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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	2014	2013	
	RMB million	*RMB million*	**Changes**
Turnover	**4,248.4**	3,646.9	**+16.5%**
Gross profit	**716.7**	583.2	**+22.9%**
Profit/(loss) attributable to owners of the Company	**81.8**	(129.3)	**N/A**
Basic earnings/(loss) per share *(RMB)*	**0.06**	(0.10)	**N/A**
Proposed final dividend per share *(HK cents)*	**2.25**	–	**N/A**

ANNUAL RESULTS

The board of directors (the "Board") of Leoch International Technology Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2014 together with the comparative figures for 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
REVENUE	4	**4,248,351**	3,646,874
Cost of sales		**(3,531,691)**	(3,063,671)
		716,660	583,203
Other income and gains	4	**75,644**	102,139
Selling and distribution expenses		**(202,255)**	(168,595)
Administrative expenses		**(220,072)**	(240,521)
Research and development costs		**(154,430)**	(125,006)
Reversal/(provision for) impairment losses due to suspension of Zhaoqing Leoch Battery Technology Co., Ltd. ("Zhaoqing Leoch")		**58,809**	(168,049)
Other expenses		**(50,093)**	(5,646)
Finance costs	6	**(108,505)**	(98,813)
Share of (losses)/profits of associates,net		**(3,894)**	394
PROFIT/(LOSS) BEFORE TAX	5	**111,864**	(120,894)
Income tax expense	7	**(30,073)**	(8,395)
PROFIT/(LOSS) FOR THE YEAR		**81,791**	(129,289)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Changes in fair value		**2,346**	–
Income tax effect		**(352)**	–
		1,994	–
Exchange differences on translation of foreign operations		**13,019**	(8,239)

	Note	**2014**	2013
		RMB'000	*RMB'000*
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**15,013**	(8,239)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**15,013**	(8,239)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**96,804**	(137,528)
Profit/(loss) attributable to:			
Owners of the Company		**81,791**	(129,289)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**96,804**	(137,528)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic			
– For profit/(loss) for the year		**RMB0.06**	RMB(0.10)
Diluted			
– For profit/(loss) for the year		**RMB0.06**	RMB(0.10)

Details of the dividends payable and proposed for the year are disclosed in note 8 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,878,105**	1,929,472
Prepaid land lease payments		**128,738**	69,076
Investments in associates		**15,880**	18,657
Available-for-sale investment		**23,346**	10,500
Intangible assets		**97,017**	91,585
Deposits paid for purchase of items of property, plant and equipment		**7,843**	7,375
Deferred tax assets		**59,767**	65,544
Non-current portion of pledged deposits	*13*	**–**	548
Total non-current assets		**2,210,696**	2,192,757
CURRENT ASSETS			
Inventories	*10*	**796,068**	722,293
Trade and bills receivables	*11*	**1,317,555**	1,092,527
Prepayments, deposits and other receivables	*12*	**66,404**	59,069
Tax recoverable		**61,260**	100,395
Amounts due from related companies		**40,707**	6,121
Financial assets at fair value through profit or loss		**6,575**	10,484
Pledged deposits	*13*	**622,514**	684,255
Cash and cash equivalents	*13*	**138,907**	138,105
Total current assets		**3,049,990**	2,813,249

	Notes	2014 *RMB'000*	2013 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,209,442**	1,067,658
Other payables and accruals	*15*	**360,173**	369,716
Interest-bearing bank borrowings	*16*	**1,139,497**	1,183,141
Financial liabilities at fair value through profit or loss		**43,571**	5,117
Amounts due to related companies		**6,948**	31,595
Income tax payable		**62,073**	59,695
Total current liabilities		**2,821,704**	2,716,922
NET CURRENT ASSETS		**228,286**	96,327
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,438,982**	2,289,084
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,583**	12,547
Interest-bearing bank borrowings	*16*	**62,173**	39,376
Deferred government grants		**32,550**	26,860
Total non-current liabilities		**108,306**	78,783
Net assets		**2,330,676**	2,210,301
EQUITY			
Issued capital		**115,742**	114,551
Reserves		**2,190,935**	2,095,750
Proposed final dividend	*8*	**23,999**	–
Total equity		**2,330,676**	2,210,301

Notes:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 27 April 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the Company's shares have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 November 2010. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group is principally engaged in the manufacture, development and sale of lead-acid batteries.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs which comprise standards and interpretations approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the manufacture and sale of lead-acid batteries. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the manufacture and sale of lead-acid batteries.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2014	2013
	RMB'000	*RMB'000*
The People's Republic of China ("PRC", for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan)	**1,954,397**	1,707,625
European Union	**763,170**	612,295
United States of America ("USA")	**668,594**	514,799
Other Asian countries/areas	**608,936**	549,532
Other countries	**253,254**	262,623
	4,248,351	3,646,874

The revenue information above is based on the location of the customers.

