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Leader Education Limited

立德教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1449)

DISCLOSEABLE TRANSACTION LAND USE RIGHTS GRANT CONTRACT FOR DEVELOPMENT OF

YANGTZE RIVER DELTA INDUSTRY-EDUCATION INTEGRATED BASE

The Board is pleased to announce that on 12 January 2021 (after trading hours), Nantong Junhua Kechuangyuan Ltd* (南通峻華科創園有限公司) (“**Nantong Junhua**”), an indirect wholly-owned subsidiary of the Company and the Natural Resources and Planning Bureau of Hai’an City (海安市自然資源和規劃局) entered into the Land Use Rights Grant Contract in respect of the grant of the Land for education purpose to Nantong Junhua at the consideration of approximately RMB45.2 million.

The acquisition of the land use rights of the Land is in relation to the Group’s plan to develop the Yangtze River Delta Industry-Education Integrated Base* (長三角產教融合基地) (the “**Base**”) in Shanghu Innovation Zone.

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 12 January 2021 (after trading hours), Nantong Junhua Kechuangyuan Ltd* (南通峻華科創園有限公司) (“**Nantong Junhua**”), an indirect wholly-owned subsidiary of the Company and the Natural Resources and Planning Bureau of Hai’an City (海安市自然資源和規劃局) entered into the Land Use Rights Grant Contract in respect of the grant of the land use rights of the Land for education purpose to Nantong Junhua at the consideration of approximately RMB45.2 million.

The acquisition of the land use rights of the Land is in relation to the Group’s plan to develop the Yangtze River Delta Industry-Education Integrated Base* (長三角產教融合基地) (the “**Base**”) in Shanghu Innovation Zone.

LAND USE RIGHTS GRANT CONTRACT

The principal terms of the Land Use Rights Grant Contract are set out as follows:

Parties	:	1) Nantong Junhua 2) The Natural Resources and Planning Bureau of Hai'an City
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Natural Resources and Planning Bureau of Hai'an City and its ultimate beneficial owners are third parties independent of the Group and its connected persons.
Code of the land use rights granted	:	2020049001
Location of the Land	:	East side of Shanghu Boulevard and north side of Dongli Boulevard (上湖大道東側, 動力大道北側)
Total site area of the Land	:	86,056 square metres
Plot ratio of the Land	:	0.6 to 1.2
Nature of the land use rights	:	Education
Term of the land use rights of the Land	:	50 years
Consideration and terms of payment	:	RMB45,179,400, payable within 30 days from the date of the Land Use Rights Grant Contract
Others	:	The grantee shall establish a foreign-owned enterprise in Shanghu district with a registered capital of not less than US\$20 million (equivalent to approximately RMB129.2 million), of which the first installment of US\$10 million (equivalent to approximately RMB64.6 million) shall be paid within 30 days of the delivery of the Land to the grantee.

Notes:

- (i) *The Company considers that the above obligations have been satisfied by the establishment of Nantong Junhua as a wholly-foreign owned enterprise with an actual paid-in capital of US\$10 million, which will be utilized to make payment for the consideration for the acquisition of the land use rights and other development cost of the Base.*
- (ii) *As of the date hereof, there is no specific deadline for payment of the remaining registered capital of US\$10 million, and the Company currently does not have any confirmed plan as to whether and when to make payment of the said US\$10 million to the registered capital of Nantong Junhua.*

Liability for breach

: Nantong Junhua may be liable for breach of the Land Use Rights Grant Contract upon the occurrence of the following events:

- 1) If Nantong Junhua fails to timely pay the consideration for the acquisition of the land use rights and Nantong Junhua shall be liable to make an additional default payment equal to 1% of the total consideration for each day of delay to the Natural Resources and Planning Bureau of Hai'an City; and if the delay is more than 60 days, the Natural Resources and Planning Bureau of Hai'an City shall be entitled to terminate the contract and claim for damages against Nantong Junhua.
- 2) If Nantong Junhua fails to commence construction and complete the development of the Land within the specified timeframe being 11 June 2021 and 11 March 2023 (which may be extended by consent), respectively, Nantong Junhua shall be liable to pay a default payment equal to 1% of the total consideration for each day of delay to the Natural Resources and Planning Bureau of Hai'an City.

BASIS OF DETERMINATION AND FUNDING OF THE CONSIDERATION

The aggregate consideration of RMB45,179,400 for the acquisition of the land use rights of the Land pursuant to the Land Use Rights Grant Contract represents a price of approximately RMB525 per square metre which was the successful bid by Nantong Junhua in the listing-for-sale process which was conducted in accordance with the relevant PRC laws and regulations. The Directors considered the consideration is fair and reasonable based on the following factors (among others): (i) the base price of the bid of RMB525 per square metre set by the Natural Resources and Planning Bureau of Hai'an City; (ii) the location and development potential of the Base (see section "Reasons for and benefits of the Acquisition of the Land Use Rights" below for further details) and (iii) to the best information and knowledge of the Directors, the current property market conditions in Shanghu district, Nantong and the PRC in general. No independent valuation has been conducted as reference in setting the bidding price.

