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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)

**CONTINUING CONNECTED TRANSACTIONS:
MASTER PURCHASE AGREEMENT FOR
PRODUCTION FACILITIES**

Reference is made to the announcement of the Company dated 12 December 2024 in relation to the 2024 Purchase Agreement for the purchase of the Production Facilities.

The Group previously entered into the 2024 Purchase Agreement to procure certain Production Facilities from Guangdong Marshall (a company wholly-owned by Shenzhen Marshall, which is in turn indirectly owned as to approximately 98.55% by Dr. Dong and his brother). Given the sustained growth in the Group's business operations and the proposed construction of factories onshore and offshore which require additional Production Facilities to meet the Group's operational needs, the Board considered it commercially beneficial to establish a framework agreement with Dr. Dong to ensure a stable supply of Production Facilities at competitive terms instead of entering into another one-off purchase agreement.

On 13 August 2025 (after trading hours), the Group therefore entered into the Master Purchase Agreement with Dr. Dong (for and on behalf of all companies under his control other than the Group) for the purchase of the Production Facilities by the Group from Dr. Dong's Associates, for the period commencing from 13 August 2025 (i.e. the date of the Master Purchase Agreement) and up to 31 December 2027.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Dong is the Chairman of the Board and an executive Director, who through Master Alliance, is interested in approximately 74.19% of the total issued share capital of the Company and hence a controlling Shareholder, he and his associates (i.e. Dr. Dong's Associates) are connected persons of the Company. Accordingly, the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Guangdong Marshall, being the counterparty to the 2024 Purchase Agreement, is wholly-owned by Shenzhen Marshall, which is in turn indirectly owned as to approximately 98.55% by Dr. Dong and his brother. As such, Guangdong Marshall is also one of Dr. Dong's Associates, and therefore a connected person of the Company. The transactions contemplated under the 2024 Purchase Agreement constituted connected transactions of the Company under the Listing Rules, and the Company published an announcement on 12 December 2024 in this regard.

As the highest applicable percentage ratio under the Listing Rules calculated (i) based on the maximum amount of the Annual Caps under the Master Purchase Agreement; and (ii) on an aggregated basis in respect of the 2024 Purchase Agreement and the Master Purchase Agreement (in respect of the Annual Cap for the 5 months ending 31 December 2025 only, which falls within the 12-month period before the date of the Master Purchase Agreement), are both more than 0.1% but less than 5.0%, the transactions under the Master Purchase Agreement will be subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

BACKGROUND

Reference is made to the announcement of the Company dated 12 December 2024 in relation to the 2024 Purchase Agreement for the purchase of the Production Facilities.

The Group previously entered into the 2024 Purchase Agreement to procure certain Production Facilities from Guangdong Marshall (a company wholly-owned by Shenzhen Marshall, which is in turn indirectly owned as to approximately 98.55% by Dr. Dong and his brother). Given the sustained growth in the Group's business operations and the proposed construction of factories both onshore and offshore which require additional Production Facilities to meet the Group's operational needs, the Board considered it commercially beneficial to establish a framework agreement with Dr. Dong to ensure a stable supply of Production Facilities at competitive terms instead of entering into another one-off purchase agreement.

On 13 August 2025 (after trading hours), the Group therefore entered into the Master Purchase Agreement with Dr. Dong (for and on behalf of all companies under his control other than the Group) for the purchase of the Production Facilities by the Group from Dr. Dong's Associates, for the period commencing from 13 August 2025 (i.e. the date of the Master Purchase Agreement) and up to 31 December 2027.

Details of the salient terms of the Master Purchase Agreement are set out as follows:

THE MASTER PURCHASE AGREEMENT

Date	:	13 August 2025
Parties	:	(i) the Company; and (ii) Dr. Dong (for and on behalf of all companies under his control other than the Group).
Term	:	A term commencing from the date of the Master Purchase Agreement and ending on 31 December 2027
Subject matter	:	Pursuant to the Master Purchase Agreement, the Group has agreed to purchase from Dr. Dong's Associates certain Production Facilities manufactured by Dr. Dong's Associates. Subject to the terms and conditions set forth in the Master Purchase Agreement, the Group and the relevant Dr. Dong's Associate shall enter into specific sale and purchase contracts (including purchase orders issued by the Group to Dr. Dong's Associates) from time to time in respect of the sales and purchases of Production Facilities.

Pricing policy : The purchase price of such Production Facilities by the Group shall be determined on a cost-plus basis with a gross profit margin of 8%, and in any event on normal commercial terms and on terms no less favourable than those offered by independent third parties (i.e. if more favourable pricing is available from independent third parties, the purchase price shall be adjusted downwards accordingly to ensure price competitiveness in favour of the Group).

