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Leader Education Limited

立德教育股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1449)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE ARRANGEMENTS (A-JEX)

FINANCE LEASE ARRANGEMENTS (A-JEX)

On 13 June 2023 (after trading hours), the Group entered into the following Finance Lease Arrangements (A-JEX):

1. Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (A-JEX) I and Consultation Service Agreement (A-JEX) I with Shanghai A-JEX in respect of the sale and lease back of Leased Assets (A-JEX) I at a sale price of RMB20,000,000 and total lease payment of RMB22,450,000 and the consultation services at a service fee of RMB875,000 contemplated under the Finance Lease Arrangement (A-JEX) I; and
2. Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (A-JEX) II and Consultation Service Agreement (A-JEX) II with Shanghai A-JEX in respect of the sale and lease back of Leased Assets (A-JEX) II at a sale price of RMB20,000,000 and total lease payment of RMB22,450,000 and the consultation services at a service fee of RMB875,000 contemplated under the Finance Lease Arrangement (A-JEX) II.

LISTING RULES IMPLICATIONS

Since both the Finance Lease Arrangement (A-JEX) I and the Finance Lease Arrangement (A-JEX) II were entered into with Shanghai A-JEX, of similar nature and within a 12-month period, the Finance Lease Arrangement (A-JEX) I shall be aggregated with the Finance Lease Arrangement (A-JEX) II for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions under the Finance Lease Arrangements (A-JEX) is, on an aggregated basis, more than 5% but less than 25%, the transactions under the Finance Lease Arrangements (A-JEX) constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 13 June 2023 (after trading hours), the Group entered into the following Finance Lease Arrangements (A-JEX):

1. Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (A-JEX) I and Consultation Service Agreement (A-JEX) I with Shanghai A-JEX in respect of the sale and lease back of Leased Assets (A-JEX) I at a sale price of RMB20,000,000 and total lease payment of RMB22,450,000 and the consultation services at a service fee of RMB875,000 contemplated under the Finance Lease Arrangement (A-JEX) I; and
2. Heilongjiang College of Business and Technology entered into the Sale and Leaseback Agreement (A-JEX) II and Consultation Service Agreement (A-JEX) II with Shanghai A-JEX in respect of the sale and lease back of Leased Assets (A-JEX) II at a sale price of RMB20,000,000 and total lease payment of RMB22,450,000 and the consultation services at a service fee of RMB875,000 contemplated under the Finance Lease Arrangement (A-JEX) II.

FINANCE LEASE ARRANGEMENTS (A-JEX)

Finance Lease Arrangement (A-JEX) I

1. Sale and Leaseback Agreement (A-JEX) I

The principal terms of the Sale and Leaseback Agreement (A-JEX) I are summarized as follows:

Date:	<u>13 June 2023 (after trading hours)</u>
Parties:	(i) Heilongjiang College of Business and Technology (as the lessee), and (ii) Shanghai A-JEX (as the lessor)
Sale Price and Payment Term:	The total sale price is RMB20,000,000 which was determined after arm's length negotiations with reference to the initial acquisition price of RMB20,000,000 and the fair market price of the similar assets.

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

- (i) Shanghai A-JEX having received the resolution passed by the council (理事會) of Heilongjiang College of Business and Technology approving the Finance Lease Arrangements (A-JEX);
- (ii) Shanghai A-JEX having received relevant guarantee documents from the guarantors (if any); and
- (iii) Shanghai A-JEX having issued rent commencement notice to Heilongjiang College of Business and Technology and having received the receipt.

**Leased Assets
(A-JEX) I:**

The Leased Assets (A-JEX) I comprises of passenger cars, sedan cars, trucks, printers, parking lot equipment, robots etc.

Lease Term:

35 months

Total Lease Payment:

The total lease payment is RMB22,450,000, including the finance lease principal of RMB20,000,000 and the finance lease interest of RMB2,450,000, which was determined after arm's length negotiations with reference to the initial acquisition price of RMB20,000,000 and the prevailing market interest rates and trading terms of the similar finance lease arrangements.

The total lease payment shall be paid by Heilongjiang College of Business and Technology to Shanghai A-JEX pursuant to the lease payment schedule as set out in the Sale and Leaseback Agreement (A-JEX) I in 12 installments during the lease term.

**Ownership of the
Leased Assets
(A-JEX) I:**

The ownership of the Leased Assets (A-JEX) I shall be transferred to Shanghai A-JEX upon its payment of the sale price.

Upon the expiry of the lease term, provided that there are no continuing events of default, and subject to receipt of all lease payments and other receivables under the Sale and Leaseback Agreement (A-JEX) I, Heilongjiang College of Business and Technology is entitled to request Shanghai A-JEX to transfer the ownership of the Leased Assets (A-JEX) I back to Heilongjiang College of Business and Technology in consideration of the payment of a retention money of RMB500 by Heilongjiang College of Business and Technology on an "as-is" basis.

