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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)

PLACING OF NON-LISTED WARRANTS

Placing Agent

UOBKayHian
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THE WARRANT PLACING AGREEMENT

On 23 April 2014 (after trading hours), the Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, 23,000,000 Warrants (I) and 23,000,000 Warrants (II) conferring rights to subscribe for respectively 23,000,000 Warrants Shares and 23,000,000 Warrants Shares at the Warrant Exercise Price (I) of HK\$1.2 per Warrant Share and the Warrant Exercise Price (II) of HK\$1.6 per Warrant Share respectively (subject to adjustment) to the Warrant Placees who and their respective ultimate beneficial owners are Independent Third Parties. Each Warrant (I) or Warrant (II) carries the right to subscribe for one (1) Warrant Share.

The Warrants (I) and the Warrants (II) are to be placed at HK\$0.015 each and HK\$0.01 each respectively. The Warrant Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Warrant Placing” in the section headed “The Warrant Placing Agreement” in this announcement.

The Warrant Shares will be issued under the General Mandate. The Warrant Placing is conditional upon (i) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants (I) and the Warrants (II) either

unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object and the satisfaction of such conditions (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Warrants Shares; and (iii) all necessary consents and approvals to be obtained on the part of Placing Agent and the Company in respect of the Warrant Placing Agreement and the transactions contemplated thereunder having been obtained.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II). No listing of the Warrants (I) or the Warrants (II) will be sought on the Stock Exchange or any other stock exchanges.

USE OF PROCEEDS

It is expected the aggregated net proceeds of approximately HK\$200,000 (with an average net issue price of approximately HK\$0.004 per Warrant (I) and Warrant (II)) will be raised by the Warrant Placing and the same will be utilised by the Group as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II), it is expected HK\$64.4 million will be raised. The net proceeds of approximately HK\$63.1 million (with an average net subscription price of approximately HK\$1.372 per Warrant Share) will be used for general working capital of the Group.

THE WARRANT PLACING AGREEMENT

Date

23 April 2014

Issuer

The Company

Placing Agent

UOB Kay Hian (Hong Kong) Limited, being an Independent Third Party.

The Placing Agent will charge the Company (i) a fixed placing commission of HK\$200,000 (subject to completion of the Warrant Placing) plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Warrant Placing; and (ii) a commission of 2% of the relevant subscription money received upon exercise of the

subscription right attaching to the Warrants within ten Business Days of receipt of such relevant subscription money. The Warrant Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market rate. The Directors consider that the terms of the Warrant Placing, including the Warrant Placing commission, are fair and reasonable based on the current market conditions and the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

Warrant Placees

To the best information, belief and knowledge of the Directors, there are four Warrant Placees who and whose ultimate beneficial owners are Independent Third Parties. Details of the Warrant Placees are:

- (a) Asian Equity Special Opportunities Portfolio Master Fund Limited, an open-end investment company incorporated in the Cayman Islands with limited liability;
- (b) Asian Opportunities Absolute Return Fund Limited, an open-end investment company incorporated in the Cayman Islands with limited liability;
- (c) Asian Technology Absolute Return Fund, an open-end investment company incorporated in the Cayman Islands with limited liability; and
- (d) Pacific Alliance Asia Opportunity Fund LP, a Cayman Islands exempted limited partnership.

Each Warrant Placee shall subscribe for the same number of Warrants (I) and Warrants (II).

Number of Warrants

Warrants (I) – 23,000,000
Warrants (II) – 23,000,000

Warrant Placing Price

The Warrant Placing Price (I) is HK\$0.015 for each Warrant (I) and the Warrant Placing Price (II) is HK\$0.01 for each Warrant (II)

Warrant Exercise Price

The Warrant Exercise Price (I) and the Warrant Exercise (II) are HK\$1.2 and HK\$1.6 per Warrant Share respectively, subject to adjustment.

