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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)**

**MAJOR TRANSACTION**  
**CONSTRUCTION CONTRACT AND**  
**ACQUISITION OF PROPERTY**

**THE CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 26 July 2017 (after trading hours), the Purchasers (which are indirect wholly-owned subsidiaries of the Company) and the Developer entered into the Construction Contract, pursuant to which the Developer will provide construction services of the Property to the Purchaser and upon among other things, the obtaining of the pre-sale permit by the Developer, the Developer will dispose of, and one or more of the Purchasers will acquire, the Property.

## **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Construction Contract exceeds 25% but all of them are under 100%, the transactions contemplated under the Construction Contract will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. Since no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Construction Contract and the transactions contemplated thereunder, and the Company has obtained a written approval for the Construction Contract and the transactions contemplated thereunder from Master Alliance Investment Limited (the controlling shareholder of the Company holding 1,003,059,000 Shares, representing approximately 73.92% of the issued share capital of the Company as at the date of this announcement), an extraordinary general meeting of the Company to approve the Construction Contract and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened. A circular containing further details of the Agreement is expected to be despatched to the Shareholders on or before 15 August 2017.

The Board is pleased to announce that on 26 July 2017 (after trading hours), the Purchasers (which are indirect wholly-owned subsidiaries of the Company) and the Developer entered into the Construction Contract, pursuant to which the Developer will provide construction services of the Property to the Purchaser and upon among other things, the obtaining of the pre-sale permit by the Developer, the Developer will dispose of, and one or more of the Purchasers will acquire, the Property. The principal terms of which are as follows:

## **THE CONSTRUCTION CONTRACT**

Date: 26 July 2017

Parties: (i) the Developer;

(ii) Leoch Battery;

Leoch Shenzhen; and

Lihang Battery.

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

Each of Leoch Battery, Leoch Shenzhen and Lihang Battery is an indirect wholly-owned subsidiary of the Company and are the Purchasers under the Construction Contract.

**Subject Matter:** Pursuant to the Construction Contract, the Developer shall construct the Property at the Consideration for the Purchaser. Upon the Developer obtained the pre-sale permit of the Property and payment of 50% of the Consideration by the Purchasers, the Developer shall as the vendor, and all or any of the Purchasers shall as purchasers, enter into one or more sale and purchase agreements for the formal sale and purchase of the title of the Property and the relevant land use right at a price equal to the Consideration, which shall be set off against by payment made by the Purchasers under the Construction Contract.

The Property is to be constructed under the Construction Contract, located at the development site situated on Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen, the PRC, with an estimated floor area of approximately 6,141.30 square metres. The Property will be of commercial use and upon acquisition by the Group, is expected to be used as the principal office of the Group. As at the date of the Construction Contract, the land where the Property will be situated at is a bare site, and upon reasonable enquiry, the Developer has already obtained the right over the use and development of the land and for the construction of the Property.

**Consideration:** The Consideration payable by the Purchasers to the Developer for the construction and acquisition of the Property is calculated at a rate of RMB80,000 (equivalent to approximately HK\$92,000) per square metre, which is capped at RMB516,000,000 (equivalent to approximately HK\$593,400,000). Based on the currently estimated floor area of the Property upon its completion, is expected to be RMB491,304,000 (equivalent to approximately HK\$564,999,600).

The Consideration was determined after arm's length negotiations with reference to the prevailing market prices of high quality commercial properties which are located in the proximity of the Property and are in similar nature, quality and scale, and the management's estimate of the commercial property market in the PRC in 2018 upon delivery of the Property.

Payment terms: The Consideration shall be settled by the Purchasers in the following manner:

- (i) a deposit of RMB49,130,400 (equivalent to approximately HK\$56,499,960) (the "**Deposit**"), being an amount equivalent to 10% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), has been paid by the Purchasers to the Developer in cash at the time of the entering into of the Construction Contract;
- (ii) subject to the condition precedent being fulfilled, a second installment of RMB49,130,400 (equivalent to approximately HK\$56,499,960), being an amount equivalent to 10% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), shall be paid by the Purchasers to the Developer in cash on or before 15 December 2017;
- (iii) subject to the condition precedent being fulfilled, a third installment of RMB147,391,200 (equivalent to approximately HK\$169,499,880), being an amount equivalent to 30% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), shall be paid by the Purchasers to the Developer in cash on or before 15 June 2018;
- (iv) the balance of the Consideration will be paid in cash upon the completion of the sale and purchase of the Property, which shall take place on or before 30 August 2018 (or such other date as the parties to the Construction Contract may agree).

The Consideration will be financed by the internal resources of the Group, and may also be partially funded by bank borrowings.

## **Condition precedent**

Save for the payment of the Deposit, the obligations of the Purchasers under the Construction Contract are subject to the condition precedent that the Company having obtained the Shareholders' approval for the Construction Contract and the Transaction contemplated thereunder.

As at the date of this announcement, the controlling shareholder of the Company, Master Alliance Investment Limited, has already given its written approval for the Construction Contract and the Transactions contemplated thereunder and therefore the condition precedent has been satisfied.

