PARTIES

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.

Anhui Derun

Anhui Derun is a limited liability company established under the laws of the PRC and is principally engaged in financial leasing business in the PRC. Anhui Derun is owned as to approximately 35% by Anhui Xinli Investment Group Co., Ltd.* (安徽新力科創集團有限公司), approximately 16.1% by Anhui Huilong Group Ruifeng Fertilizer Co., Ltd.* (安徽輝隆集團瑞豐化肥有限公司), approximately 15% by Anhui Huilong Group Agribusiness Chain Co., Ltd.* (安徽輝

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隆集團農資連鎖有限責任公司), approximately 12.5% by Anhui Blue Ocean Investment Holding Group Co., Ltd.* (安徽藍海投資控股集團有限公司) and approximately 21.4% by 9 other shareholders who each holds less than 4% of the equity interest.

Anhui Xinli Investment Group Co., Ltd.* (安徽新力科創集團有限公司) is 100% owned by Anhui Supply and Marketing Corporation* (安徽省供銷集團有限公司), which in turn is held as to approximately 87.5% by Anhui Federation of Supply and Marketing Cooperatives* (安徽省供銷合作社聯合社) and approximately 12.5% by Lujiang City Construction Investment Co., Ltd.* (廬江縣城市建設投資有限公司). Anhui Federation of Supply and Marketing Cooperatives* (安徽省供銷合作社聯合社) is a business institution directly held by the People's Government of Anhui Province. Lujiang City Construction Investment Co., Ltd.* (廬江縣城市建設投資有限公司) is held as to approximately 98% by Lujiang County Finance Bureau.

Anhui Huilong Group Ruifeng Fertilizer Co., Ltd.* (安徽輝隆集團瑞豐化肥有限公司) and Anhui Huilong Group Agribusiness Chain Co., Ltd.* (安徽輝隆集團農資連鎖有限責任公司) are wholly-owned subsidiaries of Anhui HuiLong Agricultural Means of Production. Co., Ltd.* (安徽輝隆農資集團股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002556).

Anhui Blue Ocean Investment Holding Group Co., Ltd.* (安徽藍海投資控股集團有限公司) is owned by 41 individual shareholders and 1 corporate shareholder. The single largest shareholder holding 33.14% equity interest is Ding Qun* (丁群). Each of all other shareholders holds less than 9% of the equity interest.

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).

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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).

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

FURTHER INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular

Yours faithfully,
By order of the Board
Leader Education Limited
LIU Laixiang
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 August 2020, 31 August 2021 and 31 August 2022 are disclosed in the following documents which have been published on both the website of the Stock Exchange) and the website of the Company (<http://www.leader-education.cn>).

- Annual results announcement of the Company for the year ended 31 August 2022 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1130/2022113001654.pdf>);
- Annual report of the Company for the year ended 31 August 2021 published on 30 December 2021 (pages 66 to 145) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1230/2021123000354.pdf>); and
- Annual report of the Company for the year ended 31 August 2020 published on 31 December 2020 (pages 71 to 153) (available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1231/2020123100127.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

Security and guarantees

As at the close of business of 31 October 2022, the Group's sale and leaseback borrowings were secured by the Group's assets of approximately RMB178.2 million.

Bank and other borrowings and interest accruals

As at the close of business of 31 October 2022, the Group had bank and other outstanding borrowings and interest accruals of approximately RMB728.6 million, of which approximately RMB4.57 million was guaranteed, approximately RMB277.47 million was guaranteed and secured and approximately RMB446.59 million were unguaranteed and unsecured.

Commitments

As at the close of business of 31 October 2022, the Group's capital commitments to make contracted payment amounted to RMB32.8 million.

Contingent liabilities

As at 31 October 2022, the Group did not incur any material contingent liabilities.

Save as aforesaid or as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 31 October 2022 any other debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, the effect of the transactions contemplated under the Finance Lease Arrangements and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12).

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 August 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS**Market overview**

The Company is a large private formal higher education service provider in Heilongjiang Province, the PRC.