The Warrant Exercise Price (I) of HK\$1.2 per Warrant Share represents a premium of approximately 9.1% over the closing price of HK\$1.1 per Share quoted on the Stock

Exchange on the Last Trading Day, and (ii) a premium of approximately 15.2% over the average of the closing prices of HK\$1.042 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day. The aggregate of the Warrant Placing Price (I) of HK\$0.015 per Warrant (I) and the Warrant Exercise Price (I) of HK\$1.2 per Share, i.e. HK\$1.215, represents a premium of approximately 10.5% over the closing price of HK\$1.1 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 16.6% over the average of the closing prices of HK\$1.042 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day.

The Warrant Exercise Price (II) of HK\$1.6 per Warrant Share represents a premium of approximately 45.5% over the closing price of HK\$1.1 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 53.6% over the average of the closing prices of HK\$1.042 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day. The aggregate of the Warrant Placing Price (II) of HK\$0.01 per Warrant (II) and the Warrant Exercise Price (II) of HK\$1.6 per Share, i.e. HK\$1.61, represents a premium of approximately 46.4% over the closing price of HK\$1.1 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 54.5% over the average of the closing prices of HK\$1.042 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day.

The Warrant Placing Price (I), the Warrant Placing Price (II), the Warrant Exercise Price (I) and the Warrant Exercise Price (II) are determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the current market sentiment, liquidity flow in the capital market and the historical Share price. The Directors consider that the Warrant Placing Price (I), the Warrant Placing Price (II), the Warrant Exercise Price (I) and the Warrant Exercise Price (II) are fair and reasonable.

The Warrant Placing Completion Date

Completion of the Warrant Placing is expected to take place on any date falling on or before the third Business Day after fulfilment of the conditions precedent to the Warrant Placing.

Information of the Warrants

The Warrants (I) and the Warrants (II) will be issued to the Warrant Placees upon completion of the Warrant Placing in registered form and constituted by a deed poll. Save for the exercise price and the subscription period, each of the Warrants (I) and the Warrants (II) will rank *pari passu* in all respects among themselves.

Each of the Warrant (I) and the Warrant (II) carries the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price (I) and the Warrant Exercise Price (II) respectively and is issued at the Warrant Placing Price (I) and the Warrant Placing Price (II) respectively.

The subscription rights attaching to the Warrant (I) may be exercised at any time during a period of 12 months commencing from the date immediately after the date of issue of the Warrant (I). The subscription rights attaching to the Warrant (II) may be exercised at any time during a period of 18 months commencing from the date immediately after the date of issue of the Warrant (II). The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares of the Company.

A total of 23,000,000 Warrants (I) and 23,000,000 Warrants (II) are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants (I) and Warrants (II), a total of 46,000,000 Warrant Shares will be issued, representing (i) approximately 3.4% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II).

Transferability

The Warrants (I) and the Warrants (II) are transferable in integral multiples of 500,000. In the event of a transfer of the Warrants (I) and/or Warrants (II) to a connected person (as defined in the Listing Rules) of the Company, prior approval from the Company and the Stock Exchange will be obtained. The Company undertakes to comply with the relevant Listing Rules and to make necessary announcement(s), where appropriate, if and when any of the Warrant Placees make any transfer of the Warrants to other parties requiring disclosure.

Termination of the Warrant Placing Agreement

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the completion date of the Warrant Placing to terminate the Warrant Placing Agreement if

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or

may be expected to, have a material adverse effect on the Warrant Placing; or

- (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Warrant Placing; or
- (ii) any breach of any of the warranties given by the Company which in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Warrant Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Warrant Placing Agreement which in the reasonable opinion of the Placing Agent and in its absolute discretion is material in the context of the Warrant Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Group taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Warrant Placing;

then and in any such case, the Placing Agent may, in its absolute and sole discretion, terminate the Warrant Placing Agreement without liability to the Company or any other Party by giving notice in writing to the Company, which notice may be given at any time prior to the Warrant Placing Completion Date.