2. *Consultation Service Agreement (A-JEX) I*

Heilongjiang College of Business and Technology and Shanghai A-JEX also entered into the Consultation Service Agreement (A-JEX) I on 13 June 2023 (after trading hours) under which Shanghai A-JEX agreed to provide consultancy services to Heilongjiang College of Business and Technology and Heilongjiang College of Business and Technology will pay a consultancy fee of RMB875,000 to Shanghai A-JEX within seven days after signing the Consultation Service Agreement (A-JEX) I. The consultancy services cover professional advice and guidance on macro-economy analysis, industry analysis and marketing information etc.

3. *Guarantee for Sale and Leaseback Agreement (A-JEX) I*

Mr. Liu, Ms. Dong, Harbin Xiangge, Heilongjiang Liankang, Harbin Junfengda, Beijing Junhua and Nantong Junhua are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Sale and Leaseback Agreement (A-JEX) I. The guarantors provide joint liability guarantee to Shanghai A-JEX for the liabilities of Heilongjiang College of Business and Technology under the Sale and Leaseback Agreement (A-JEX) I.

Finance Lease Arrangement (A-JEX) II

1. *Sale and Leaseback Agreement (A-JEX) II*

Date: 13 June 2023 (after trading hours)

Parties:

- (i) Heilongjiang College of Business and Technology (as the lessee), and
- (ii) Shanghai A-JEX (as the lessor)

Sale Price and Payment Term: The total sale price is RMB20,000,000 which was determined after arm's length negotiations with reference to the initial acquisition price of RMB20,000,000 and the fair market price of the similar assets.

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

- (i) Shanghai A-JEX having received the resolution passed by the council (理事會) of Heilongjiang College of Business and Technology approving the Finance Lease Arrangements (A-JEX);

- (ii) Shanghai A-JEX having received relevant guarantee documents from the guarantors (if any); and
- (iii) Shanghai A-JEX having issued rent commencement notice to Heilongjiang College of Business and Technology and having received the receipt.

**Leased Assets
(A-JEX) II:**

The Leased Assets (A-JEX) II comprises of vehicles, cooking machines, electric generator equipment and vending machines etc.

Lease Term:

35 months

Total Lease Payment: The total lease payment is RMB22,450,000, including the finance lease principal of RMB20,000,000 and the finance lease interest of RMB2,450,000, which was determined after arm's length negotiations with reference to the initial acquisition price of RMB20,000,000 and the prevailing market interest rates and trading terms of the similar finance lease arrangements.

The total lease payment shall be paid by Heilongjiang College of Business and Technology to Shanghai A-JEX pursuant to the lease payment schedule as set out in the Sale and Leaseback Agreement (A-JEX) II in 12 installments during the lease term.

**Ownership of the
Leased Assets
(A-JEX) II:**

The ownership of the Leased Assets (A-JEX) II shall be transferred to Shanghai A-JEX upon its payment of the sale price.

Upon the expiry of the lease term, provided that there are no continuing events of default, and subject to receipt of all lease payments and other receivables under the Sale and Leaseback Agreement (A-JEX) II, Heilongjiang College of Business and Technology is entitled to request Shanghai A-JEX to transfer the ownership of the Leased Assets (A-JEX) II back to Heilongjiang College of Business and Technology in consideration of the payment of a retention money of RMB500 by Heilongjiang College of Business and Technology on an "as-is" basis.

2. *Consultation Service Agreement (A-JEX) II*

Heilongjiang College of Business and Technology and Shanghai A-JEX also entered into the Consultation Service Agreement (A-JEX) II on 13 June 2023 (after trading hours) under which Shanghai A-JEX agreed to provide consultancy services to Heilongjiang College of Business and Technology and Heilongjiang College of Business and Technology will pay a consultancy fee of RMB875,000 to Shanghai A-JEX within seven days after signing the Consultation Service Agreement (A-JEX) II. The consultancy services cover professional advice and guidance on macro-economy analysis, industry analysis and marketing information etc.

3. *Guarantee for Sale and Leaseback Agreement (A-JEX) II*

Mr. Liu, Ms. Dong, Harbin Xiangge, Heilongjiang Liankang, Harbin Junfengda, Beijing Junhua and Nantong Junhua are the joint liability guarantors for Heilongjiang College of Business and Technology to perform its obligations under the Sale and Leaseback Agreement (A-JEX) II. The guarantors provide joint liability guarantee to Shanghai A-JEX for the liabilities of Heilongjiang College of Business and Technology under the Sale and Leaseback Agreement (A-JEX) II.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENTS (A-JEX)

By entering into the Finance Lease Arrangements (A-JEX), 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 (A-JEX) I and Leased Assets (A-JEX) II, because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to Shanghai A-JEX under the Finance Lease Arrangements (A-JEX). According to the International Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangements (A-JEX) do not constitute a disposal of assets and will not give rise to any gain or loss to be recorded in the Group's income statement. Upon expiry of the lease term, the Group would pay the nominal retention money to have the Leased Assets (A-JEX) I and Leased Assets (A-JEX) II transferred back to the Group. Therefore, in substance and in terms of accounting treatment, the Finance Lease Arrangements (A-JEX) 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 Arrangements (A-JEX) 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 ARRANGEMENTS (A-JEX)

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.