In recent years, the Central Committee of the Communist Party of China and the State Council have issued a number of documents regarding education reform, such as the “Overall Plan for Coordinating and Promoting the Construction of World-Class Universities and First-class Disciplines* (《統籌推進世界一流大學和一流學科建設總體方案》)”, “Implementation Plan for the Reform on National Vocational Education* (《國家職業教育改革實施方案》)”, “Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Deepening the Reform of Teacher Force Construction in the New Era* (《中共中央國務院關於全面深化新時代教師隊伍建設改革的意見》)”, “China’s Education Modernization 2035* (《中國教育現代化2035》)”, and “Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Strengthening the Labor Education in Universities, Middle Schools and Primary Schools in the New Era* (《中共中央國務院關於全面加強新時代大中小學勞動教育的意見》)”, which have made top-level design and strategic deployment for the development of higher education in China. In October 2020, the Central Committee of the Communist Party of China and the State Council issued the “Overall Plan for Deepening the Reform of Educational Evaluation in the New Era* (《深化新時代教育評價改革總體方案》)”, which is a programmatic document for implementing the fundamental task proposed at the National Education Conference to reverse the unscientific educational orientation and cultivate people with virtue.

From the beginning of the “14th Five-Year Plan” period, China has developed into a stage where higher education is becoming popularized, and will face the opportunities and challenges brought about by the major changes in domestic and foreign situation, the optimization of overall national strategic layout, and the information technology revolution in terms of the development and reform of higher education.

It was pointed out at the Fifth Plenary Session of the Nineteenth Central Committee of the Communist Party of China that, China must maintain the core position of innovation in the overall modernization drive, take technological self-reliance and self-improvement as the strategic support for national development. In order to stand at the world’s frontiers of science and technology, focus on the main battlefield of the economy and major national needs, and care for the life and health of the people. China needs to deeply implement the strategy of rejuvenating the country through science and education, the strategy of strengthening the country with talents, and the strategy of innovation-driven development to improve the national innovation system and accelerate the construction of a country strong in science and technology. Under the new circumstances, colleges and universities shall keep closely in line with the development trend of science and technology and market demand, and focus on emerging technology fields and other industries with substantial market demand.

During the “14th Five-Year Plan” period, the Company will closely follow the national education development policies and market demand, continuously enrich the offering of majors, promote teaching reform, hold on to high-quality and high-standard education, and continuously improve the quality and connotation of an application-oriented college to cultivate more application-oriented and inter-disciplinary talents.

Business Progress

In respect of student enrollment, our school is the fastest growing private higher education institution in Heilongjiang Province in terms of the compound annual growth rate of the number of students enrolled. In terms of the number of students planned to be enrolled and the number of students enrolled every year, the school of the Company currently ranks the third among all private higher education institutions in Heilongjiang Province.

In respect of student employment, our school always takes “ensuring employment is to protect people’s livelihood” as its own responsibility, and has actively developed a new model of “all-student, whole-process and all-round” work mode under the normalization of the pandemic to promote the adequate and high-quality employment of graduates. Our school exchanged experience at the 2022 network video conference on employment and entrepreneurship with high school graduates in the province, through which our new employment work model was promoted and publicized throughout the province. The year-end employment rate of 2021 graduates reached 89.66%, and the overall satisfaction rate of the employers with our graduates reached 88.72%.

In terms of speciality construction, during the reporting period, our school completed the construction of the new “Intelligent Internship and Training Center for New Business Discipline and New Finance* (新商科、新金融智慧實習實訓中心)”, which is one of the most advanced and modern student training centers for business disciplines and the only private undergraduate college in Heilongjiang Province approved by the Ministry of Education. The Internship and Training Center for New Business Discipline and New Finance is a comprehensive virtual simulation training platform for the intelligent learning of new business discipline and new finance, which integrates informatization, intelligence and specialization and is jointly developed by the Company and Beijing Zhong’an Hantang International Education Technology Co., Ltd.* (北京中安漢唐國際教育科技有限公司). The center plans to offer 16 compulsory and elective courses each school year, and provide approximately 1,600 hours of experimental and training lessons for 2,600 students in 8 majors, including big data, artificial intelligence, blockchain and cloud services, in our school.

