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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)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE ARRANGEMENT (JINYUAN)

FINANCE LEASE ARRANGEMENT (JINYUAN)

On 26 September 2023 (after trading hours), the Group entered into the Transfer Agreement (Jinyuan) and the Finance Lease Agreement (Jinyuan) with Jinyuan Huaxing in respect of the Finance Lease Arrangement (Jinyuan).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transactions under the Finance Lease Arrangement (Jinyuan) is more than 5% but less than 25%, the transactions under the Finance Lease Arrangement (Jinyuan) constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 26 September 2023 (after trading hours), the Group entered into the Transfer Agreement (Jinyuan) and the Finance Lease Agreement (Jinyuan) with Jinyuan Huaxing in respect of the Finance Lease Arrangement (Jinyuan).

FINANCE LEASE ARRANGEMENT (JINYUAN)

1. Transfer Agreement (Jinyuan)

The principal terms of the Transfer Agreement (Jinyuan) are summarized as follows:

Date: 26 September 2023

Parties:

- (i) Heilongjiang College of Business and Technology (as the transferor), and
- (ii) Jinyuan Huaxing (as the transferee)

Leased Assets (Jinyuan):

The Leased Assets (Jinyuan) comprises swimming pool related equipments, elevators, audio equipments, intelligence parking equipment etc.

The unaudited book value of the Leased Assets (Jinyuan) as at 15 September 2023 amounts to approximately RMB52,580,794.09.

Sale Price and Payment Term:

The total sale price is RMB30,000,000 which was determined after arm's length negotiations with reference to the appraised net value as at 15 September 2023 of RMB30,633,024.16 and the fair market price of the similar assets.

The sale price shall be paid by Jinyuan Huaxing to Heilongjiang College of Business and Technology in one lump sum upon the fulfilment of the following conditions:

- (i) the initial lease payment (if any), handling fee (if any) and security deposit (if any) under the Finance Lease Agreement (Jinyuan) having been paid to Jinyuan Huaxing;
- (ii) the Transfer Agreement (Jinyuan) and the Finance Lease Agreement (Jinyuan) having become effective;
- (iii) Jinyuan Huaxing having received the resolution or other authorization documents in respect of the internal approval and external approvals (if needed) obtained by Heilongjiang College of Business and Technology for conducting the transactions contemplated under the Transfer Agreement (Jinyuan) and the Finance Lease Agreement (Jinyuan);

- (iv) Jinyuan Huaxing having entered into the guarantee contracts with the guarantors provided by Heilongjiang College of Business and Technology (if any) and Jinyuan Huaxing having received their internal resolution or other authorization documents and external approvals (if needed) of the guarantors (if any) in relation to the provision of joint liability guarantees to Jinyuan Huaxing;
- (v) Jinyuan Huaxing having received the certificates in relation to the ownership of the Leased Assets (Jinyuan), including the instruments or other certifying documents and the valuation report; and
- (vi) Jinyuan Huaxing having received any other necessary documents it requested.

Ownership of the Leased Assets (Jinyuan):

The ownership of the Leased Assets (Jinyuan) shall be transferred to Jinyuan Huaxing upon its first payment of the sale price (if the sale price is to be paid by installments, upon its payment of the first installment).

Effectiveness of the Transfer Agreement (Jinyuan):

The Transfer Agreement (Jinyuan) shall become effective upon the fulfilment of the following conditions:

- (i) the Transfer Agreement (Jinyuan) having been duly signed by the legal representatives or their delegated persons of Jinyuan Huaxing and Heilongjiang College of Business and Technology and having been duly sealed; and
- (ii) the Finance Lease Agreement (Jinyuan) having become effective.

2. Finance Lease Agreement (Jinyuan)

The principal terms of the Finance Lease Agreement (Jinyuan) are summarized as follows:

Date:	26 September 2023
Parties:	(i) Heilongjiang College of Business and Technology (as the lessee), and (ii) Jinyuan Huaxing (as the lessor)
Lease Term:	36 months
Total Lease Payment:	<p>The total lease payment is RMB33,300,000, including the finance lease principal of RMB30,000,000 and the finance lease interest of RMB3,300,000, which was determined after arm's length negotiations with reference to the appraised net value and the prevailing market interest rates and trading terms of the similar finance lease arrangements.</p> <p>The total lease payment shall be paid by Heilongjiang College of Business and Technology to Jinyuan Huaxing quarterly pursuant to the lease payment schedule as set out in the Finance Lease Agreement (Jinyuan) in 12 installments during the lease term.</p>
Handling Fee:	An amount of RMB900,000 shall be paid by Heilongjiang College of Business and Technology to Jinyuan Huaxing as the service fees for the finance lease services provided by Jinyuan Huaxing under the Finance Lease Arrangement (Jinyuan).
Expiry of Lease Term:	Upon the expiry of the lease term, provided that there are no default events, Heilongjiang College of Business and Technology is entitled to request Jinyuan Huaxing to transfer the ownership of the Leased Assets (Jinyuan) back 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.

