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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 TRANSACTIONS FINANCE LEASE ARRANGEMENTS

FINANCE LEASE ARRANGEMENTS

On 19 October 2022, the Group entered into the following Finance Lease Arrangements:

1. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) I and Consultation Service Agreement (Derun) I with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB15,000,000 and total lease payment of RMB17,030,985 and the consultation services at a service fee of RMB675,000 contemplated under the Finance Lease Arrangement (Derun) I; and
2. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) II and Consultation Service Agreement (Derun) II with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB35,000,000 and total lease payment of RMB39,274,508 and the consultation services at a service fee of RMB1,575,000 contemplated under the Finance Lease Arrangement (Derun) II.

LISTING RULES IMPLICATIONS

Since both the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II were entered into with Anhui Derun, of similar nature and within a 12-month period, the Finance Lease Arrangement (Derun) I shall be aggregated with the Finance Lease Arrangement (Derun) II for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable ratio of the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II (as aggregated) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II constitute major transactions for the Company and therefore shall be 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 (Derun) I and the Finance Lease Arrangement (Derun) II 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 (Derun) I and the Finance Lease Arrangement (Derun) II 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) 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 (Derun) I and the Finance Lease Arrangement (Derun) II.

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 (Derun) I and the Finance Lease Arrangement (Derun) II and the transactions contemplated thereunder; and (ii) financial information of the Group shall be despatched within 15 business days after publication of this announcement, i.e. on or before 9 November 2022. Since the Company requires additional time to allow for preparation of the disclosure of certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

INTRODUCTION

On 19 October 2022, the Group entered into the following Finance Lease Arrangements:

1. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) I and Consultation Service Agreement (Derun) I with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB15,000,000 and total lease payment of RMB17,030,985 and the consultation services at a service fee of RMB675,000 contemplated under the Finance Lease Arrangement (Derun) I; and
2. Heilongjiang College of Business and Technology and Liankang Consulting entered into the Finance Lease Agreement (Derun) II and Consultation Service Agreement (Derun) II with Anhui Derun in respect of the sale and lease back of certain equipment at a sale price of RMB35,000,000 and total lease payment of RMB39,274,508 and the consultation services at a service fee of RMB1,575,000 contemplated under the Finance Lease Arrangement (Derun) II.

PRINCIPAL TERMS OF THE FINANCE LEASE ARRANGEMENTS

The principal terms of the Finance Lease Arrangements are summarized as follows:

1. FINANCE LEASE ARRANGEMENT (DERUN) I

Finance Lease Agreement (Derun) I

Date:	<u>19 October</u> 2022
Parties:	(i) Heilongjiang College of Business and Technology (as the seller/lessee) (ii) Liankang Consulting (as the seller/lessee) (iii) Anhui Derun (as the purchaser/lessor)
Sale Price:	RMB15,000,000
Lease Term:	36 months
Total Lease Payment:	RMB17,030,985
Deposit:	RMB1,200,000
Principle Terms:	Sale of the Leased Assets (Derun) I to the Anhui Derun:

Heilongjiang College of Business and Technology and Liankang Consulting agreed to sell and Anhui Derun agreed to purchase the Leased Assets (Derun) I at a consideration of RMB15,000,000, which was determined after arm's length negotiation between the parties. The deposit of RMB1,200,000 shall be paid to Anhui Derun by Heilongjiang College of Business and Technology and Liankang Consulting, which shall be refunded upon performance of all obligations under the Finance Lease Agreement (Derun) I by Heilongjiang College of Business and Technology and Liankang Consulting.

Lease of the Leased Assets (Derun) I:

The Leased Assets (Derun) I shall be leased back to Heilongjiang College of Business and Technology and Liankang Consulting for the lease term at the total lease payment of RMB17,030,985, payable by Heilongjiang College of Business and Technology to Anhui Derun every three months in 12 installments during the lease term.

Transfer of Ownership of the Leased Assets (Derun) I back to the lessees:

Upon the expiry of the lease term, and after discharge of all debts, Anhui Derun shall transfer the ownership of the Leased Assets (Derun) I to Heilongjiang College of Business and Technology and Liankang Consulting in consideration of the payment of a retention money of RMB1,000 by Heilongjiang College of Business and Technology and Liankang Consulting.

Consultation Service Agreement (Derun) I

Date: 19 October 2022

Parties: (i) Heilongjiang College of Business and Technology (as the recipient of service)
(ii) Liankang Consulting (as the recipient of service)
(iii) Anhui Derun (as the service provider)

Term: 19 October 2022 to 31 December 2022

Service fee: RMB675,000

Principle Terms: Anhui Derun shall provide Heilongjiang College of Business and Technology and Liankang Consulting with the service of consultation on finance lease, finance and project management.