(b) ***Non-current assets***

	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*
PRC	**2,004,068**	1,983,853
Other countries/areas	**123,515**	132,312
	2,127,583	2,116,165

The non-current assets information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue of approximately RMB600,250,000 (2013: RMB510,066,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer, exceeding 10% of the Group's total revenue for the year ended 31 December 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold. An analysis of revenue, other income and gains is as follows:

	2014 *RMB'000*	2013 *RMB'000*
Revenue		
Sale of goods	**4,248,351**	3,646,874
Other income and gains		
Rental income	**147**	75
Bank interest income	**14,055**	25,483
Government grants*	**37,700**	17,703
Sale of scrap materials	**2,534**	3,736
Foreign exchange gains, net	**3,433**	9,350
Fair value gains on financial assets and financial liabilities at fair value through profit or loss, net	**–**	29,178
Gains on disposal of items of property, plant and equipment	**8,918**	9,334
Others	**8,857**	7,280
	75,644	102,139

* Various government grants represented cash payments and subsidies by the local government authorities to the Group as an encouragement to its investment and technological innovation. There are no unfulfilled conditions or contingencies relating to these subsidies.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2014 RMB'000	2013 RMB'000
Cost of inventories sold		**2,958,367**	2,626,507
Employee benefit expense (including directors' remuneration):			
Wages and salaries		**484,998**	404,431
Performance-related bonuses		**1,571**	709
Equity-settled share option expenses		**3,026**	3,237
Retirement benefit scheme contributions		**53,463**	56,603
		543,058	464,980
Amortisation of computer software		**1,207**	930
Research and development costs:			
Deferred development costs amortised*		**19,972**	13,269
Current period expenditure		**154,430**	125,006
		174,402	138,275
Auditors' remuneration		**2,282**	2,544
Unrealised loss on:			
Forward currency contracts measured at fair value through profit or loss		**36,999**	603
Warrants measured at fair value through profit or loss		**5,087**	–
		42,086	603
Realised loss/(gain) on:			
Forward currency contracts measured at fair value through profit or loss		**(4,464)**	(29,781)
Exercise of warrants		**7,259**	–
		2,795	(29,781)
Total loss/(gain) on financial assets/financial liabilities at fair value through profit or loss**		**44,881**	(29,178)
Depreciation of items of property, plant and equipment		**182,888**	152,521
Amortisation of prepaid land lease payments		**2,210**	1,686
(Reversal)/recognition of impairment losses for assets in Zhaoqing Leoch:***			
Property, plant and equipment		**(56,173)**	63,037
Prepaid land lease payments		**(2,636)**	2,690
Inventories	*10*	**–**	102,322
		(58,809)	168,049
Recognition/(reversal) of impairment for trade receivables**	*11*	**1,625**	(2,223)
Write down of other inventories to net realisable value	*10*	**4,717**	–
Impairment of other items of property, plant and equipment		**–**	1,446
Minimum lease payments under operating leases		**7,369**	7,150

* The amortisation of deferred development costs is included in "Cost of sales" in the consolidated statement of comprehensive income.

** Fair value loss on financial assets and financial liabilities at fair value through profit or loss and recognition of impairment for trade receivables are included in "other expense" in the consolidated statement of comprehensive income.

*** The Company's wholly-owned subsidiary, Zhaoqing Leoch, had suspended its production operations in accordance with the request of the local environmental protection bureau to conduct self-examination and enhancement of their production plants from July 2012 to October 2013. Although Zhaoqing Leoch resumed operation in November 2013, considering the effect of this suspension with a period of over one year, the management performed impairment tests on property, plant and equipment, prepaid land lease payments and inventories of Zhaoqing Leoch as of 31 December 2013, and recognised totaling impairment losses of RMB168,049,000.

As at 31 December 2014, management reassessed the status of the property, plant and equipment and prepaid land lease payments. Management is of the view that the economic performance of the property, plant and equipment and prepaid land lease payments in Zhaoqing Leoch is, and will be, better than expected as a result of the industry boom. According to the impairment tests on these non-current assets as at 31 December 2014, a previously recognised impairment loss of RMB58,809,000 was reversed.

