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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
THE SPINCO IN THE U.S.**

The Board hereby announces that the Company has submitted a proposal to the Stock Exchange in relation to the Proposed Spin-off and separate listing of the SpinCo on a U.S. Exchange pursuant to PN15 of the Listing Rules, and has obtained approval from the Stock Exchange that the Company may proceed with the Proposed Spin-off.

The Proposed Spin-off and the Proposed Distribution are subject to, among other things, the approval of the Company Shareholders, the approvals from the relevant authorities in respect of the listing of, and permission to deal in, securities of the SpinCo, the final decisions of the Board and the board of directors of the SpinCo, as well as market conditions and other relevant considerations. Accordingly, the Company Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off and the Proposed Distribution will take place or as to when they will take place. Company Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in relation to the Proposed Spin-Off and the Proposed Distribution in accordance with the requirements of the Listing Rules as and when appropriate.

As of the date of this announcement, the SpinCo is a direct wholly-owned subsidiary of the Company. The Proposed Spin-off will be conducted through a distribution in specie of all of the shares held by the Company in the SpinCo to the Company Shareholders in the form of the Proposed Distribution. Following completion of the Proposed Spin-off and the Proposed Distribution, the SpinCo will be demerged from the Company, resulting in a parallel listing structure of the Company and the SpinCo, and the Company Shareholders will be entitled to shares in the SpinCo.

Although the Proposed Spin-off and the Proposed Distribution do not constitute a transaction under Chapter 14 of the Listing Rules, in light of the Articles and considering the size of the asset which is subject to the Proposed Spin-off and the Proposed Distribution, the Board will present the Proposed Spin-off and the Proposed Distribution to the Company Shareholders at the EGM for consideration and, if thought fit, approval by way of an ordinary resolution.

The Independent Board Committee, comprising of Mr. Cao Yixiong Alan, Mr. Lau Chi Kit and Mr. Lu Zhiqiang, being all the independent non-executive Directors, has been established to advise the Company Shareholders in respect of the Proposed Spin-off and the Proposed Distribution.

INTRODUCTION

The Board hereby announces that the Company has submitted a proposal to the Stock Exchange in relation to the Proposed Spin-off and separate listing of the SpinCo on a U.S. Exchange pursuant to PN15 of the Listing Rules, and has obtained approval from the Stock Exchange that the Company may proceed with the Proposed Spin-off.

THE PROPOSED SPIN-OFF AND THE PROPOSED DISTRIBUTION

The Proposed Spin-off, if proceeded with, will result in the separate listing of the SpinCo on a U.S. Exchange and the Proposed Distribution, if proceeded with, will result in the separation of the SpinCo from the Company. It is proposed that the Proposed Distribution, whereby the Company will distribute all of its shares in the SpinCo to the Company Shareholders, will occur immediately prior to the listing of the SpinCo.

The Proposed Distribution is aimed at providing the Company Shareholders with an assured entitlement to shares in the SpinCo in connection with the Proposed Spin-off by way of a distribution in specie, representing an arrangement determined by the Company having due regard to the interests of the Company Shareholders.

The ultimate objective of the Proposal is to create a parallel listing structure of the Company and the SpinCo, under which the SpinCo will be demerged and deconsolidated from the Company and separately listed on a U.S. Exchange, with the Company Shareholders becoming direct shareholders of the SpinCo.

INFORMATION ON THE SPINCO GROUP

The SpinCo is an exempted company incorporated under the laws of the Cayman Island and a direct wholly-owned subsidiary of the Company as at the date of this announcement. The SpinCo Group is principally engaged in the sales of products including reserve power batteries, SLI batteries and motive power batteries in the Europe, Middle East and Africa, Americas and the Asia-Pacific Region (other than Chinese Mainland, Hong Kong and Macau).

REASONS FOR AND ANTICIPATED BENEFITS OF THE PROPOSAL

The Board considers that the Proposal is commercially beneficial to the Company and the SpinCo and in the interest of the Company Shareholders as a whole as it expects the following benefits:

- (i) the Proposed Spin-off would strengthen the operational management ability of both the Retained Group and the SpinCo Group, and their respective abilities to recruit and retain personnel;
- (ii) the Proposed Spin-off and the Proposed Distribution would create two independent businesses, being the Retained Group and the SpinCo Group with enhanced geographic focus, each of which we believe is well positioned for continued growth and market share capture, driven by innovation and new product offerings in their respective areas;

- (iii) the Proposed Spin-off would be conducive to improving the operation, financial transparency and corporate governance level of the Retained Group and the SpinCo Group, through which the investors could form better understanding of and investment decisions in businesses with different focuses, thus achieving reasonable valuation of the Group, enhancing the interests of all shareholders of the Retained Group and the SpinCo Group; and
- (iv) the Proposed Spin-off and the Proposed Distribution would enable shareholders and investors to assess the investment propositions of each business of the Retained Group and the SpinCo Group individually and freely select whether to continue to participate in both businesses or adjust their investment exposure, so as to unlock and enhance the market value of both the Retained Group and the SpinCo Group.

