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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

The board (the “**Board**”) of directors (the “**Directors**”) of Leoch International Technology Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to provide certain business updates regarding the Group to the shareholders (the “**Shareholders**”) and potential investors of the Company.

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 the revenue of the Company of more than 15% for the six months ended 30 June 2022 (the “**Interim Period**”) and the profit attributable to owners of the Company for the Interim Period is expected to be more than doubled as compared to the corresponding period of last year. Such increase is primarily attributable to the gain on foreign exchange for the Interim Period as compared to the net foreign exchange loss for the corresponding period of last year.

Despite the foregoing, the gross profit margin of the Group has decreased as compared to the corresponding period of last year, suppressing the profit growth of the Group in the Interim Period. This decrease is primarily attributable to the increase in distribution costs in the business operations of the Group, including escalating shipping rates for containers and delivery charges, distribution expenses and other supply chain costs and expenses, which have increased considerably during the Interim Period due to the lingering impact of the COVID-19 pandemic around the world which was worsened by the Russo-Ukrainian War and the temporary lockdown since March 2022 in multiple cities of China.

The Company will closely monitor the above situation and adopt suitable measures in hopes of minimising adverse impact on the Group’s operations and maintaining its strong manufacturing capacity and capability to fulfill global customers’ demand amidst this challenging business environment.

The information in this announcement is only a preliminary assessment by the Board based on the information currently available, 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. 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.

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
Dr. Dong Li
Chairman

Hong Kong, 21 August 2022

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