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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)

A letter from the Board is set out on pages 4 to 10 of this circular.

The Finance Lease Arrangement (Tonghui) 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.

22 December 2023

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	11
APPENDIX II — GENERAL INFORMATION	18

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 November 2023 in relation to, among other things, Finance Lease Arrangement (Tonghui)
“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
“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules
“Directors”	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 as part of the Finance Lease Arrangement (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

DEFINITIONS

“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
“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
“Heilongjiang Liankang”	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
“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 British Virgin Islands on 18 June 2019 and wholly-owned by Mr. Liu
“Latest Practicable Date”	18 December 2023, being the latest practicable date for ascertaining certain information in this circular

DEFINITIONS

“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
“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 ordinary share(s) 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 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.

* 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:

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Hutchins Drive

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Grand Cayman, KY1-1111

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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

22 December 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION **FINANCE LEASE ARRANGEMENT (TONGHUI)**

INTRODUCTION

Reference is made to the Announcement.

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

LETTER FROM THE BOARD

BACKGROUND

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:

Finance Lease Agreement (Tonghui)

- 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;

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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.

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.

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).

EFFECTIVE INTEREST RATES

Set out below are the effective interest rates for the Finance Lease Arrangement (Tonghui):

	Effective Interest Rate
Leased Assets (Tonghui)	6.93%

LETTER FROM THE BOARD

BOOK VALUE OF AND NET PROFITS ATTRIBUTABLE TO THE LEASED ASSETS (TONGHUI)

The book value and the net profits attributable to the Leased Assets (Tonghui) for each of the financial years ended 31 August 2021 and 31 August 2022 are as follows:

		Year ended 31 August	
		2021	2022
		(RMB)	(RMB)
Leased Assets (Tonghui)	Book Value	30,296,248	48,664,748
	Net Profits	N/A	N/A

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

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.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF ENTERING INTO 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.

Under the Finance Lease Arrangement (Tonghui), 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 (Tonghui) of RMB60,000,000 respectively and (ii) the total liabilities of the Group will be increased by the amount of such proceeds, being RMB60,000,000 for the Leased Assets (Tonghui), to reflect the liability of the Group.

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).

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.

LETTER FROM THE BOARD

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).

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 2021, 31 August 2022 and 31 August 2023 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 2023 published on 30 November 2023 (pages 2 to 13) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1130/2023113001766.pdf>)
- Annual report of the Company for the year ended 31 August 2022 published on 22 December 2022 (pages 65 to 140) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1222/2022122200451.pdf>); and
- 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>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2023, 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 2023, the Group's sale and leaseback borrowings were secured by the Group's assets of approximately RMB186.41 million.

Bank and other borrowings and interest accruals

As at the close of business of 31 October 2023, the Group had bank and other outstanding borrowings and interest accruals of approximately RMB949.73 million, of which approximately RMB5.94 million was guaranteed, approximately RMB638.12 million was guaranteed and secured and approximately RMB305.67 million were unguaranteed and unsecured.

Commitments

As at the close of business of 31 October 2023, the Group's capital commitments to make contracted payment amounted to RMB144.55 million.

Contingent liabilities

As at 31 October 2023, 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 2023 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 Arrangement (Tonghui) 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, ranking top in the private education sector of the province. It has been growing rapidly over the last few years.

As of 31 August 2023, the State issued many policy documents to support and encourage the development of education, including vocational and private education.

Policy documents that were published in recent years included the Overall Plan for Coordinating and Promoting the Construction of World-Class Universities and First-class Disciplines, Implementation Plan for the Reform on National Vocational Education, 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, China's Education Modernization 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, which have established the top-level design and strategic deployment for the development of higher education in China.

In particular, favourable policies for private and vocational education announced in 2021 included:

In June 2021, the Vocational Education Law of the People's Republic of China (Revised Draft) was submitted to the National People's Congress for deliberation. The draft stated that "vocational education and general education have the same importance" and supported private schools.

Decree No. 741 of the Implementing Regulations of the Law of the People's Republic of China on the Promotion of Private Education, which came into effect on 1 September 2021, expressly encourages enterprises to organise or participate in organizing private vocational schools through sole proprietorship, joint venture and cooperation in accordance to relevant laws. It also grants all private schools the right to change their sponsors regardless of their nature.