Guarantee for Finance Lease Agreement (Derun) I

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

2. FINANCE LEASE ARRANGEMENT (DERUN) II

Finance Lease Agreement (Derun) II

Date: 19 October 2022

Parties: (i) Heilongjiang College of Business and Technology (as the seller/lessee)
(ii) Liankang Consulting (as the seller/lessee)
(iii) Anhui Derun (as the purchaser/lessor)

Sale Price: RMB35,000,000

Lease Term: 36 months

Total Lease Payment: RMB39,274,508

Deposit: RMB2,800,000

Principle Terms: **Sale of the Leased Assets (Derun) II to the Anhui Derun:**

Heilongjiang College of Business and Technology and Liankang Consulting agreed to sell and Anhui Derun agreed to purchase the Leased Assets (Derun) II at a consideration of RMB35,000,000, which was determined after arm's length negotiation between the parties. The deposit of RMB2,800,000 shall be paid to Anhui Derun by Heilongjiang College of Business and Technology and Liankang Consulting, which shall be refunded upon performance of all obligations under the Finance Lease Agreement (Derun) II by Heilongjiang College of Business and Technology and Liankang Consulting.

Lease of the Leased Assets (Derun) II:

The Leased Assets (Derun) II shall be leased back to Heilongjiang College of Business and Technology and Liankang Consulting for the lease term at the total lease payment of RMB39,274,508, payable by Heilongjiang College of Business and Technology to Anhui Derun every three months in 12 installments during the lease term.

Transfer of Ownership of the Leased Assets (Derun) II back to the lessees:

Upon the expiry of the lease term, and after discharge of all debts, Anhui Derun shall transfer the ownership of the Leased Assets (Derun) II to Heilongjiang College of Business and Technology and Liankang Consulting in consideration of the payment of a retention money of RMB1,000 by Heilongjiang College of Business and Technology and Liankang Consulting.

Consultation Service Agreement (Derun) II

Date: 19 October 2022

Parties: (i) Heilongjiang College of Business and Technology (as the recipient of service)
(ii) Liankang Consulting (as the recipient of service)
(iii) Anhui Derun (as the service provider)

Term: 19 October 2022 to 31 December 2022

Service fee: RMB1,575,000

Principle Terms: Anhui Derun shall provide Heilongjiang College of Business and Technology and Liankang Consulting with the service of consultation on finance lease, finance and project management.

Guarantee for Finance Lease Agreement (Derun) II

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

The terms of each of the Finance Lease Arrangements and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the average fair market price of the similar assets and the prevailing market interest rates and trading terms of the similar Finance Lease Arrangements. The Directors are of the opinion that the Group will be able to supplement its working capital through the Finance Lease Arrangements, the terms and conditions of which 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 AGREEMENTS

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.

Anhui Derun

Anhui Derun is a limited liability company established under the laws of the PRC and is principally engaged in financial leasing business in the PRC. Anhui Derun is owned as to approximately 35% by Anhui Xinli Investment Croup Co., Ltd.* (安徽新力科創集團有限公司), approximately 16.1% by Anhui Huilong Group Ruifeng Fertilizer Co., Ltd.* (安徽輝隆集團瑞豐化肥有限公司), approximately 15% by Anhui Huilong Group Agribusiness Chain Co., Ltd.* (安徽輝隆集團農資連鎖有限責任公司), approximately 12.5% by Anhui Blue Ocean Investment Holding Group Co., Ltd.* (安徽藍海投資控股集團有限公司) and approximately 21.4% by 9 other shareholders who each holds less than 4% of the equity interest.

Anhui Xinli Investment Croup Co., Ltd.* (安徽新力科創集團有限公司) is 100% owned by Anhui Supply and Marketing Corporation* (安徽省供銷集團有限公司), which in turn is held as to approximately 87.5% by Anhui Federation of Supply and Marketing Cooperatives* (安徽省供銷合作社聯合社) and approximately 12.5% by Lujiang City Construction Investment Co., Ltd.* (廬江縣城市建設投資有限公司). Anhui Federation of Supply and Marketing Cooperatives* (安徽省供銷合作社聯合社) is a business institution directly held by the People's Government of Anhui Province. Lujiang City Construction Investment Co., Ltd.* (廬江縣城市建設投資有限公司) is held as to approximately 98% by Lujiang County Finance Bureau.

Anhui Huilong Group Ruifeng Fertilizer Co., Ltd.* (安徽輝隆集團瑞豐化肥有限公司) and Anhui Huilong Group Agribusiness Chain Co., Ltd.* (安徽輝隆集團農資連鎖有限責任公司) are wholly-owned subsidiaries of Anhui HuiLong Agricultural Means of Production Co., Ltd.* (安徽輝隆農資集團股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002556).

Anhui Blue Ocean Investment Holding Group Co., Ltd.* (安徽藍海投資控股集團有限公司) is owned by 41 individual shareholders and 1 corporate shareholder. The single largest shareholder holding 33.14% equity interest is Ding Qun* (丁群). Each of all other shareholders holds less than 9% of the equity interest.

