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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 (TONGHUI)

FINANCE LEASE ARRANGEMENT (TONGHUI)

On 9 November 2023 (after trading hours), Heilongjiang College of Business and Technology entered into the Finance Lease Agreement (Tonghui) and the Service Agreement (Tonghui) with Tonghui Jiatai in respect of the Finance Lease Arrangement (Tonghui).

LISTING RULES IMPLICATIONS

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

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 (Tonghui) and the transactions contemplated thereunder; and (ii) financial information of the Group shall be despatched within 15 business days after publication of this announcement. Since the Company requires additional time to prepare and finalise 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 9 November 2023 (after trading hours), Heilongjiang College of Business and Technology entered into the Finance Lease Agreement (Tonghui) and the Service Agreement (Tonghui) with Tonghui Jiatai in respect of the Finance Lease Arrangement (Tonghui).

FINANCE LEASE ARRANGEMENT (TONGHUI)

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

1. Finance Lease Agreement (Tonghui)

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Date: 9 November 2023 (after trading hours)

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

(ii) Tonghui Jiatai (as the lessor)

Sale Price:

The total sale price is RMB60,000,000 which was determined after arm's length negotiations with reference to the valuation price of approximately RMB62,353,237 and the fair market price of the similar assets.

The sale price shall be paid by Tonghui Jiatai to Heilongjiang College of Business and Technology in one lump sum after the fulfilment of the following conditions:

- (i) Heilongjiang College of Business and Technology having provided the basic materials of the leased property to Tonghui Jiatai, including the ownership certificate, and such materials having been verified by Tonghui Jiatai;
- (ii) the Finance Lease Agreement (Tonghui) and related documents having been signed, become effective and verified by Tonghui Jiatai;
- (iii) Heilongjiang College of Business and Technology having provided its effective internal resolutions in terms of the Finance Lease Arrangement (Tonghui) to Tonghui Jiatai, and such documents having been verified by Tonghui Jiatai;
- (iv) each of Mr. Liu and Ms. Dong having signed the guarantee agreement and such agreements having become effective and verified by Tonghui Jiatai;
- (v) each of Harbin Xiangge, Heilongjiang Liankang and Harbin Junfengda having signed the guarantee agreement and such agreements having become effective, and having provided their respective effective internal resolutions in terms of their joint liability guarantees for the Finance Lease Agreement (Tonghui) to Tonghui Jiatai. Such documents having been verified by Tonghui Jiatai;
- (vi) Heilongjiang Liankang having provided a written consent in respect of the Finance Lease Arrangement (Tonghui);
- (vii) the Company having published an announcement in respect of the Finance Lease Arrangement (Tonghui) and related matters;

(viii) Heilongjiang College of Business and Technology and Tonghui Jiatai having signed an ownership transfer agreement and completed the relevant procedures in the Uniform Registration Formula System for Movable Property Financing of the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心動產融資統一登記公示系統), ensuring that Tonghui Jiatai is the sole registered owner; and

(ix) other conditions required by Tonghui Jiatai having been satisfied.

**Leased Assets
(Tonghui):**

The Leased Assets (Tonghui) comprises of furniture, electronic teaching equipment, blackboards, display devices, experiment tables, etc.

The unaudited book value of the Leased Assets (Tonghui) as at 12 October 2023 amounts to approximately RMB77,841,275.

Lease Term:

36 months

**Total Lease
Payment:**

The total lease payment is RMB66,450,000, including the finance lease principal of RMB60,000,000 and the finance lease interest of RMB6,450,000, 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.

**Ownership of the
Leased Assets
(Tonghui):**

The ownership of the Leased Assets (Tonghui) shall be transferred to Tonghui Jiatai upon signing the ownership transfer agreement by Heilongjiang College of Business and Technology and Tonghui Jiatai.

Upon the expiry of the lease term, provided that all lease payments and other payables under the Finance Lease Agreement (Tonghui) having been paid by Heilongjiang College of Business and Technology, the ownership of the Leased Assets (Tonghui) shall be transferred 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.

2. Service Agreement (Tonghui)

Heilongjiang College of Business and Technology and Tonghui Jiatai also entered into the Service Agreement on 9 November 2023 (after trading hours) under which Tonghui Jiatai agreed to provide consultancy services to Heilongjiang College of Business and Technology and Heilongjiang College of Business and Technology will pay a services fee of RMB1,800,000 to Tonghui Jiatai upon the issuance of a written confirmation by Heilongjiang College of Business and Technology confirming the receipt of relevant services. The consultancy services cover professional advice and guidance on finance lease products introduction, industry analysis and marketing information etc.

3. Guarantee for the Finance Lease Agreement (Tonghui)

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

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

By entering into the Finance Lease Arrangement (Tonghui), 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 adversely affected by the sale of the Leased Assets (Tonghui), because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Tonghui Jiatai under the Finance Lease Arrangement (Tonghui). According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangement (Tonghui) 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 could pay the nominal retention money to have the Leased Assets (Tonghui) transferred back to the Group. Therefore, in substance and in terms of accounting treatment, the Finance Lease Arrangement (Tonghui) 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 (Tonghui) 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 (TONGHUI)

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.

Tonghui Jiatai

Tonghui Jiatai is a company incorporated in the PRC with limited liability, and is principally engaged in the provision of finance lease services. Tonghui Jiatai is owned as to 75% by Shandong Tonghui Capital Investment Group Co., Ltd.* (山東通匯資本投資集團有限公司) and 25% by Tonghui Capital (Hong Kong) Limited (通匯資本(香港)有限公司). The actual controller (實際控制人) of Tonghui Jiatai is State-owned Assets Supervision and Administration Commission of the People's Government of Shandong Province (山東省人民政府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, Tonghui Jiatai and its ultimate beneficial owner(s) 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
“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 (Tonghui)”	the finance lease agreement dated 9 November 2023 between Tonghui Jiatai and Heilongjiang College of Business and Technology in terms of Leased Assets (Tonghui)
“Finance Lease Arrangement (Tonghui)”	(i) the purchase of the Leased Assets (Tonghui) by Tonghui Jiatai and the lease back of the Leased Assets (Tonghui) to Heilongjiang College of Business and Technology; and (ii) the provision of the finance lease consultancy services by Tonghui Jiatai to Heilongjiang College of Business and Technology, pursuant to the Finance Lease Agreement (Tonghui) and the Service Agreement (Tonghui) respectively
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time

“Harbin Junfengda”	Harbin Junfengda Real Estate 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, which is indirectly wholly owned by Mr. Liu and Ms. Dong
“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), 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
“Junhua Education”	Junhua Education Limited (竣華教育有限公司), a company incorporated under the laws of the British Virgin Islands on 18 June 2019 and wholly-owned by Mr. Liu
“Leased Assets (Tonghui)”	certain assets, including furniture, electronic teaching equipment, blackboards, display devices, experiment tables etc, which were sold by Heilongjiang College of Business and Technology to Tonghui Jiatai and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (Tonghui)
“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

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement (Tonghui)”	the service agreement dated 9 November 2023 between Tonghui Jiatai and Heilongjiang College of Business and Technology as part of Finance Lease Arrangement (Tonghui)
“Share(s)”	the holder(s) of Share(s)
“Shareholder(s)”	the 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 British Virgin Islands on 18 June 2019 and wholly-owned by Ms. Dong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tonghui Jiatai”	Tonghui Jiatai Financial Leasing (Tianjin) Co., Ltd.* (通匯嘉泰融資租賃(天津)有限公司), a limited liability company established under the laws of the PRC
“%”	per cent

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

Harbin, Heilongjiang Province, PRC, 9 November 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*