During the "14th Five-Year Plan" period, the Company will closely follow the national education development policies and market demand, continuously expand the offering of majors, promote teaching reform, insist on 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 that are in great demand and shortage for the society.

Business Progress***Remarkable enrollment results***

In 2023, the School formulated its enrollment plan and declaration based on the student structure and industry development trend in different provinces, the School's 14th Five-Year Plan, development of talents of different disciplines, employment status and other factors, and strengthened its enrollment and promotion effort. The School was open to enrollment in 24 majors in 22 provinces across China, expanding its planned enrollment size to 3,959, among which enrollments of regular bachelor's program and junior college to bachelor's degree transfer program were 2,959 and 1,000, respectively. Enrollment rate was 100%, with 3,676 students registering, representing an increase of 292 as compared to the registered students in 2022. Overall speaking, the number of enrolled students saw a net increase of 932 as compared to the previous year.

New achievements were made in employment

In terms of student employment, the School always prioritised employment. All our faculties and staff focused on employment to promote the adequate and high-quality employment of graduates. The Industry-Education Integration Base set up by the School in the Yangtze River Delta region has greatly boosted and promoted the employment of students in the past two years. The School was awarded the title of "Talent Introduction Workstation for Universities and Colleges in Kunshan", and won employment honors in Kunshan for three consecutive years. The School was granted the "Set Sail Program" fund by the Ministry of Education, provided training for 38 private undergraduate colleges and certain higher vocational colleges in Heilongjiang Province, and successfully completed four training sessions for 377 graduates in 2022. It was also granted special fund for maintaining employment within the province.

In addition, the School hosted the 2023 private university job fair, which attracted many high-quality enterprises, including those based in the Yangtze River Delta region. The job fair offered not only a wide space and platform for students' employment, but also talent support for employers. The year-end graduate placement rate of the class of 2023 has been high. As of 31 August 2023, employed graduates amounted to 2,230, representing a graduate employment rate of 81.83%. The School's employment rate ranked first among private colleges in Heilongjiang Province.

Exceptional results in building teaching team

In order to strengthen its teaching team and improve its education quality, the School recruited 93 talents of various types in the year and began solid trainings for young teachers, which was trained a total of 421 people. Through introducing talents, we significantly optimised

the structure of its teaching team. Through large scale concentrated trainings, not only could our teachers expand their visions, such training could also improve the operation capability and comprehensive qualities of its teachers and employees.

Smooth progress of title evaluation

In 2022 and 2023, Heilongjiang College of Business and Technology organised the provincial private college title joint evaluation, and was unanimously praised by Heilongjiang Human Resources and Social Security Bureau and various private colleges. In this school year, 5 of our teachers were recognised as professor, 9 were recognised as associate professor and 19 were recognised as lecturer.

With the mission of cultivating application-oriented talents, the School upgraded the construction of the internship and training centre, and continued to improve schooling conditions

The new “Intelligent Internship and Training Centre for New Business Discipline and New Finance” invested and built in 2022 made the School the only private undergraduate college in Heilongjiang Province approved by the Ministry of Education. It is one of the most advanced modern student training centres for business majors, and a comprehensive virtual simulation training platform for the intelligent learning of new business discipline and new finance, which integrates informatisation, intelligence and specialisation.

The School’s new metalworking lab, railway museum and other projects were generally completed, providing a new modern application platform of cultural significance for engineering students’ practice and training, further enhancing students’ practical skills, and thus improving their employment competitiveness.

In this year, the School began the construction of a student apartment with an area of 13,495 sq.m., and is expected to complete and launch by the end of the year. In 2023, the School is recognized as a national 3A-level tourist scenic spot.

New progress was attained in open schooling

The School actively promoted school-local and school-enterprise cooperation, and has joined the Kunshan Industry-Education Integration Collaboration Alliance, the Digital Economy Community of Harbin New District, and the E-Commerce Community of Harbin New District among other governmental organizations. Despite the adverse impact of the pandemic, we visited 208 enterprises through various ways online and offline, including 95 enterprises within the province and 113 enterprises outside the province, and discussed with many well-known

enterprises on cooperation matters. 792 visitors from 132 enterprises visited the school for exchanges and inspection. A total of 45 school-enterprise cooperation agreements were signed. We strove to attain complementary advantages, mutual benefits and joint growth.