The management performed all impairment test on non-current assets of Zhaoqing Leoch as one cash-generating unit ("CGU").

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a seven-year period. The discount rate applied to cash flow projections is 14% (2013: 13%).

Key assumptions were used in the value in use calculation of the CGU as at 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the CGU:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the gross margins for the Group in current year.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of the CGUs and discount rates are consistent with external information sources.

The recoverable amount of the CGU was RMB505,059,000, which is larger than their net book value, and an amount of impairment loss of RMB58,809,000 recognised previously was reversed during the current year.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank borrowings	**67,634**	69,095
Interest arising from discounted bills	**43,939**	47,162
	111,573	116,257
Less: Interest capitalised	**(3,068)**	(17,444)
	108,505	98,813

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The major components of income tax charge for the year are as follows:

	2014	2013
	RMB'000	*RMB'000*
Group:		
Current – PRC	**9,485**	4,947
Current – Hong Kong	**5,679**	9,998
Current – Singapore	**6,949**	5,073
Current – USA	**1,500**	2,245
Deferred tax	**6,460**	(13,868)
Total tax charge for the year	**30,073**	8,395

A reconciliation of the income tax expense applicable to profit/(loss) before tax at the statutory rates for the country in which the Company and the majority of its subsidiaries are domiciled (i.e. the PRC) to the tax expense at effective tax rates is as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) before tax	**111,864**	(120,894)
Applicable tax rate of the Group	**25%**	25%
Tax at the applicable tax rate	**27,966**	(30,224)
Tax concession for certain subsidiaries	**(1,576)**	(6,144)
Income not subject to tax	**(21,773)**	(11,576)
Expenses not deductible for tax	**16,771**	39,479
Tax losses utilised from previous periods	**–**	(6,686)
Tax losses not recognised	**8,685**	22,857
Deferred tax assets valuation allowance	**–**	689
Tax charge at the Group's effective rate	**30,073**	8,395

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Final – 2.25 HK cents (2013: Nil) per share	**23,999**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,344,534,167 (2013: 1,336,353,917) in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

Earnings/(loss)

	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share	**81,791**	(129,289)

Shares

	Number of shares	
	2014	2013
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**1,344,534,167**	1,336,353,917
Effect of dilution – weighted average number of ordinary shares:		
Share options	**3,259,327**	–
	1,347,793,494	1,336,353,917

The effects of warrants were excluded from the calculation of diluted earnings per share for the year ended 31 December 2014 as their effects would be anti-dilutive.

The effects of share options were excluded from the calculation of diluted loss per share for the year ended 31 December 2013 as their effects would be anti-dilutive.

10. INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Raw materials	**91,419**	96,137
Work in progress	**443,315**	454,361
Finished goods	**261,334**	171,795
	796,068	722,293

As at 31 December 2014, inventories in the amount of RMB4,717,000 (2013: 102,322,000) were written down to their net realisable values as disclosed in note 5.

11. TRADE AND BILLS RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**1,240,886**	1,071,028
Bills receivable	**91,578**	34,783
Less: Impairment provision	**(14,909)**	(13,284)
	1,317,555	1,092,527

The Group grants different credit periods to customers. The credit period of individual customers is considered on a case-by-case basis. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables of RMB161,858,000 (2013: RMB80,381,000) were under short term credit insurance and RMB62,798,000 (2013: RMB50,502,000) were under letters of credit. In addition, the Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

As at 31 December 2014, the Group had pledged certain trade and bills receivables amounting to RMB34,126,000 (2013: RMB21,959,000) to banks with recourse in exchange for cash *(note 17)*. The proceeds from pledging the trade and bills receivables of RMB11,208,000 (2013: RMB38,921,000) were accounted for as collateralised bank advances until the bills were collected or the Group made good of any losses incurred by the banks *(note 16)*.

An aging analysis of the trade and bills receivables as at 31 December 2014 and 2013 based on the invoice date, net of provisions, is as follows:

Outstanding Balances with ages:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**988,849**	852,160
91 to 180 days	**171,361**	133,394
181 to 365 days	**115,437**	78,210
1 to 2 years	**33,087**	23,469
Over 2 years	**8,821**	5,294
	1,317,555	1,092,527

Movements in the provision for impairment of trade receivables are as follows:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**13,284**	15,507
Impairment losses recognised/(reversed) *(note 5)*	**1,625**	(2,223)
At 31 December	**14,909**	13,284

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB14,909,000 (2013: RMB13,284,000) with a carrying amount before provision of RMB14,909,000 (2013: RMB13,284,000).

