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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 (HAIER)

FINANCE LEASE ARRANGEMENT (HAIER)

On 18 January 2023, Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (Haier) and Consultation Service Agreement (Haier) with Haier in respect of the Finance Lease Arrangement (Haier).

LISTING RULES IMPLICATIONS

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

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 (Haier) 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 13 February 2023. 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 18 January 2023, Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (Haier) and Consultation Service Agreement (Haier) with Haier in respect of the Finance Lease Arrangement (Haier).

PRINCIPAL TERMS OF THE FINANCE LEASE ARRANGEMENT (HAIER)

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

Sale and Leaseback Agreement (Haier)

Date:	18 January 2023
Parties:	(i) Heilongjiang College of Business and Technology (as the lessee) (ii) Haier (as the lessor)
Sale Price:	RMB50,750,000
Leased Assets (Haier):	The Leased Assets (Haier) comprises laboratory equipment, teaching equipment, network equipment, audio and visual equipment, electrical equipment, books, furniture and musical instruments etc.
Lease Term:	35 months
Total Lease Payment:	RMB57,680,100
Deposit:	RMB750,000

Principle Terms:

Sale of the Leased Assets (Haier) to Haier

Heilongjiang College of Business and Technology agreed to sell and Haier agreed to purchase the Leased Assets (Haier) at a consideration of RMB50,750,000. The deposit of RMB750,000 shall be deducted from the consideration.

Delivery of the Leased Assets (Haier)

The ownership of the Leased Assets (Haier) shall be transferred to Haier upon signing of the receipt confirmation by Haier.

Lease of the Leased Assets (Haier)

The Leased Assets (Haier) shall be leased back to Heilongjiang College of Business and Technology for the lease term at the total lease payment of approximately RMB57,680,100, payable by Heilongjiang College of Business and Technology to Haier every two or three months in 12 installments during the lease term.

Transfer of Ownership of the Leased Assets (Haier) Back to the Lessee

Upon the expiry of the lease term, provided that there are no continuing events of default, and subject to receipt of all lease payments and other receivables under the Sale and Leaseback Agreement (Haier), Haier shall transfer the ownership of the Leased Assets (Haier) 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 on an “as-is” basis.

Consultation Service Agreement (Haier)

Date:	18 January 2023
Parties:	(i) Heilongjiang College of Business and Technology (as the recipient of service) (ii) Haier (as the service provider)
Service fee:	RMB1,928,500
Principle Terms:	Haier shall provide Heilongjiang College of Business and Technology with the service of consultation on finance lease. Heilongjiang College of Business and Technology shall pay Haier the service fee within three business days after signing the Consultation Service Agreement (Haier), the amount of which was determined after arm's length negotiations between the parties.

It is expected that the sale price of RMB50,750,000 would be paid by the end of February 2023.

Guarantee for Sale and Leaseback Agreement (Haier)

Mr. Liu, Ms. Dong, Harbin Xiangge and Nantong Junhua are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Sale and Leaseback Agreement (Haier). The guarantors provide joint liability guarantee to Haier for the liabilities of Heilongjiang College of Business and Technology under the Sale and Leaseback Agreement (Haier).

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

The terms of the Finance Lease Arrangement (Haier) and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the initial acquisition price of RMB62,545,516.16 and the fair market price of the similar assets and the prevailing market interest rates and trading terms of the similar finance lease arrangements.

By entering into the Finance Lease Arrangement (Haier), the Group would gain access to RMB50,750,000 funds to fund the construction of Hanan Campus and support its general working capital needs while the Group's operation would not be affected by the sale of the Leased Assets (Haier), because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Haier under the Finance Lease Arrangement (Haier). Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (Haier) transferred back to the Group.

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

The Directors are of the opinion that the terms and conditions of the Finance Lease Arrangement (Haier) 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 (HAIER)

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.

Haier

Haier 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. Haier is owned as to 37.65%, 33% and 29.35% by Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金融控股有限公司), Shanghai Haizhu Yunju Enterprise Management Consulting Partnership (Limited Partnership)* (上海海鑄雲聚企業管理諮詢合夥企業(有限合夥)) and Haier International Co., Limited respectively.

Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金融控股有限公司) is a wholly-owned subsidiary of Haier Electric Appliances Internation Co., Ltd.* (海爾卡奧斯股份有限公司). Haier Electric Appliances Internation Co., Ltd.* (海爾卡奧斯股份有限公司) is a wholly owned subsidiary of Haier Group Corporation* (海爾集團公司) (“**Haier Group**”). Shanghai Haizhu Yunju Enterprise Management Consulting Partnership (Limited Partnership)* (上海海鑄雲聚企業管理諮詢合夥企業(有限合夥)) is owned as to 99% by Qingdao Haier Venture Capital Investment Co., Ltd.* (青島海爾創業投資有限責任公司), which is a wholly-owned subsidiary of Haier Group (Qingdao) Finance Holding Co., Ltd.* (海爾集團(青島)金融控股有限公司).

Haier International Co., Limited is a wholly-owned subsidiary of Haier (HK) Investment Co., Limited. Haier (HK) Investment Co., Limited, which in turn is a wholly-owned subsidiary of Haier Group.

According to publicly available information, the nature of Haier Group is a collectively-owned enterprise. Pursuant to the Regulation of the People's Republic of China on Urban Collectively-Owned Enterprises (2016 Revision), the property of Haier Group, being a socialist economic organisation, is collectively owned by the working masses, subject to joint work, with distribution according to work as the principal distribution method. In light of its enterprise nature, Haier Group has no shareholders.

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

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consultation Service Agreement (Haier)”	the service agreement dated 18 January 2023 between Haier and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Haier)
“Director(s)”	the director(s) of the Company
“Finance Lease Arrangement (Haier)”	(i) the purchase of the Leased Assets (Haier) by Haier and the lease back of the Leased Assets (Haier) to Heilongjiang College of Business and Technology; and (ii) the provision of the finance lease consultation services by Haier to Heilongjiang College of Business and Technology, pursuant to the Sale and Leaseback Agreement (Haier) and the Consultation Service Agreement (Haier) respectively
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Haier”	Haier Financial Services China Co., Ltd.* (海爾融資租賃股份有限公司), a limited liability company established under the laws of the PRC
“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 (Haier)”	certain assets, which was sold by the Heilongjiang College of Business and Technology to Haier and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (Haier)
“Listing Rules”	the rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Laixiang (劉來祥), the Chairman, the Chief Executive Officer, an executive Director and the spouse of Ms. Dong
“Ms. Dong”	Ms. Dong Ling (董玲), an executive Director and the spouse of Mr. Liu
“Nantong Junhua”	Nantong Junhua Kechuangyuan Ltd* (南通竣華科創園有限公司), a limited liability company established under the laws of the PRC, which is held as to 55.97% by Heilongjiang College of Business and Technology and 44.03% by Leader Education (HK) Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreement (Haier)”	the sale and leaseback agreement dated 18 January 2023 between Haier and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Haier)

“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
“%”	per cent

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

Harbin, Heilongjiang Province, PRC, 18 January 2023

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*