To the best knowledge and information of the Directors, the profit margin of suppliers of similar production facilities in the market is not lower than 15%. The Directors consider that the pricing policy under the Master Purchase Agreement, which takes into account that a gross profit margin of 8% is on more favourable terms, and the guaranteed quality and delivery time from Dr. Dong's Associates, is fair and reasonable.

Time of payment : The settlement schedule of the purchase price shall be as follows:

- (i) as to 30% within 30 days of signing the specific sale and purchase contracts;
- (ii) as to 60% within 30 days of receipt and acceptance of the Production Facilities;
- (iii) as to 10% within 30 days of the expiration of the warranty period (12 months from the date of acceptance inspection of the Production Facilities).

The Annual Caps (which are exclusive of value-added tax) under the Master Purchase Agreement are set out below:

	Period commencing from 13 August 2025 and ending on 31 December 2025 <i>(RMB million)</i>	Year ending 31 December 2026 <i>(RMB million)</i>	Year ending 31 December 2027 <i>(RMB million)</i>
Annual Caps	75.0	120.0	120.0

For the period commencing from the date of the 2024 Purchase Agreement and up to and including the date of this announcement (i.e. approximately 8 months), purchases of Production Facilities amounted to approximately RMB45.0 million (and if aggregated with the value added tax of approximately RMB5.8 million, approximately RMB50.8 million). In determining the Annual Caps, the Board has taken into account: (i) the historical amount of purchases of Production Facilities (including under the 2024 Purchase Agreement); and (ii) the procurement needs by the Group for its operations in the coming years.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT DR. DONG AND DR. DONG'S ASSOCIATES

Dr. Dong's Associates refer to those companies controlled by Dr. Dong (i.e. Shenzhen Marshall Group and other private entities). Dr. Dong and Dr. Dong's Associates are principally engaged in the manufacture and sales of electronic products, low capacity lithium-ion batteries, chargers, converters, power supply products, plastic goods, and electric vehicles etc.

REASONS FOR ENTERING INTO THE MASTER PURCHASE AGREEMENT

Over the past eight months, since entering into the 2024 Purchase Agreement, the Group has already utilised all of the contracted quantities of Production Facilities to support the Group's production in its constructed workshops or renovation workshops. As part of the Group's plan to expand and develop its business operations, it is proposed that more factories be constructed onshore and offshore, which requires additional Production Facilities.

While the Group maintains its own production capacity for Production Facilities, internal projections indicate that such output will be insufficient to meet the escalating demand. Rather than relying on one-off purchase agreements which could introduce supply chain inefficiencies and pricing volatility, the Board has determined that establishing a structured framework agreement offers greater operational and commercial benefits. This approach ensures stable supply continuity, cost advantages, and alignment with the Group's long-term expansion plans. The Production Facilities sourced and to be sourced from Dr. Dong's Associates do not represent a significant proportion of all the Production Facilities required by the Group as the Group also produces its own Production Facilities internally and only procures them externally at better pricing and with superior craftsmanship, where internal production cannot meet demand.

The Master Purchase Agreement will enable the Group to (i) secure supply continuity and mitigate risks of production delays by locking in guaranteed access to certain Production Facilities under agreed terms; (ii) optimise procurement efficiency by streamlining ordering processes and reduce administrative costs associated with repeated negotiations on each and every occasion by establishing key terms and pricing mechanism under the Master Purchase Agreement for each specific sale and purchase contract to follow; and (iii) leverage competitive terms as the quoted pricing of Dr. Dong's Associates shall remain more favorable compared to independent third parties, while maintaining quality and delivery reliability.

Accordingly, the Directors (including the independent non-executive Directors), are of the view that the Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole. Dr. Dong had abstained from voting on the relevant resolutions of the Board approving the Master Purchase Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company. Save as disclosed, none of the Directors has a material interest in the subject transactions and is required to abstain from voting on the relevant resolutions of the Board.

INTERNAL CONTROL MEASURES

As part of its internal control procedures to determine the price and terms of the transactions contemplated under the Master Purchase Agreement so as to ensure that the transactions are conducted on normal commercial terms and not prejudicial to the Company's and its minority Shareholders' interest and to ensure that the pricing mechanism contemplated under the Master Purchase Agreement have been followed, the management of the Group will, among other things, procure that (i) the procurement department will obtain quotation from Dr. Dong's Associates for each purchase and compare the quotations of similar facility, machinery and equipment from at least two other independent suppliers to ensure the price competitiveness of the purchases, before placing any purchase order(s) with Dr. Dong's Associates; (ii) the finance department will inform the procurement department the amounts of the Annual Caps for the relevant period/year and conduct monthly review of the actual transaction amounts to ensure that the Annual Caps are not exceeded; (iii) the finance department will verify that the pricing for each sale and purchase contract with Dr. Dong's Associates complies with the pricing policy (in particular, the gross profit margin of 8% or more favourable pricing based on the other quotations obtained by the Group); (iv) the finance department will also approve the payment to be made to Dr. Dong's Associates to ensure that the payment terms are in line with the Master Purchase Agreement; and (v) the Board will continue to review on a regular basis the Group's internal control system and its effectiveness.