**Effectiveness of the Finance
Lease Agreement
(Jinyuan):**

The Finance Lease Agreement (Jinyuan) shall become effective upon the fulfilment of the following conditions:

- (i) the Transfer Agreement (Jinyuan) having been duly entered into;
- (ii) the guarantee contracts with the guarantors having become effective;
- (iii) Jinyuan Huaxing having received the payables of Heilongjiang College of Business and Technology under the Finance Lease Agreement (Jinyuan), including the security deposits (if any), handling fee (if any) and initial lease payment (if any); and
- (iv) Jinyuan Huaxing having received the ownership certification documents, the original of the valuation report or copies or other certification documents agreed by Jinyuan Huaxing.

3. Guarantee for Finance Lease Arrangement (Jinyuan)

Mr. Liu, Ms. Dong, Heilongjiang Liankang, Harbin Xiangge and Nantong Junhua are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Finance Lease Arrangement (Jinyuan). The guarantors provide joint liability guarantee to Jinyuan Huaxing for the liabilities of Heilongjiang College of Business and Technology under the Finance Lease Arrangement (Jinyuan).

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

By entering into the Finance Lease Arrangement (Jinyuan), the Group would gain access to financial resources 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 (Jinyuan), because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Jinyuan Huaxing under the Finance Lease Arrangement (Jinyuan). According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangement (Jinyuan) 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. Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (Jinyuan) transferred back to the Group. Therefore, in substance and in terms of accounting treatment, the Finance Lease Arrangement (Jinyuan) are 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 (Jinyuan) 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 (JINYUAN)

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.

Jinyuan Huaxing

Jinyuan Huaxing is a state-owned enterprise established under the laws of the PRC and is principally engaged in financial leasing business in the PRC. Jinyuan Huaxing is held as to 35% by Shangrao Data and Finance Industry Investment Group Co., Ltd.* (上饒市數字和金融產業投資集團有限公司), as to 25% by Jiayin Holding Co., Ltd. (嘉印控股有限公司), as to 20% by Jiangxi Yunji Investment Co., Ltd.* (江西雲濟投資有限公司), and as to 20% by Shangrao Oubotong Technology Development Center (Limited Partnership)* (上饒市歐寶通科技發展中心 (有限合夥)). The actual controller (實際控制人) of Jinyuan Huaxing is State-owned Assets Supervision and Administration Commission of the Shangrao City (上饒市國有資產監督管理委員會).

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transactions under the Finance Lease Arrangement (Jinyuan) is more than 5% but less than 25%, the transactions under the Finance Lease Arrangement (Jinyuan) constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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:

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement (Jinyuan)”	the finance lease agreement dated 26 September 2023 between Jinyuan Huaxing and Heilongjiang College of Business and Technology in terms of Leased Assets (Jinyuan)
“Finance Lease Arrangement (Jinyuan)”	the purchase of the Leased Assets (Jinyuan) by Jinyuan Huaxing and the lease back of the Leased Assets (Jinyuan) to Heilongjiang College of Business and Technology
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), 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 (黑龍江工商學院學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“Heilongjiang Liankang”	Heilongjiang Liankang Business Information Consultation 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, which is held as to 100% by Leader Education (HK) Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jinyuan Huaxing”	Jinyuan Huaxing (China) Finance Lease Co., Ltd.* (金源華興融資租賃有限公司), a state-owned enterprise established under the laws of the PRC
“Leased Assets (Jinyuan)”	certain assets, including swimming pool related equipment, elevators, audio equipment, intelligence parking equipment etc., which were sold by the Heilongjiang College of Business and Technology to Jinyuan Huaxing and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (Jinyuan)
“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% 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement (Jiayuan)”	The assets transfer agreement dated 26 September 2023 between Jinyuan Huaxing and Heilongjiang College of Business and Technology in terms of Leased Assets (Jinyuan)
“%”	per cent

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

Harbin, Heilongjiang Province, PRC, 26 September 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*