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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)**

**BUSINESS UPDATE**

This announcement is made by Leoch International Technology Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to update the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the preliminary review of the latest management accounts of the Group and the information currently available to the Board, it is expected that there would be an increase in both the revenue and profit attributable to owners of the Company in the range of 40% to 50% and not less than 10%, respectively, for the six months ended 30 June 2021 (the “**Interim Period**”) as compared to the corresponding period of last year. The increase is primarily attributable to the resumption of recycled lead production of the Group.

Despite the foregoing, the profit of the Group for the Interim Period is still less than that for the corresponding period in 2019. The expected growth to be reported for the Interim Period is based on the worst situation in the same period in 2020 when the economic activities and business operations all over the world were all hard hit by the spread of COVID-19, and such growth may not be sustainable for the second half of 2021 as it has come to the attention of the Board that in recent months, the number of COVID-19 cases again surged in South East Asia and Europe as the Delta-variant spread to major cities around the world. In addition to the business operations of the Group in India, details of which have been disclosed in the announcement of the Company dated 3 May 2021, the Group’s operation in Vietnam, for example, has also been particularly suffered among other South East Asian regions in which production plants of the Group are situated.

Over the past weeks, tightened COVID-19 prevention measures have been ordered in major cities in Vietnam, such as Ho Chi Minh City, Dong Nai, Long An, Binh Duong, and Xining, such as mandatory lockdown and movement control. Citizens have been ordered to stay at home unless for necessary trips and in case of emergencies. Non-essential businesses are also subject to mandatory closure, with the objective to contain the escalating virus outbreak. Check-points at city borders have also been set up and entry is only permitted for only those with negative test results. This has severely impacted the operation of the production plants of the Group in Vietnam (the “**Vietnam Plants**”) as the local government has imposed certain restrictions and requirements on the Vietnam Plants, the non-compliance and non-fulfillment of which would prevent the Vietnam Plants from resuming operation to meet the production demand.

In view of the rapid escalation of COVID-19, the overall business environment around the world has once again been heavily affected, resulting in the cost of sales of the Group being expected to increase continuously in the near future, primarily attributable to (i) the major increase in the logistics costs of the Group under the impact of the new wave of COVID-19 cases as alternative arrangements are required to maintain business operation under COVID-19 restrictions; (ii) the increasing trend of lead prices; and (iii) the attendance rate of the workers and production level being affected in the production plants of the Group in different regions. All these factors are expected to have a significant impact on the costs of production of the Group as the operation and profitability of the Group's operation continues to be affected.

The recent surge of COVID-19 cases in South East Asia and Europe has shown that the pandemic has not yet been contained successfully as COVID-19 restrictions and lockdown measures have once again been brought back by various governments around the world. In view of the foregoing, the Board is not optimistic about the global economic outlook which will inevitably affect the future financial performance of the Group.

The Company will closely monitor the situation of COVID-19 and is prepared to adopt contingent measures to minimise the impact of COVID-19, in particular to comply with the restrictions and requirements which are or may be imposed on the Vietnam Plants. Further announcement(s) will be made by the Company to keep the Shareholders and potential investors informed of any material development as and when appropriate.

The information in this announcement is only a preliminary assessment by the Board based on the information currently available to it, which has not been finalised and not reviewed by the Company's auditors or audit committee and may be subject to change. Accordingly, the actual results of the Group for the Interim Period may be different from what is disclosed in this announcement.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 13 July 2021

*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, Mr. LAU Chi Kit and Dr. NAN Xinsheng.*