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”; 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”.

Development Plan

Firstly, we will establish in-depth cooperation with international education groups to improve dual education and talent training model.

Secondly, we will invest in vocational education and establish vocational colleges, education groups and school-enterprise integration bases in the Yangtze River Delta and Beijing-Tianjin-Hebei, gradually forming a new schooling model of school-enterprise integration.

Thirdly, we will develop big health-related majors and sub-academies.

Fourthly, we will develop a digital lifelong learning system, and create a “future learning centre” and a website featuring a wide selection of digital education.

Fifthly, we will combine our leading majors with the Belt and Road Initiative, and actively promote education for foreign students.

In the future, the Company will develop systematic, multi-tiered and multi-dimensional operation of education services, scale up schooling step by step, and create values for Shareholders.

Progress of transforming into a For-profit Private School

In accordance with the Implementation Rules for the Classification and Registration of Private Schools issued by the Ministry of Education and other four agencies and relevant documents, as well as the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” announced successively in various provinces, the Heilongjiang College of Business and Technology has made significant progress in its application for transforming into a for-profit school, and its application has been approved by the Ministry of Education. In compliance with relevant documents and policies to be issued by the competent education authorities, the School will firmly protect the legal rights of students during the three-year transition period, complete the transfer of assets from non-profit to for-profit school, and enforce the property rights of legal entities. We will complete the procedures of credit and debt disposal, and transfer of teachers’ employment contracts and employment affiliation. We will improve its operation and management plan during the transition period to achieve smooth non-profit to for-profit transformation.

Updates to the Plan to Comply with the Qualification Requirement

As disclosed in the Prospectus and the 2022 Annual Report, we have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement. On 15 October 2019, Leader Education LLC was established in Chicago, Illinois and is an indirect wholly-owned subsidiary of the Company. Leader Education LLC plans to operate and manage a higher education institution (the “**US School**”) in the State of Illinois, US to be established, which is planned to provide programs focusing on business studies. On 21 February 2020, we filed a notice of intent for operation to the Illinois Board of Higher Education (“**IBHE**”). On 22 May 2020, we entered into a service agreement with an independent third party, with an aim to design the education program to be offered by the US School and submit applications with the IBHE regarding the establishment of the US School. Due to the spread of the COVID-19 in various countries around the world from 2020 to 2022, the Group’s progress in establishing the US School has been slow and was unable to advance in a timely manner. Although the COVID-19 came to an end in 2023, due to the increasingly complicated international environment, particularly the fierce international competition, our progress in establishing the US School has also been affected. Competition is emphasized in the education system of the United States. Keen competition can be seen both in terms of standardized examinations and courses, but we did not adopt a blind approach to proceed, which resulted in the failure of the establishment of the US School as scheduled. However, we will actively identify problems and continue to improve, hoping to complete the application for establishment of the US School as soon as possible.

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 Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司)	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 Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司)	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%

Name	Capacity	Number of Shares Interested ⁽¹⁾	Approximate percentage of shareholding ⁽¹⁾
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 finance lease agreement dated 19 October 2022 between Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司) and Heilongjiang College of Business and Technology and Liankang Consulting 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 Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司) at the purchase price of RMB15,000,000 and the total lease payment of RMB17,030,985;
- (2) the finance lease agreement dated 19 October 2022 between Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司) and Heilongjiang College of Business and Technology and Liankang Consulting 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 Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司) at the purchase price of RMB35,000,000 and the total lease payment of RMB39,274,508;
- (3) the finance lease agreement dated 27 October 2022 between Shanghai Guojin Financial Leasing Co., Ltd.* (上海國金融資租賃有限公司) and Heilongjiang College of Business and Technology pursuant to which certain assets of Heilongjiang College of Business and Technology were purchased and leased back to Heilongjiang College of Business and Technology by Shanghai Guojin Financial Leasing Co., Ltd.* (上海國金融資租賃有限公司) at the purchase price of RMB50,000,000 and the total lease payment of RMB54,723,097.44;
- (4) the ownership transfer agreement dated 24 November 2022 between Chengtay Finance Lease Shanghai Co., Ltd.* (誠泰融資租賃(上海)有限公司) and Heilongjiang College of Business and Technology pursuant to which certain assets of Heilongjiang College of Business and Technology were purchased a by Chengtay Finance Lease Shanghai Co., Ltd.* (誠泰融資租賃(上海)有限公司) at the purchase price of RMB57,000,000;
- (5) the sale and leaseback agreement dated 24 November 2022 between Chengtay Finance Lease Shanghai Co., Ltd.* (誠泰融資租賃(上海)有限公司) and Heilongjiang College of Business and Technology pursuant to which certain assets of Heilongjiang College of

