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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)

SUPPLEMENTAL INFORMATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) of Leoch International Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) published on 21 April 2020. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those set out in the 2019 Annual Report.

In addition to the information provided in the 2019 Annual Report, the Board would like to provide further information in relation to: (1) the breakdown of “Other expenses” as disclosed on page 95 of the 2019 Annual Report; and (2)(i) the vesting period of outstanding options at the beginning and end of the financial year; and (ii) the vesting period and closing price of the Shares of the Company immediately before the date on which options were granted during the financial year.

(1) Other expenses

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Foreign exchange differences, net	6,092	28,001
Loss on disposal of items of property, plant and equipment, net	22,653	831
Fair value loss from financial liabilities at fair value through profit or loss, net	5,457	145
Others	7,515	6,352
	<u>41,717</u>	<u>35,329</u>

(2) (i) The vesting period of outstanding options at the beginning and end of the financial year; and (ii) the vesting period and closing price of the shares of the Company immediately before the date on which options were granted during the financial year

Movements in the Company's share options under the Pre-IPO Share Option Scheme as disclosed on page 234 of the 2019 Annual Report are reproduced below with the vesting period included:

Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period
	At 1 January 2019	Forfeited during the year	At 31 December 2019				
Director							
Ms. Yin Haiyan	150,000	–	150,000	1 June 2010	1 June 2012 to 31 May 2022	1.200	(1) a grantee is entitled to exercise 25% of the total number of options granted at anytime during the 10 years after the second anniversary of the date of offer (the "Offer Date") of the options with the relevant vesting period from the Offer Date up to the date immediately before the second anniversary of the Offer Date; (2) a grantee is entitled to exercise an additional 25% of the total number of Options granted at anytime during the 9 years after the third anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the third anniversary of the Offer Date; (3) a grantee is entitled to exercise a further additional 25% of the total number of Options granted at anytime during the 8 years after the fourth anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the fourth anniversary of the Offer Date; and (4) a grantee is entitled to exercise the remaining 25% of the total number of Options granted at anytime during the 7 years after the fifth anniversary of the Offer Date, with the relevant vesting period from the Offer Date up to the date immediately before the fifth anniversary of the Offer Date.
Other employees in aggregate	14,103,000	(5,100,000)	9,003,000	1 June 2010	1 June 2012 to 31 May 2022	0.200–2.000	
	14,253,000	(5,100,000)	9,153,000				

Movements in the Company's share options under the Share Option Scheme as disclosed on pages 243 to 244 of the 2019 Annual Report are reproduced below with the vesting period and closing price before the date of grant of options included:

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted HK\$ per share
	At 1 January 2019	Granted during the year	Forfeited during the year	Lapsed during the year	At 31 December 2019					
Directors										
Mr. Cao Yixiong Alan	300,000	–	–	–	300,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2019.	1.020

Mr. Cao Yixiong Alan	-	200,000	-	-	200,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020. (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021. (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610
Mr. Liu Yangsheng	300,000	-	-	-	300,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2019.	1.020
Mr. Lau Chi Kit	300,000	-	-	-	300,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2019.	1.020
Mr. Lau Chi Kit	-	200,000	-	-	200,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020. (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021. (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610
Ms. Yin Haiyan	150,000	-	-	-	150,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2019.	1.020
Ms. Yin Haiyan	150,000	-	-	-	150,000	4 December 2017	16 December 2018 to 3 December 2027	1.442	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2018. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2019. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2020.	1.430

Ms. Yin Haiyan	-	900,000	-	-	900,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020. (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021. (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610
	1,200,000	1,300,000	-	-	2,500,000					

Number of share options										Closing price of the listed securities before the date of options granted HK\$ per share
Name or category of participant	At 1 January 2019	Granted during year	Forfeited during year	Lapsed during year	At 31 December 2019	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	
Other employees in aggregate	700,000	-	-	(700,000)	-	21 July 2014	20 August 2015 to 20 July 2019	1.860	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 20 Aug 2015 during the 5 years from the Offer Date. (ii) An additional one-third of the total number of the share options granted are exercisable at anytime on or after 20 Aug 2016 during the Option Period. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 20 Aug 2017 during the Option Period.	1.850
	2,254,000	-	(237,000)	-	2,017,000	1 April 2015	1 May 2016 to 31 March 2020	1.018	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 May 2016; (ii) another one-third of the total number of the share options granted are exercisable at anytime on or after 1 May 2017; and (iii) the remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 May 2018.	1.010
	1,500,000	-	-	-	1,500,000	26 November 2015	1 December 2016 to 25 November 2020	0.810	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2016; (ii) another one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017; and (iii) the remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018.	0.780
	6,460,000	-	(100,000)	-	6,360,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2017. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2018. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 December 2019.	1.020

1,500,000	-	-	-	1,500,000	16 May 2017	1 June 2018 to 15 May 2027	1.822	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2018. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2019. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2020.	1.840
3,800,000	-	(1,450,000)	-	2,350,000	25 May 2017	1 June 2018 to 24 May 2027	1.760	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2018. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2019. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 1 June 2020.	1.690
5,950,000	-	(400,000)	-	5,550,000	4 December 2017	16 December 2018 to 3 December 2027	1.442	(i) One-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2018. (ii) One-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2019. (iii) The remaining one-third of the total number of the share options granted are exercisable at anytime on or after 16 December 2020.	1.430
-	23,550,000	(2,100,000)	-	21,450,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020. (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021. (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610
22,164,000	23,550,000	(4,287,000)	(700,000)	40,727,000					
23,364,000	24,850,000	(4,287,000)	(700,000)	43,227,000					

By order of the Board
Leoch International Technology Limited
Mr. DONG Li
Chairman

Hong Kong, 18 August 2020

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. ZHU Ping.