As such, the Board (including the independent non-executive Directors) is of the view that the Proposal is fair and reasonable and in the interests of the Company and the Company Shareholders as a whole.

ASSURED ENTITLEMENT UNDER PN15

In accordance with the requirement of paragraph 3(f) of PN15, the Board proposes to give due regard to the interests of the Company Shareholders by providing them with an assured entitlement to the shares of the SpinCo by way of a full distribution in specie of existing shares of the SpinCo held by the Company, with each of the Company Shareholders to be entitled to a pro rata distribution of all of the Company's shareholding in the SpinCo in proportion to their respective shareholdings in the Company. The precise distribution ratio will be determined at a time closer to the Proposed Spin-off. The scale and terms of such assured entitlement have not been finalized and will be announced by the Company in due course.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, the SpinCo is a direct wholly-owned subsidiary of the Company. The Proposed Spin-off will be conducted through a distribution in specie of all of the Company's shares in the SpinCo to the Company Shareholders in the form of the Proposed Distribution. Following completion of the Proposed Spin-off and the Proposed Distribution, the SpinCo (and its subsidiaries) will cease to be subsidiaries of the Company and the SpinCo will be demerged from the Company, resulting in a parallel listing structure of the Company and the SpinCo, and the Company Shareholders will be entitled to shares in the SpinCo.

Although the Proposed Spin-off and the Proposed Distribution do not constitute a transaction under Chapter 14 of the Listing Rules, in light of the Articles and considering the size of the asset which is subject to the Proposed Spin-off and the Proposed Distribution, the Board will present the Proposed Spin-off and the Proposed Distribution to the Company Shareholders at the EGM for consideration and, if thought fit, approval by way of an ordinary resolution. The Company will comply with the applicable requirements of the Listing Rules as and when appropriate.

The Independent Board Committee, comprising of Mr. Cao Yixiong Alan, Mr. Lau Chi Kit and Mr. Lu Zhiqiang, being all the independent non-executive Directors, has been established to advise the Company Shareholders in respect of the Proposed Spin-off and the Proposed Distribution.

The Company will make further announcement(s) in relation to the Proposed Spin-Off and the Proposed Distribution in accordance with the requirements of the Listing Rules as and when appropriate.

The Proposed Spin-off and the Proposed Distribution are subject to, among other things, the approval of the Company Shareholders, the approvals from the relevant authorities in respect of the listing of, and permission to deal in, securities of the SpinCo, the final decisions of the Board and the board of directors of the SpinCo, as well as market conditions and other relevant considerations. Accordingly, the Company Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off and the Proposed Distribution will take place or as to when they will take place. Company Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“Articles”	the articles of association of the Company
“Board”	the board of the Directors

“Company”	Leoch International Technology Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 842)
“Company Shareholder(s)”	the shareholder(s) of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider (and if thought fit, approve) the Proposed Spin-off and the Proposed Distribution
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Company Shareholders on the Proposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PN15”	Practice Note 15 of the Listing Rules
“Proposal”	the overall proposal comprising the Proposed Spin-off and the Proposed Distribution
“Proposed Distribution”	the proposed demerger of the SpinCo from the Company through a distribution in specie of all of the Company’s shares in the SpinCo to all the Company Shareholders on a pro-rata basis
“Proposed Spin-off”	the proposed separate listing of the SpinCo’s shares on a U.S. Exchange
“Retained Group”	the Group excluding the SpinCo Group

“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SpinCo”	Leoch Energy Inc., an exempted company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company as of the date of this announcement, and the spin-off entity in the Proposed Spin-off
“SpinCo Group”	the SpinCo and its subsidiaries to be separated and demerged from the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto in the Listing Rules
“U.S.”	the United States of America
“U.S. Exchange”	either the New York Stock Exchange or National Association of Securities Dealers Automated Quotations (NASDAQ), subject to the determination by the SpinCo and the Company

By Order of the Board
Leoch International Technology Limited
Dr. DONG Li
Chairman

Hong Kong, 12 February 2025

As of 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.