If the Warrant Placing Agreement is so terminated, all obligations of each party under the Warrant Placing Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Warrant Placing Agreement except for any antecedent breach of any obligation mentioned in the Warrant Placing Agreement.

Conditions of the Warrant Placing

Completion of the Warrant Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 5 May 2014 (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants (I) and the Warrants (II) either unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object and the satisfaction of such conditions;
- (b) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the

Warrant Placees shall reasonably object) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants (I) and the Warrants (II); and

- (c) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Warrant Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above conditions are not fulfilled by 5 May 2014 or such later date as may be agreed between the Company and the Placing Agent, the Warrant Placing Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants (I) or Warrants (II) will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants (I) or the Warrants (II). The holder of the Warrants (I) or the Warrants (II) shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the holders of the Warrants (I) and the Warrants (II) on the liquidation of the Company

If the Company is wound up during the subscription period of the Warrants (I) or the Warrants (II), all subscription rights attaching to the Warrants (I) or the Warrants (II) which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants (I) or the Warrants (II) shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants (I) or the Warrants (II) in accordance with the terms and conditions of the Warrants (I) and the Warrants (II) respectively.

General Mandate to issue the Warrant Shares

The issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants (I) or the Warrants (II) is not subject to Shareholder's approval.

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 May 2013 subject to the limit of 267,147,400 Shares (representing approximately 20% of the issued share capital of the Company as at 30 May 2013). Immediately before the date of the Warrant Placing Agreement, the General Mandate has not been utilized. The 46,000,000 Warrant Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II), will utilise about 17.2% of the General Mandate.

Adjustment of Warrant Exercise Price

The Warrant Exercise Price shall from time to time be adjusted upon the occurrence of any of the following events:

- (1) alteration to the nominal amount of each of the Shares by reason of any subdivision or consolidation of Shares;
- (2) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (3) capital distribution to all Shareholders or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (4) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 85% of the market price of the Shares on the date of the announcement of the terms of the offer or grant being made by the Company to Shareholders;
- (5) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 85% of the market price of the Shares on the date of the announcement of the terms of issue of such securities, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 85% of such market price;
- (6) an issue of Shares being made wholly for cash (other than pursuant to any share option scheme) at a price less than 85% of the market price of the Shares on the date of the announcement of the issue; or
- (7) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognized stock exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Warrant Exercise Price.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II). No listing of the Warrants (I) or the Warrants (II) will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

The Group is principally engaged in the sale, development and manufacture of lead-acid batteries.

The Board considers that the Warrant Placing represent good opportunities to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. In addition, the Warrants (I) and the Warrants (II) are not interest bearing and the Warrant Placing will not result in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Warrant Placing, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II) by the holder thereof during the subscription period.

In view of the immediate inflow of approximately HK\$200,000 upon completion of the Warrant Placing, coupled with the potential inflow of further capital upon the exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II), the Directors are of the view that the Warrant Placing provides a good opportunity to strengthen the Company's financial position. And in the event the Warrant Placees fully exercise their subscription rights attaching to the Warrants (I) and the Warrants (II), further funds of approximately HK\$63.1 million will be received to cater for future needs for its general working capital.

In view of the above, the Board considers that the terms of the Warrant Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected the aggregated net proceeds of approximately HK\$200,000 (with an average net issue price of approximately HK\$0.004 per Warrant (I) and Warrant (II)) will be raised by the Warrant Placing and the same will be utilised by the Group as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II), it is expected HK\$64.4 million will be raised. The net proceeds of approximately HK\$63.1 million (with an average net subscription price of approximately HK\$1.372 per Warrant Share) will be used for general working capital of the Group.

Other than the Warrant Shares to be issued upon the exercise of all Warrants (I) and the Warrants (II) and the share options granted by the Company before, there are no other options, warrants or other subscription rights convertible or exercisable into the issued Shares as at the date of this announcement.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve

months immediately preceding the date of this announcement.