In terms of operating conditions, the first and second phases of construction project of Hanan Campus has been basically completed, and all the new teaching instruments and equipment have been put into use. The reconstruction and expansion of the laboratory in Songbei Campus has also been completed. The teaching conditions of the students have been further improved, with the campus environment further beautified.

Development Strategy

Development direction and targets

The Company has firmly established the talent cultivation positioning of “fostering inter-disciplinary application-oriented talents with noble moral character, service dedication, innovation and entrepreneurship awareness, solid professional and theoretical knowledge, strong practical ability and great competence” and adhered to the service orientation of “establishing foothold in Heilongjiang, seeking further development around the Yangtze River Delta in the pursuit of nationwide presence, catering to industry needs, and actively integrating itself into the dual circulation of domestic and foreign markets”, and defined the development target of “constructing a high-level application-oriented private college that meets social needs, serves regional economic and social development and has distinctive characteristics”.

Gradually expand the scale of operation

We will, as always, actively promote academic education and vocational education under the strategy of internal generation and external extension. On the basis of the established industry-education integration park in the Yangtze River Delta, we are planning on the construction of secondary vocational schools, technician schools and colleges. In the future, the Company will offer education services in a systematic manner and at multiple levels, gradually expand the scale of operation, and continue to create value for shareholders. We will expand the infrastructure construction of the new campus year by year, increase the investment in teaching instruments and equipment, improve and introduce excellent teachers, increase competitive majors and high-quality courses to further improve school conditions and expand school capacity and enrollment.

Election to register as a for-profit or non-profit private school

After more than ten years of exploration in the revision of the laws and regulations on private education, private colleges and universities are faced with an important election as to the management under “for-profit and non-profit” classification. With the release of six significant documents and their details in China, the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” was successively issued in various provinces. Classified management is about to be officially implemented, and

norms are emphasized in addition to encouragement. The “20 Principles of Vocational Education* (職教二十條)” is expected to have a positive influence on application-oriented undergraduate colleges and universities such as diversified sources of students and income, and will also help application-oriented undergraduate colleges and universities to solve problems such as integration of production and education, teacher introduction and employment evaluation.

As part of the strategic need for school development, Heilongjiang College of Business and Technology has filed an application with the education authority for the transformation into a for-profit school. No approval documents have been received from the education authority yet. For the time being, we will continue to operate in accordance with the requirements for non-profit private colleges before approval for the transformation into for-profit college is granted.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under section 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Directors’ interests in the Company:

| Name | Capacity | Number of Shares Interested ⁽¹⁾ | Approximate percentage of Issued share capital of the Company ⁽¹⁾ |
|----------------------------|--------------------------------------|--|--|
| Mr. Liu ⁽²⁾⁽³⁾ | Interest in a controlled corporation | 496,674,000 (L) | 74.5% (L) |
| Ms. Dong ⁽⁴⁾⁽⁵⁾ | Interest in a controlled corporation | 496,674,000 (L) | 74.5% (L) |

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Junhua Education is 100% owned by Mr. Liu and he is therefore deemed to be interested in all the Shares held by Junhua Education.
- (3) Mr. Liu is the spouse of Ms. Dong and he is therefore deemed to be interested in the Shares held by Ms. Dong.

- (4) Shuren Education is 100% owned by Ms. Dong and she is therefore deemed to be interested in all the Shares held by Shuren Education.
- (5) Ms. Dong is the spouse of Mr. Liu and she is therefore deemed to be interested in the Shares held by Mr. Liu.

