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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

FORMATION OF JOINT VENTURES

The Board is pleased to announce that on 7 June 2013, Leoch Investment entered into the Joint Venture Agreements with PT A in relation to the formation of the Production Company and the Distribution Company in Indonesia for the purpose of continuously expanding the Group's production capacity and sales volume of lead-acid batteries in Southeast Asia and further extending and reinforcing its presence in the Southeast Asian market, in particular the market and production capacity of lead-acid batteries for automobiles and motorcycles.

Details are as follows:

THE JOINT VENTURE AGREEMENTS

Date : 7 June 2013
Parties : (i) Leoch Investment; and
(ii) PT A

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, PT A and its ultimate beneficial owners are Independent Third Parties.

FORMATION OF THE JOINT VENTURES

Pursuant to the Joint Venture Agreements, Leoch Investment and PT A will jointly invest in and establish the Production Company and the Distribution Company in Indonesia. The Production Company will be engaged in the production of lead-acid battery products, with 51% of the total investment contributed by Leoch Investment, while Distribution Company will be engaged in the sales of lead-acid battery products, with 49% of the total investment contributed by Leoch Investment.

CAPITAL CONTRIBUTIONS UPON FORMATION

The issued share capital of the Production Company upon formation will be US\$28,000,000, to which Leoch Investment will contribute US\$14,280,000 (or 51%) in cash. The issued share capital of the Distribution Company upon formation will be US\$2,000,000, to which Leoch Investment will contribute US\$980,000 (or 49%) in cash.

Upon its formation, Production Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group's accounts.

The Group intends to finance the capital contribution of Leoch Investment to the Production Company and the Distribution Company with its internal resources.

Save for the capital contribution as mentioned above, neither party to the Joint Venture Agreements has made any other capital contribution commitment at the current stage.

CONDITIONS PRECEDENT

The formation of the Production Company and the Distribution Company is conditional upon, among others, the fulfillment of the following conditions:

- (1) all necessary consents (corporate or otherwise), as may be required for the performance by the parties of their respective obligations under the Joint Venture Agreements have been obtained;
- (2) all necessary approvals from the governmental authorities of Indonesia permitting the formation of the Production Company and the Distribution Company and the conduct of the businesses as contemplated under the Joint Venture Agreements have been obtained;
- (3) payment by PT A and Leoch Investment of their respective capital contributions in accordance with the Joint Venture Agreements have been conducted; and
- (4) each party being satisfied as to all matters in connection with the Joint Ventures under the Joint Venture Agreements.

BOARD OF DIRECTORS

The board of directors of each of the Production Company and the Distribution Company shall comprise four directors. The number of directors to be appointed by Leoch Investment and PT A shall be determined based on their respective shareholding in the Production Company and the Distribution Company. The chairmen of the board of directors of Production Company and the Distribution Company shall be nominated and appointed by Leoch Investment and PT A respectively.

INFORMATION ON PT A

PT A is a company jointly established by MASA and Indomobil Group to operate automobile business. MASA is the leading tyre manufacturer in Indonesia owning the top three local brands including Achilles, Corsa and Strada. It manufactures and sells tyres for motorcycles and automobiles both domestically and overseas. Indomobil Group is a leader in the automobile industry of Indonesia. In addition to the network of the exclusive distribution of renowned automobile brands such as Audi, Foton, Hino, Kalmar, Manitou, Nissan, Renault, Suzuki, Volkswagen, Volvo and Mack Trucks, Indomobil Group owns three large automobile manufacturing plants jointly established with Nino, Nissan and Suzuki respectively.

REASONS FOR ENTERING INTO THE JOINT VENTURE AGREEMENTS

It has been the intention of the Company to continue expanding its business coverage and increasing production volume in Southeast Asian countries and its neighbouring regions, in particular the market and production volume of lead-acid batteries for automobiles and motorcycles. The Directors consider that given the continuing expansion of the market of lead-acid batteries for automobiles and motorcycles in Southeast Asian countries and its neighbouring regions, the Company's investment in Southeast Asia, the cooperation with PT A, the establishment of additional manufacturing plants and the formation of sales companies will effectively secure the supply to the existing business in the Southeast Asian market and further reinforce and expand the market share in Southeast Asia and its neighbouring regions.

The Directors consider that the Joint Venture Agreements are entered into upon normal commercial terms following arm's length negotiations between the parties to the Joint Venture Agreements and the Directors consider that the terms of the Joint Venture Agreements are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

GENERAL

The Joint Venture Agreements constitute a discloseable transaction of 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 of the Company
“Company”	Leoch International Technology Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 842)
“Distribution Company”	the joint venture to be established in Indonesia pursuant to the Joint Venture Agreement of Distribution Company
“Directors”	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 third party that is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Indomobil Group”	PT Indomobil Sukses International Tbk (a company established in Indonesia with limited liability) and its affiliates, which is an Independent Third Party
“Indonesia”	the Republic of Indonesia

“Joint Ventures”	the Production Company and the Distribution Company
“Joint Venture Agreements”	the Joint Venture Agreement of Production Company and the Joint Venture Agreement of the Distribution Company
“Joint Venture Agreement of Distribution Company”	the agreement entered into by Leoch Investment and PT A on 7 June 2013 in relation to the formation of the Distribution Company
“Joint Venture Agreement of Production Company”	the agreement entered into by Leoch Investment and PT A on 7 June 2013 in relation to the formation of Production Company
“Leoch Investment”	Leoch International Holding Pte. Ltd, a company incorporated pursuant to laws of Singapore with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MASA”	PT Multistrada Arah Sarana Tbk, a company established in Indonesia with limited liability, which is an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Production Company”	the joint venture to be established in Indonesia pursuant to the Joint Venture Agreement of Production Company
“PT A”	PT Indo Masa Sentosa, a company established in Indonesia with limited liability, which is the counterparty under the Joint Venture Agreements and an Independent Third Party
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 7 June 2013

As of the date of this announcement, the executive Directors are Mr. Dong Li, Ms. Zhao Huan and Mr. Philip Armstrong Noznesky and the independent non-executive Directors are Mr. An Wenbin, Mr. Liu Yangsheng and Mr. Cao Yixiong Alan.