The independent non-executive Directors shall annually review the transactions contemplated under the Master Purchase Agreement to ensure that the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole. The auditors of the Company shall review the transactions contemplated under the Master Purchase Agreement annually and confirm that the transactions have been entered into in all material respects in accordance with the pricing policies of the Group and the terms and provisions of the Master Purchase Agreement, and have not exceeded the relevant Annual Caps.

Based on the above, the Directors consider that the terms of the Master Purchase Agreement (including the Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, Dr. Dong is the Chairman of the Board and an executive Director, who through Master Alliance, is interested in approximately 74.19% of the total issued share capital of the Company and hence a controlling Shareholder, he and his associates (i.e. Dr. Dong's Associates) are connected persons of the Company. Accordingly, the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Guangdong Marshall, being the counterparty to the 2024 Purchase Agreement, is wholly-owned by Shenzhen Marshall, which is in turn indirectly owned as to approximately 98.55% by Dr. Dong and his brother. As such, Guangdong Marshall is also one of Dr. Dong's Associates, and therefore a connected person of the Company. The transactions contemplated under the 2024 Purchase Agreement constituted connected transactions of the Company under the Listing Rules, and the Company published an announcement on 12 December 2024 in this regard.

As the highest applicable percentage ratio under the Listing Rules calculated (i) based on the maximum amount of the Annual Caps under the Master Purchase Agreement; and (ii) on an aggregated basis in respect of the 2024 Purchase Agreement and the Master Purchase Agreement (in respect of the Annual Cap for the 5 months ending 31 December 2025 only, which falls within the 12-month period before the date of the Master Purchase Agreement), are both more than 0.1% but less than 5.0%, the transactions under the Master Purchase Agreement will be subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“2024 Purchase Agreement”	the agreement dated 12 December 2024 entered into between Zhaoqing Keli as purchaser and Guangdong Marshall as vendor in respect of the purchases of certain Production Facilities from Guangdong Marshall
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“Annual Caps”	the maximum annual purchase amounts (exclusive of value-added tax) as set out in the Master Purchase Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Leoch International Technology Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the main board of the Stock Exchange under stock code: 842
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the directors of the Company
“Dr. Dong”	Dr. Dong Li, the Chairman of the Board and an executive Director, who through Master Alliance, is interested in approximately 74.19% of the total issued share capital of the Company and hence a controlling Shareholder
“Dr. Dong’s Associates”	Dr. Dong and his associates, including Master Alliance, Shenzhen Marshall Group and other private entities controlled by Dr. Dong but excluding the Group
“Group”	the Company and its subsidiaries
“Guangdong Marshall”	廣東瑪西爾電動科技公司 (Guangdong Marshall Electric Vehicle Co., Ltd.#), a company incorporated in the PRC with limited liability principally engaged in, among other things, the manufacture and sale of the Production Facilities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Alliance”	Master Alliance Investment Limited, a limited liability company incorporated in the British Virgin Islands which is wholly owned by Dr. Dong
“Master Purchase Agreement”	the master purchase agreement dated 13 August 2025 entered into between the Company and Dr. Dong (for and on behalf of all companies under his control other than the Group) in respect of the purchases by the Group from Dr. Dong’s Associates of Production Facilities
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Production Facilities”	facility, machinery and equipment including sink and stainless steel racks, production transmission lines, cooling system, environmental protection equipment, etc. to be used for the Group’s production in its newly constructed workshops or renovation workshops
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shenzhen Marshall”	深圳瑪西爾電動車股份公司 (Shenzhen Marshall Electric Vehicle Co., Limited [#]), a company established in the PRC which is indirectly owned as to approximately 98.55% by Dr. Dong and his brother
“Shenzhen Marshall Group”	Shenzhen Marshall and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhaoqing Keli”	肇慶科利機械裝備製造有限公司 (Zhaoqing Keli Machinery Equipment Manufacturing Co., Limited [#]), an indirect wholly-owned subsidiary of the Company established in the PRC
“%”	per cent.

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

Hong Kong, 13 August 2025

As at the date of this announcement, the executive Directors are Dr. DONG Li and Ms. HONG Yu and the independent non-executive Directors are Mr. CAO Yixiong Alan, Mr. LAU Chi Kit and Mr. LU Zhiqiang.

[#] *For identification purpose only*