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LEOCH INTERNATIONAL TECHNOLOGY LIMITED

理士國際技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 842)

DISCLOSEABLE TRANSACTION: ACQUISITION OF PROPERTY

The Sale and Purchase Agreements

The Board is pleased to announce that the Purchaser and the Vendor entered into the Sale and Purchase Agreements dated 2 September 2019 pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at a cash consideration of RMB110,313,236 (equivalent to approximately HK\$120,792,993).

Listing Rules implications

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreements exceeds 5% but all of them are under 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that the Purchaser (which is an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement dated 2 September 2019, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property.

The principal terms of the Sale and Purchase Agreements are as follows:

THE SALE AND PURCHASE AGREEMENTS

Date: 2 September 2019

Parties:

Vendor Shenzhen Zhaohua International Exhibition Development Co., Ltd.* (深圳市招華國際會展發展有限公司)

Purchaser: Leoch New Energy (an indirect wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Property to be acquired: The Property, which is located at 14/F (Units 1401 to 1409), Block A, Tower 6, Zhong Gang Plaza, Expo Bay, Fuyong Airport New City South, Baoan District, Shenzhen, PRC*(中國深圳市寶安區福永空港新城南部會展灣中港廣場 6 棟 A 座 14 樓 (1401 至 1409 室))

Consideration: The Consideration of RMB110,313,236 (equivalent to approximately HK\$120,792,993) was determined after arm's length negotiations with reference to the prevailing market prices for properties of similar nature, quality and size which are located in the vicinity of the Property.

Payment terms: The Consideration shall be settled by the Purchaser in cash within 30 days from the date of the Sale and Purchase Agreements.

The Consideration will be financed by the internal resources of the Group.

Delivery of the Property

The Vendor shall deliver the Property to the Purchaser on or before the Delivery Date.

Delay on delivery of the Property

Save for any unforeseen change in circumstances,

- (i) in the event that the Vendor delays the delivery of the Property to the Purchaser by 90 days or less, the Vendor shall compensate the Purchaser by an amount equivalent to 0.03% of the Consideration per day, calculated from the day immediately after the Delivery Date until the Property is delivered to the Purchaser; or
- (ii) in the event that the Vendor delays the delivery of the Property to the Purchaser by more than 90 days, the Purchaser may elect to (a) seek compensation from the Vendor in accordance to (i) above or (b) terminate the Sale and Purchase Agreements within 6 months of the Delivery Date and the Vendor shall refund all sums received by the Vendor (without interest) plus a compensation equivalent to 5% of the Consideration within 30 days of being notified of such termination.

INFORMATION OF THE PROPERTY

The Property is located on 14th floor of an office building known as Block A, Tower 6, Zhong Gang Plaza, Expo Bay, Fuyong Airport New City South, Baoan District, Shenzhen, PRC* (中國深圳寶安區福永空港新城南部會展灣中港廣場寫字樓 6 棟 A 座). Expo Bay is located in Baoan District, Shenzhen which comprises an exhibition centre, two blocks of office building, commercial properties, hotel and service apartments. The Property has an estimated gross floor area of approximately 2,653.17 square metres and is being developed for commercial use.

REASONS FOR AND BENEFITS OF THE TRANSACTION

It is the intention of the Board to relocate the PRC headquarter of the Group from its current premises located on 5th floor Xin Bao Hui Building in Nanshan District, Shenzhen, PRC to other location better suited for the growth and expansion of the Group. In view of this, the Group has planned to relocate its PRC headquarter to a new commercial complex located in Nanshan District, Shenzhen, PRC. However due to delay in the progress of construction and other macro-economic factors such as the US-China trade war, the Board is of the opinion that it would be prudent and in the overall interests of the Company and the Shareholders as a whole to reduce the overall scale and the pace of the Group's planned capital expenditures. As such, the Group and the

counterparty has mutually agreed to refund the deposit and payments paid by the Group for the original project and to apply the refund for partial settlement of the Consideration. Upon delivery of the Property by the Vendor, the Board intends to relocate the corporate management, sales and marketing and business development departments of the Group's PRC operation to the Property, and in line with the Board's overall direction to reduce capital expenditure of the Group and as a cost effective measure in light of the uncertain business environment, research and development units of the Group will either be relocated to or remain in locations which are of close proximity to the Group's factories.

The Board considers that the Sale and Purchase Agreements have been entered into on normal commercial terms and the terms thereto are fair and reasonable. The Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreements exceeds 5% but all of them are under 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Leoch International Technology Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 842)
“Consideration”	the total consideration payable for the acquisition of the Property under the Sale and Purchase Agreements
“Delivery Date”	28 February 2020

“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best knowledge of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Leoch New Energy” or “Purchaser	Shenzhen Leoch New Energy Development Co. Ltd (*深圳市理士新能源發展有限公司)(formerly known as Shenzhen Leoch Battery Technology Co., Ltd. *深圳理士奧電源技術有限公司) , a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	the property located at 14/F (Units 1401 to 1409), Block A, Tower 6, Zhong Gang Plaza, Expo Bay, Fuyong Airport New City South, Baoan District, Shenzhen, PRC* (中國深圳市寶安區福永空港新城南部會展灣中港廣場 6 棟 A 座 14 樓)
“Sale and Purchase Agreements”	the nine unconditional sale and purchase agreements of identical terms and conditions entered into between the Vendor and the Purchaser all dated 2 September 2019 for the acquisition of the Property
“Shareholder”	shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Sale and Purchase Agreements
“Vendor”	Shenzhen Zhaohua International Exhibition Development Co., Ltd.* (深圳市招華國際會展發展有限公司), a company establish in the PRC with limited liability, which is an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless otherwise specified, the conversion of RMB into HK\$ are based on the exchange rate of RMB 1.00 to HK\$1.095. No representation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or other rates or at all.

**The English name is just the transliteration of the Chinese name for reference only and shall not be regarded as its formal name.*

By order of the Board
Leoch International Technology Limited
Mr. Dong Li
Chairman

Hong Kong, 2 September 2019

As at the date of this announcement, the executive Directors are Mr. DONG Li and Ms. YIN Haiyan, and the independent non-executive Directors are Mr. CAO Yixiong Alan and Mr. LAU Chi Kit.