Business and Technology were leased back to Heilongjiang College of Business and Technology by Chengtay Finance Lease Shanghai Co., Ltd.* (誠泰融資租賃(上海)有限公司) at the total lease payment of RMB62,200,000;

- (6) the sale and leaseback agreement dated 18 January 2023 between Haier Financial Services China Co., Ltd.* (海爾融資租賃股份有限公司) 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 Financial Services China Co., Ltd.* (海爾融資租賃股份有限公司) at the purchase price of RMB50,750,000 and the total lease payment of RMB57,680,100;
- (7) the sale and leaseback agreement I dated 13 June 2023 between Shanghai A-JEX Finance Lease Co., Ltd.* (上海愛建融資租賃股份有限公司) 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 Shanghai A-JEX Finance Lease Co., Ltd.* (上海愛建融資租賃股份有限公司) at the purchase price of RMB20,000,000 and the total lease payment of RMB22,450,000;
- (8) the sale and leaseback agreement II dated 13 June 2023 between Shanghai A-JEX Finance Lease Co., Ltd.* (上海愛建融資租賃股份有限公司) 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 Shanghai A-JEX Finance Lease Co., Ltd.* (上海愛建融資租賃股份有限公司) at the purchase price of RMB20,000,000 and the total lease payment of RMB22,450,000;
- (9) the sale and leaseback agreement dated 13 June 2023 between Haitong Unitrust International Financial Leasing Co., Ltd.* (海通恆信國際融資租賃股份有限公司) 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 Haitong Unitrust International Financial Leasing Co., Ltd.* (海通恆信國際融資租賃股份有限公司) at the purchase price of RMB70,000,000 and the total lease payment of RMB80,000,000;
- (10) the sale and leaseback agreement dated 26 September 2023 between Jinyuan Huaxing (China) Finance Lease Co., Ltd.* (金源華興融資租賃有限公司) 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 Jinyuan Huaxing (China) Finance Lease Co., Ltd.* (金源華興融資租賃有限公司) at the purchase price of RMB30,000,000 and the total lease payment of RMB33,300,000;

(11) the sale and leaseback agreement I dated 26 September 2023 between Guoyao Holdings (China) Finance Lease Co., Ltd.* (國藥控股(中國)融資租賃有限公司) 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 Guoyao Holdings (China) Finance Lease Co., Ltd.* (國藥控股(中國)融資租賃有限公司) at the purchase price of RMB27,500,000 and the total lease payment of RMB32,400,000;

(12) the sale and leaseback agreement II dated 26 September 2023 between Guoyao Holdings (China) Finance Lease Co., Ltd.* (國藥控股(中國)融資租賃有限公司) 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 Guoyao Holdings (China) Finance Lease Co., Ltd.* (國藥控股(中國)融資租賃有限公司) at the purchase price of RMB27,500,000 and the total lease payment of RMB32,400,000; and

(13) the Finance Lease Agreement (Tonghui).

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 (e) and the Company (<http://www.leader-education.cn>) for a period of 14 days from the date of this circular:

1. Finance Lease Agreement (Tonghui)
2. Service Agreement (Tonghui)
3. Personal guarantee of Mr. Liu and Ms. Dong in respect of Finance Lease Arrangement (Tonghui)
4. Corporate guarantee of Harbin Xiangge in respect of Finance Lease Arrangement (Tonghui)
5. Corporate guarantee of Heilongjiang Liankang in respect of Finance Lease Arrangement (Tonghui)
6. Corporate guarantee of Harbin Junfengda in respect of Finance Lease Arrangement (Tonghui)