As of the date hereof, the Group has injected US\$10 million (equivalent to approximately RMB64.6 million) into Nantong Junhua which will be utilized to make payment for the consideration for the acquisition of the land use rights of the Land and other development cost of the Base. The said amount was funded by loans from third-party financial institutions and internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE LAND USE RIGHTS

The Shanghu Innovation Zone is located in Hai'an, Nantong, Jiangsu Province, the PRC. It was formally established following the approval of the local authority in Hai'an and Nantong in 2018 and has a total area of 9.8 square kilometres and is designated to provide high quality of living environment to support development of scientific research functions.

Over the past few years, there has been an increase in the number of graduates of Heilongjiang College of Business and Technology securing employment in companies located in the Yangtze River Delta in view of its stable economic growth. The feedback from employers on the quality and performance of the graduates of Heilongjiang College of Business and Technology has generally been positive, which resulted in Heilongjiang College of Business and Technology gaining recognition from the local government in Hai'an. Against the above background, the Group plans to develop the Base in Shanghu Innovation Zone, the primary purpose of which is to nurture high-quality talents with practical skills and serve as a high-standard technology-research center with a focus on the fast-growing sectors in the economy in the PRC, namely intelligent manufacturing, intelligent architecture, textile and apparel and modern services.

It is expected that, upon completion of the development the Base, our Group can establish a physical presence in the Yangtze River Delta and the Base can accommodate 3,000 university-level students and allow final year students of Heilongjiang College of Business and Technology to receive practical training as well as internship experience in Yangtze River Delta. Accordingly, our graduates can be better equipped with practical skills and market knowledge and cross-province experience which will be beneficial to their career prospects and in turn, further improve our reputation and ability to attract new students.

Our Group will also seek cooperation with suitable tertiary institutions in Heilongjiang and other provinces and offer internship/practical training opportunities to their final year students, which is expected to enhance the employment rate of their graduates and generate extra revenue for our Group through such cooperation. Further opportunities to generate income for our Group may also arise from different types of fees such as training fee, management fee for human resources and commission income to be offered by partnering enterprises.

Meanwhile, based on the understanding of the prevailing policies in Shanghu district and Hai'an, since the development of the Base will support local economic development and attract high-quality talents, the Directors believe that governmental authorities in Shanghu and/or Hai'an may provide (or facilitate the provision of) supporting policies to our Group in the future in connection with the development of the Base, which may include concession in tax and utilities expense and land acquisition cost, the further details of which should be subject to the decision of the relevant governmental authorities in accordance with the then applicable policies.

In addition, the acquisition of the land use rights of the Land is necessary for the development of the Base in Shanghu Innovation Zone. Having taken into account, the Group's business plan in relation to the development of the Base and the consideration to be paid for the acquisition of the land use rights, the Directors (including the independent non-executive Directors) are of the view that the terms of the Land Use Rights Grant Contract are on normal commercial terms and fair and reasonable and the acquisition for the land use rights of the Land is in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

(i) The Company

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 private regular undergraduate institution offering undergraduate programs in Harbin, Heilongjiang Province of the PRC. Heilongjiang College of Business and Technology currently offers more than 20 majors in a variety of disciplines including, among others, engineering, business, railway, economics, literature and arts to more than 9,500 students in enrollment.

(ii) Nantong Junhua

Nantong Junhua is a wholly-foreign owned enterprise established under the laws of the PRC on 18 December 2020 as the Group's project company for the purpose of the development of the Base and holding the interest in the Land and the Base. Nantong Junhua is an indirect wholly-owned subsidiary of the Company.

(iii) The Natural Resources and Planning Bureau of Hai'an City

The Natural Resources and Planning Bureau of Hai'an City is a PRC governmental authority and the grantor of the land use rights in respect of the Land.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement 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:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Base”	Yangtze River Delta Industry-Education Integrated Base* (長三角產教融合基地)
“Board”	the board of Directors
“Company”	Leader Education Limited (立德教育有限公司) (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
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Heilongjiang College of Business and Technology”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	person(s) or company(ies) which is/are independent of and not connected with the Company and its connected persons
“Land”	a piece of land located in east side of Shanghu Boulevard and north side of Dongli Boulevard (上湖大道東側, 動力大道北側) with a total site area of 86,056 square metres

“Land Use Rights Grant Contract”	the state-owned construction land use rights grant contract (國有建設用地使用權出讓合同) in respect of the Land entered into between Nantong Junhua and the Natural Resources and Planning Bureau of Hai’an City on 12 January 2021
“Listing Rules”	the rules Governing the Listing of Securities on the Stock Exchange
“Nantong Junhua”	Nantong Junhua Kechuangyuan Ltd* (南通峻華科創園有限公司), an indirect wholly-owned subsidiary of the Company
“Natural Resources and Planning Bureau of Hai’an City”	a PRC governmental authority and the grantor of the land use rights of the Land
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghu Innovation Zone”	an area located in Hai’an, Nantong, Jiangsu Province, the PRC with a total area of 9.8 square kilometres and designated to provide high quality of living environment to support development of scientific research functions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the entry into the Land Use Rights Grant Contract and performing the obligations thereunder by the Group
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Harbin, Heilongjiang Province, PRC
12 January 2021

In this announcement, amounts in the US\$ and RMB have been converted at the rate of US\$1.00 = RMB6.46 for illustration purpose only, unless otherwise stated. No representation is made that any amounts in US\$ or RMB could have been or could be converted at that rate or other rate or at all.

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