Long positions in the Shares and/or underlying Shares of the associated corporations

| Name | Capacity | Associated corporation | Amount of registered capital | Percentage of Shareholding ⁽¹⁾ |
|----------------------------|---|---|------------------------------|---|
| Mr. Liu ⁽²⁾⁽⁴⁾ | Beneficial owner/interest of spouse | Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司) | RMB40,000,000 | 100% (L) |
| | Interest in a controlled corporation/interest of spouse | Heilongjiang College of Business and Technology | RMB183,000,000 | 100% (L) |
| Ms. Dong ⁽³⁾⁽⁵⁾ | Beneficial owner/interest of spouse | Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司) | RMB40,000,000 | 100% (L) |
| | Interest in a controlled corporation/interest of spouse | Heilongjiang College of Business and Technology | RMB183,000,000 | 100% (L) |

Notes:

- (1) The letter “L” denotes the person’s long position in the relevant shares/securities.
- (2) Mr. Liu is the beneficial owner of 40% of equity interest in Harbin Xiangge; his spouse, Ms. Dong is the beneficial owner of the remaining 60% of equity interest. Mr. Liu is deemed to be interest in all the equity interest held by Ms. Dong in Harbin Xiangge.
- (3) Ms. Dong is the beneficial owner of 60% of equity interest in Harbin Xiangge; her spouse, Mr. Liu is the beneficial owner of the remaining 40% of equity interest. Ms. Dong is deemed to be interest in all the equity interest held by Mr. Liu in Harbin Xiangge.

- (4) Harbin Xiangge is the sole school sponsor and holding all equity interest of Heilongjiang College of Business and Technology. Harbin Xiangge is 40% owned by Mr. Liu and thus he is deemed to be interested in all the shares held by Harbin Xiangge in Heilongjiang College of Business and Technology; at the same time, he is the spouse of Ms. Dong and he is therefore deemed to be interested in the shares held by Ms. Dong through Harbin Xiangge under the SFO.
- (5) Harbin Xiangge is the sole school sponsor and holding all equity interest of Heilongjiang College of Business and Technology. Harbin Xiangge is 60% owned by Ms. Dong and thus she is deemed to be interested in all the shares held by Harbin Xiangge in Heilongjiang College of Business and Technology; at the same time, she is the spouse of Mr. Liu and she is therefore deemed to be interested in the shares held by Mr. Liu through Harbin Xiangge under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 August 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

| Name | Capacity | Number of Shares Interested⁽¹⁾ | Approximate percentage of shareholding⁽¹⁾ |
|--|--------------------------------------|--|---|
| Junhua Education Limited ⁽²⁾⁽³⁾ | Beneficial owner | 196,674,000 | 29.5% |
| Shuren Education Limited ⁽⁴⁾⁽⁵⁾ | Beneficial owner | 300,000,000 | 45.0% |
| Huatai Securities Co., Ltd. ⁽⁶⁾ | Interest in a controlled corporation | 498,853,000 | 74.82% |

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Junhua Education is 100% owned by Mr. Liu and he is therefore deemed to be interested in all the shares of the Company held by Junhua Education under the SFO.
- (3) Mr. Liu is the spouse of Ms. Dong. Mr. Liu is deemed to be interested in all the shares of the Company in which Ms. Dong is interested under the SFO.
- (4) Shuren Education is 100% owned by Ms. Dong and she is therefore deemed to be interested in all the shares of held by Shuren Education under the SFO.
- (5) Ms. Dong is the spouse of Mr. Liu. Ms. Dong is deemed to be interested in all the shares of the Company in which Mr. Liu is interested under the SFO.
- (6) Huatai International Greater Bay Area Investment Fund II, L.P. is 100% owned by Huatai Capital Investment Partners Limited, while Huatai Capital Investment Partners Limited is 100% owned by Principle Solution Group Limited, and Principle Solution Group Limited is 100% owned by Huatai Financial Holdings (Hong Kong) Limited. Huatai Financial Holdings (Hong Kong) Limited is 100% owned by Huatai Securities Co., Ltd through Huatai International Financial Holdings Company Limited. Huatai Securities Co., Ltd is therefore deemed under the SFO to be interested in all the shares of the Company which Huatai Financial Holdings (Hong Kong) Limited and Huatai International Greater Bay Area Investment Fund II, L.P. held or was interested in.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

4. MATERIAL CONTRACTS

The Group has entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

- (1) the sale and leaseback agreement dated 31 August 2021 between Haier Financial Services China Co., Ltd.* (海爾融資租賃股份有限公司) (“**Haier**”) and Heilongjiang College of Business and Technology pursuant to which the certain assets of Heilongjiang College of Business and Technology were purchased and leased back to Heilongjiang College of Business and Technology by Haier at the purchase price of RMB60,000,000 and the total lease payment of RMB68,100,000.

5. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

6. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

7. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Mr. Chang Eric Jackson, who is a member of Hong Kong Institute of Certified Public Accountants.

The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, Hutchins Drive. The Headquarters and principal place of business in PRC is at Qunying Jie No. 33, Xueyuan Road, Limin Development Zone, Harbin City, Heilongjiang Province, the PRC. The principal place of business in Hong Kong is at Unit 26, 14/F., Solo Building, 41–43 Carnarvon Road, Tsimshatsui, Kowloon, Hong Kong. The Hong Kong Share Registrar of the Company is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

8. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.leader-education.cn>) for a period of 14 days from the date of this circular:

1. Finance Lease Agreement (Derun) I
2. Consultation Service Agreement (Derun) I
3. Personal guarantee of Mr. Liu in respect of Finance Lease Arrangement (Derun) I
4. Personal guarantee of Ms. Dong in respect of Finance Lease Arrangement (Derun) I
5. Corporate guarantee of Harbin Xiangge in respect of Finance Lease Arrangement (Derun) I
6. Corporate guarantee of Beijing Junhua in respect of Finance Lease Arrangement (Derun) I
7. Corporate guarantee of Nantong Junhua in respect of Finance Lease Arrangement (Derun) I
8. Corporate guarantee of Harbin Junfengda in respect of Finance Lease Arrangement (Derun) I
9. Finance Lease Agreement (Derun) II
10. Consultation Service Agreement (Derun) II
11. Personal guarantee of Mr. Liu in respect of Finance Lease Arrangement (Derun) II
12. Personal guarantee of Ms. Dong in respect of Finance Lease Arrangement (Derun) II
13. Corporate guarantee of Harbin Xiangge in respect of Finance Lease Arrangement (Derun) II
14. Corporate guarantee of Beijing Junhua in respect of Finance Lease Arrangement (Derun) II
15. Corporate guarantee of Nantong Junhua in respect of Finance Lease Arrangement (Derun) II

16. Corporate guarantee of Harbin Junfengda in respect of Finance Lease Arrangement (Derun) II
17. Finance Lease Agreement (Guojin)
18. Transfer Agreement (Guojin)
19. Personal guarantee of Mr. Liu and Ms. Dong in respect of Finance Lease Arrangement (Guojin)
20. Corporate guarantee of Harbin Xiangge in respect of Finance Lease Arrangement (Guojin)
21. Corporate guarantee of Liankang Consulting in respect of Finance Lease Arrangement (Guojin)
22. Corporate guarantee of Beijing Junhua respect of Finance Lease Arrangement (Guojin)
23. Corporate guarantee of Daqing Xiangge in respect of Finance Lease Arrangement (Guojin)
24. Corporate guarantee of Nantong Junhua in respect of Finance Lease Arrangement (Guojin)
25. Sale and Leaseback Agreement (Chengtay)
26. Ownership Transfer Agreement (Chengtay)
27. Services Agreement (Chengtay)
28. Surety Agreement (Chengtay)
29. Corporate guarantee of Harbin Xiangge and Liankang Consulting in respect of Finance Lease Arrangement (Chengtay)
30. Corporate guarantee of Harbin Junfengda in respect of Finance Lease Arrangement (Chengtay)
31. Personal guarantee of Mr. Liu and Ms. Dong in respect of Finance Lease Arrangement (Chengtay)
32. Personal guarantee of Mr. Liu Yudong in respect of Finance Lease Arrangement (Chengtay)