Changes in shareholding structure of the Company

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II) in full are as follows:

Shareholders		At the date of this announcement		Immediately upon exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II) in full	
		No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Master Investment (Note 1)	Alliance Limited	1,001,800,000	74.9%	1,001,800,000	72.5%
Public Shareholders:					
- Warrant (Note 2)	Placees	0	0.00%	46,000,000	3.3%
- Other Shareholders		335,275,000	25.1%	335,275,000	24.2%
Total		1,337,075,000	100%	1,383,075,000	100%

Notes:

1. Master Alliance Investment Limited is owned by Jingle Bells Group Limited. Jingle Bells Group Limited is wholly owned by DB International Trust (Singapore) Limited, which is the trustee of a discretionary trust established by Mr. Dong Li and the beneficiaries of whom are family members of Mr. Dong Li.
2. The shareholding of the Warrant Placees only refers to the Warrants Shares which may be issued upon exercising of the subscription rights attaching to the Warrants, without taking into account any existing shareholdings of the Warrant Placees which they may have in the Company. To the best of the information, knowledge and belief of Company having made all reasonable enquiries with the Placing Agent, the respective shareholdings of each of the Warrant Placees will not individually exceed 10% of the issued share capital of the Company as at the date of this announcement or upon full exercise of the subscription right attaching to the relevant Warrants placed to each of them respectively, so that none of the Warrant Placee will become a substantial Shareholder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“ Board ”	the board of Directors
“ Business Day ”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“ Company ”	Leoch International Technology Limited, a company

incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange

“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 30 May 2013, pursuant to which a maximum of 267,147,400 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Parties”	Third parties which are not connected persons (as defined under the Listing Rules) of the Company and are independent of the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	23 April 2014, being the last trading day for the Shares before the issue of this announcement.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	UOB Kay Hian (Hong Kong) Limited, the placing agent and a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s) (I)”	23,000,000 non-listed warrants to be issued by the Company at the Warrant Placing Price (I), each entitles the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price (I) at any time during a period of twelve (12) months commencing from the date of issue of

	the Warrants (I)
“Warrant(s) (II)”	23,000,000 non-listed warrants to be issued by the Company at the Warrant Placing Price (II), each entitles the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price (II) at any time during a period of eighteen (18) months commencing from the date of issue of the Warrants (II)
“Warrant Exercise Price (I)”	an initial exercise price of HK\$1.2 per Warrant Share (subject to adjustment) at which holder of the Warrants (I) may subscribe for the Warrant Share(s)
“Warrant Exercise Price (II)”	an initial exercise price of HK\$1.6 per Warrant Share (subject to adjustment) at which holder of the Warrants (II) may subscribe for the Warrant Share(s)
“Warrant Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Warrants (I) and the Warrants (II) pursuant to the Warrant Placing Agreement
“Warrant Placing”	the placing, on a best effort basis, of 23,000,000 Warrants (I) and 23,000,000 Warrants (II) pursuant to the terms of the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional placing agreement dated 23 April 2014 and entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Placing Completion Date”	any date falling on or before the third Business Day after the conditions to Warrants Placing are satisfied (or such later date as may be agreed between the parties thereto)
“Warrant Placing Price (I)”	HK\$0.015, being the issue price for each Warrant (I), payable in full on application under the Warrant Placing Agreement
“Warrant Placing Price (II)”	HK\$0.01, being the issue price for each Warrant (II), payable in full on application under the Warrant Placing Agreement
“Warrant Shares”	up to initially 46,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants (I) and the Warrants (II)

“**HK\$ and cents**” Hong Kong dollars and cents, the lawful currency of Hong Kong

“**%**” per cent.

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

Hong Kong, 24 April 2014

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. Liu Yangsheng, Mr. Cao Yixiong Alan and Mr. Alfred Karho Chan.