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

LISTING RULES IMPLICATIONS

Since both the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II were entered into with Anhui Derun, of similar nature and within a 12-month period, the Finance Lease Arrangement (Derun) I shall be aggregated with the Finance Lease Arrangement (Derun) II for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable ratio of the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II (as aggregated) exceeds 25% but is less than 100%, the Finance Lease Arrangement (Derun) I and the Finance Lease Arrangement (Derun) II constitute major transactions 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 (Derun) I and the Finance Lease Arrangement (Derun) II 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 (Derun) I and the Finance Lease Arrangement (Derun) II 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) 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 (Derun) I and the Finance Lease Arrangement (Derun) II.

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 (Derun) I and the Finance Lease Arrangement (Derun) II and the transactions contemplated thereunder; and (ii) financial information of the Group shall be despatched within 15 business days after publication of this announcement, i.e. on or before 9 November 2022. Since the Company requires additional time to allow for preparation of the disclosure of certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

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:

“Anhui Derun”	Anhui Derun Leasing Co., Ltd.* (安徽德潤融資租賃股份有限公司)
“Beijing Junhua”	Beijing Junhua Business Information Consulting CO., Ltd.* (北京峻華商務信息諮詢有限公司), a limited liability company established under the laws of the PRC on <u>8 July 2020</u> , an indirect wholly-owned subsidiary of the Company
“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
“Consultation Service Agreement (Derun) I”	the service agreement dated <u>19 October 2022</u> between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) I
“Consultation Service Agreement (Derun) II”	the service agreement dated <u>19 October 2022</u> between Anhui Derun and Heilongjiang College of Business and Technology as part of the Finance Lease Arrangement (Derun) II

“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement (Derun) I”	the finance lease agreement dated <u>19 October</u> 2022 between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) I
“Finance Lease Agreement (Derun) II”	the finance lease agreement dated <u>19 October</u> 2022 between Anhui Derun and Heilongjiang College of Business and Technology and Liankang Consulting as part of the Finance Lease Arrangement (Derun) II
“Finance Lease Arrangement (Derun) I”	(i) the purchase of the Leased Assets (Derun) I by Anhui Derun and the lease back of the Leased Assets (Derun) I to Heilongjiang College of Business and Technology and Liankang Consulting; and (ii) the provision of the finance lease, finance and project management consultation services by Anhui Derun to Heilongjiang College of Business and Technology and Liankang Consulting, pursuant to the Finance Lease Agreement (Derun) I and the Consultation Service Agreement (Derun) I respectively
“Finance Lease Arrangement (Derun) II”	(i) the purchase of the Leased Assets (Derun) II by Anhui Derun and the lease back of the Leased Assets (Derun) II to Heilongjiang College of Business and Technology and Liankang Consulting; and (ii) the provision of the finance lease, finance and project management consultation services by Anhui Derun to Heilongjiang College of Business and Technology and Liankang Consulting, pursuant to the Finance Lease Agreement (Derun) II and the Consultation Service Agreement (Derun) II respectively
“Finance Lease Arrangements”	Finance Lease Arrangement (Derun) I and Finance Lease Arrangement (Derun) II
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“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 <u>Enterprise Management Ltd.*</u> (哈爾濱祥閣 <u>企業管理</u> 有限公司), formerly known as Harbin Xiangge <u>Zhiye Co., Ltd.*</u> (哈爾濱祥閣 <u>置業</u> 有限公司), a limited liability company established under the laws of the PRC and a consolidated affiliated entity of the Company
“Heilongjiang College of Business and Technology”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Junhua Education”	Junhua Education Limited (竣華教育有限公司), a company incorporated under the laws of the BVI on <u>18 June 2019</u> and wholly-owned by Mr. Liu
“Leased Assets (Derun) I”	certain equipment, the usage of which is for or in connection with <u>teaching by Heilongjiang College of Business and Technology</u> , which was sold by the Heilongjiang College of Business and Technology and Liankang Consulting to Anhui Derun and leased back to Heilongjiang College of Business and Technology and Liankang Consulting pursuant to the Finance Lease Arrangement (Derun) <u>I</u>
“Leased Assets (Derun) II”	certain equipment, the usage of which is for or in connection with <u>teaching by Heilongjiang College of Business and Technology</u> , which was sold by the Heilongjiang College of Business and Technology and Liankang Consulting to Anhui Derun and leased back to Heilongjiang College of Business and Technology and Liankang Consulting pursuant to the Finance Lease Arrangement (Derun) <u>II</u>
“Liankang Consulting”	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 our Company
“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 Heilongjian College and 44.03% by Leader Education (HK) Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shuren Education”	Shuren Education Limited (樹人教育有限公司), a company incorporated under the laws of the BVI on <u>18 June</u> 2019 and wholly-owned by Ms. Dong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Harbin, Heilongjiang Province, PRC, 19 October 2022

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*