## **Termination of the Construction Contract**

In the event that the Developer failed to perform its obligations under the Construction Contract, refused or delayed in entering into the formal sale and purchase agreements for the Property, or failed to deliver the Property on or before 30 August 2018 (or such other date as the parties may agree, and save for such delay is by reason of Government policies or force majeure which is out of the control of the Developer), the Purchasers may give 30 days' written notice to the Developer and in the event that the parties could not agree the settlement method after such notice period, the Purchasers may terminate the Construction Contract, and the Developer shall refund all payment received under the Construction Contract and/or the formal sale and purchase agreement(s) to the Purchasers, and pay an additional amount equal to the Deposit to the Purchaser as compensation.

In the event that the Purchasers failed to perform their obligations under the Construction Contract, refused or delayed in entering into the formal sale and purchase agreements for the Property, or failed or delayed in the payment of any part of the Consideration as scheduled, the Developer may give 30 days' written notice to the Purchasers and in the event that the parties could not agree the settlement method after such notice period, the Developer may terminate the Construction Contract, and sale the Property to other purchasers, and to forfeit the Deposit as compensation, but to refund any other payment received by it under the Construction Contract and/or the formal sale and purchase agreement(s) to the Purchasers.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company. The Group is principally engaged in the manufacture, development and sale of lead-acid batteries.

Leoch Battery is a company established in the PRC with limited liability which is principally engaged in investment holding and sale of lead-acid batteries.

Leoch Shenzhen is a company established in the PRC with limited liability which is principally engaged in investment holding.

Lihang Battery is a company established in the PRC with limited liability which is principally engaged in sale of lead-acid batteries.

## **INFORMATION OF THE DEVELOPER**

The Developer is a company established in the PRC with limited liability. Based on information publicly available, it is wholly-owned by China Merchants Shekou Industrial Zone Holdings Company Limited# (招商局蛇口工業區控股股份有限公司), a company listed on the Shenzhen Stock Exchange, which in turn is ultimately owned by China Merchant's Group# (招商局集團有限公司), a leading state-owned conglomerate based in Hong Kong, under direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The Developer and its group is engaged in various businesses and also has extensive experience in property development.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

With the growth of the Group's business and its business plans to further expand, the existing PRC headquarters of the Group located at 5th floor Xin Bao Hui Building in Nanshan District of Shenzhen PRC, leased from Mr. Dong Li (an executive Director and the ultimate controlling Shareholder) and his associates, is expected to be no longer compatible for the Group's use in the near future. The available space in the Property allows the Group to have a better planning of future development and requirements to cope with planned business growth. Moreover, since the Property is located at the newly planned commercial zone in Shekou District Shenzhen and is expected to attract various large-scale, listed or multinational corporations to settle in, the location of the new PRC headquarters is expected to enhance the Group's image and personality which can better attract business and retain employees in future.

Moreover, since the Property is in its development stage, the Construction Contract is a precious opportunity for the Group to acquire the Property at a relatively favourable price compared with the high class commercial buildings located in the proximity of the Property which are already available in the market. The management of the Company also expects the commercial property market of the PRC will be in a rising trend in the near future and therefore the acquisition of the Property by way of the Construction Contract is an attractive opportunities for the Company to acquire its future principal office at a competitive price.

The Board has considered that the Construction Contract has been entered into on normal commercial terms and the terms thereto are fair and reasonable. The Transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As none of the Directors is interested in the Construction Contract and the transactions contemplated thereunder, no Director is required to abstain from voting at the Board meeting to approve the Construction Contract.

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Construction Contract exceeds 25% but all of them are under 100%, the transactions contemplated under the Construction Contract will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. Since no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Construction Contract and the transactions contemplated thereunder, and the Company has obtained a written approval for the Construction Contract and the transactions contemplated thereunder from Master Alliance Investment Limited (the controlling shareholder of the Company holding 1,003,059,000 Shares, representing approximately 73.92% of the issued share capital of the Company as at the date of this announcement), an extraordinary general meeting of the Company to approve the Construction Contract and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened. A circular containing further details of the Agreement is expected to be despatched to the Shareholders on or before 15 August 2017.

## 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 construction and acquisition of the Property under the Construction Contract
“Construction Contract”	the contract entered into between the Developer and the Purchasers on 26 July 2017, for the construction and acquisition of the Property
“Developer”	Shenzhen Shekou Costal Realty Company Limited# ( 深圳市蛇口海濱置業有限公司 ), a company establish in the PRC with limited liability, which is an Independent Third Party
“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)”	Parties independent of the connected persons of the Company and their associates (as defined under the Listing Rules)

“Leoch Battery”	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
“Leoch Shenzhen”	Leoch Investment Development (Shenzhen) Limited# (理士投資發展深圳有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Lihang Battery”	Shenzhen Lihang Battery Technology Co., Ltd.# (深圳立航電源技術有限公司), 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
“Property”	the property with an estimated floor area of 6,141.3 square metres which forms part of a large scale commercial zone development located at Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen, the PRC
“Purchasers”	collectively, Leoch Battery, Leoch Shenzhen and Lihang Battery
“Shareholder”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Construction Contract
“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 RMB1.00 to HK\$1.15. 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.*

*# English name used is 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, 26 July 2017

*As at the date of this announcement, the executive directors are Mr. DONG Li and Ms. ZHAO Huan; the non-executive director is Mr. Philip Armstrong NOZNESKY; and the independent non-executive directors are Mr. LIU Yangsheng, Mr. CAO Yixiong Alan, and Mr. LAU Chi Kit.*