Shanghai A-JEX

Shanghai A-JEX is a limited liability company established under the laws of the PRC and is principally engaged in financial leasing business in the PRC. Shanghai A-JEX is owned as to 75% by Shanghai A-JEX Group Co., Ltd* (上海愛建集團股份有限公司), a PRC company listed on the Shanghai Stock Exchange (stock code: 600643), and 25% by A-JEX INVESTMENT LIMITED (愛建(香港)有限公司), which is in turn wholly owned by Shanghai A-JEX Group Co., Ltd* (上海愛建集團股份有限公司).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai A-JEX 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 (A-JEX) I and the Finance Lease Arrangement (A-JEX) II were entered into with Shanghai A-JEX, of similar nature and within a 12-month period, the Finance Lease Arrangement (A-JEX) I shall be aggregated with the Finance Lease Arrangement (A-JEX) II for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions under the Finance Lease Arrangements (A-JEX) is, on an aggregated basis, more than 5% but less than 25%, the transactions under the Finance Lease Arrangements (A-JEX) constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Junhua”	Beijing Junhua Business Information Consultation 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, which is held as to 100% by Leader Education (HK) Limited
“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 (A-JEX) I”	the service agreement dated <u>13 June</u> 2023 between Shanghai A-JEX and Heilongjiang College of Business and Technology as part of Finance Lease Arrangement (A-JEX) I
“Consultation Service Agreement (A-JEX) II”	the service agreement dated <u>13 June</u> 2023 between Shanghai A-JEX and Heilongjiang College of Business and Technology as part of Finance Lease Arrangement (A-JEX) II
“Director(s)”	the director(s) of the Company
“Finance Lease Arrangements (A-JEX)”	Finance Lease Arrangement (A-JEX) I and Finance Lease Arrangement (A-JEX) II
“Finance Lease Arrangement (A-JEX) I”	(i) the purchase of the Leased Assets <u>(A-JEX) I</u> by Shanghai A-JEX and the lease back of the Leased Assets <u>(A-JEX) I</u> to Heilongjiang College of Business and Technology; and (ii) the provision of the <u>consultation services</u> by Shanghai A-JEX to Heilongjiang College of Business and Technology, pursuant to the Sale and Leaseback Agreement (A-JEX) I and the Consultation Service Agreement (A-JEX) I respectively

“Finance Lease Arrangement (A-JEX) II”	(i)the purchase of the Leased Assets <u>(A-JEX) II</u> by Shanghai A-JEX and the lease back of the Leased Assets <u>(A-JEX) II</u> to Heilongjiang College of Business and Technology; and (ii) the provision of the consultation services by Shanghai A-JEX to Heilongjiang College of Business and Technology, pursuant to the Sale and Leaseback Agreement (A-JEX) II and the Consultation Service Agreement (A-JEX) II respectively
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Harbin Junfengda”	Harbin Junfengda Real Estate Development Co., Ltd.* (<u>哈爾濱竣峰達房地產開發有限公司</u>), 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.* (<u>哈爾濱祥閣企業管理有限公司</u>), formerly known as Harbin Xiangge Zhiye Co., Ltd.* (<u>哈爾濱祥閣置業有限公司</u>), 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 (<u>黑龍江工商學院</u>), 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.* (<u>黑龍江聯康商務信息諮詢有限公司</u>), 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
“Leased Assets <u>(A-JEX) I</u> ”	certain assets, including passenger cars, sedan cars, trucks, printers, parking lot equipment, robots etc, which were sold by <u>Heilongjiang College of Business and Technology</u> to Shanghai A-JEX and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (A-JEX) I

“Leased Assets (A-JEX) II”	certain assets, including vehicles, cooking machines, electric generator equipment and vending machines etc, which were sold by Heilongjiang College of Business and Technology to Shanghai A-JEX and leased back to Heilongjiang College of Business and Technology pursuant to the Finance Lease Arrangement (A-JEX) II
“Listing Rules”	the rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Laixiang (劉來祥), the Chairman, the Chief Executive Officer, an executive Director and the spouse of Ms. Dong
“Ms. Dong”	Ms. Dong Ling (董玲), an executive Director and the spouse of Mr. Liu
“Nantong Junhua”	Nantong Junhua Kechuangyuan Ltd* (南通峻華科創園有限公司), a limited liability company established under the laws of the PRC, which is held as to 55.97% by Heilongjiang College of Business and Technology and 44.03% by Leader Education (HK) Limited
“PRC”	the People’s Republic of China, <u>for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan</u>
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreement (A-JEX) I”	the sale and leaseback agreement dated <u>13 June 2023</u> between Shanghai A-JEX and Heilongjiang College of Business and Technology in terms of Leased Assets <u>(A-JEX) I</u>
“Sale and Leaseback Agreement (A-JEX) II”	the sale and leaseback agreement dated <u>13 June 2023</u> between Shanghai A-JEX and Heilongjiang College of Business and Technology in terms of Leased Assets <u>(A-JEX) II</u>
“Shanghai A-JEX”	Shanghai A-JEX Finance Lease Co., Ltd.* (上海愛建融資租賃股份有限公司), a limited liability company established under the laws of the PRC
“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, 13 June 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*