The above provision for impairment of trade receivables relates to individual customers that were in financial difficulties and the receivables that are not expected to be recoverable. These balances were fully provided for.

The bills receivable are due to mature within 180 days from 31 December 2014.

An analysis of trade and bills receivables that were not individually nor collectively considered to be impaired is as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,275,647**	1,063,762
Past due within 3 months but not impaired	**41,908**	28,765
	1,317,555	1,092,527

Receivables that were neither past due nor impaired relate to a large number of diversified customers that have not had a history of default recently.

Receivables that were past due but not impaired relate to a number of independent customers that have a good payment track record with the Group. Based on past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Prepayments	**44,997**	29,730
Prepaid land lease payments	**1,718**	1,624
Interest receivables	**2,035**	9,401
Deposits and other receivables	**17,654**	18,314
	66,404	59,069

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. CASH AND BANK BALANCES AND TIME DEPOSITS

	2014	2013
	RMB'000	*RMB'000*
Cash and bank balances	**138,907**	138,105
Time deposits	**622,514**	684,803
	761,421	822,908
Less: Pledged for interest-bearing bank borrowings	**(387,767)**	(424,026)
Pledged for bills payable	**(232,332)**	(258,259)
Pledged for letters of credit	**(2,415)**	(2,518)
	(622,514)	(684,803)
Cash and cash equivalents	**138,907**	138,105
Denominated in RMB	**704,635**	810,972
Denominated in US$	**41,054**	4,736
Denominated in HK$	**8,573**	5,243
Denominated in EUR	**1,116**	10
Denominated in INR	**4,447**	1,509
Denominated in SG$	**1,596**	438
	761,421	822,908

14. TRADE AND BILLS PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**348,837**	336,427
Bills payable	**860,605**	731,231
	1,209,442	1,067,658

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**293,595**	817,411
91 to 180 days	**850,119**	204,420
181 to 365 days	**29,423**	34,824
1 to 2 years	**31,225**	8,968
2 to 3 years	**3,752**	1,622
Over 3 years	**1,328**	413
	1,209,442	1,067,658

The trade payables are non-interest-bearing and are normally settled on 90-day terms. All the bills payable bear maturity dates within 180 days. As at 31 December 2014, bills payable amounting to RMB850,800,000 (2013: RMB701,800,000) were issued on intercompany sales transactions within Group companies and these bills were discounted to banks for short term financing.

As at 31 December 2014, certain of the Group's bills payables were secured by pledge of certain of the Group's time deposits amounting to RMB232,332,000 (2013: RMB258,259,000) *(note 17)*.

15. OTHER PAYABLES AND ACCRUALS

	2014	2013
	RMB'000	*RMB'000*
Payables for purchase of items of property, plant and equipment	**35,848**	66,048
Advances from customers	**82,105**	59,865
Accrued expenses	**37,582**	45,943
Accrued payroll	**34,134**	65,591
Provision for social insurance and retirement benefits	**128,697**	94,142
Provision for product warranties	**8,373**	5,716
Others	**33,434**	32,411
	360,173	369,716

16. INTEREST-BEARING BANK BORROWINGS

	Group					
	2014			2013		
	Effective interest rate(%)	**Maturity**	***RMB'000***	Effective interest rate(%)	Maturity	*RMB'000*
Current						
Interest-bearing bank borrowings, secured	**1.95 to 7.80**	**2015**	**1,128,289**	0.95 to 7.80	2014	1,144,220
Collateralised bank advances, secured	**3.44 to 5.03**	**2015**	**11,208**	2.57 to 3.44	2014	38,921
			1,139,497			1,183,141
Non-current						
Interest-bearing bank borrowings, secured		**2017-2028**	**62,173**		2017-2028	39,376
			62,173			39,376
			1,201,670			1,222,517
Denominated in RMB			**811,893**			697,300
Denominated in US$			**277,737**			303,841
Denominated in HK$			**91,704**			198,124
Denominated in SG$			**20,336**			23,252
			1,201,670			1,222,517

Analysed into:

	2014	2013
	RMB'000	*RMB'000*
Bank loans and advances repayable:		
Within one year	**1,139,497**	1,183,141
In the second year	**19,722**	6,640
In the third to fifth years, inclusive	**7,889**	11,702
Beyond five years	**34,562**	21,034
	1,201,670	1,222,517

The Group's secured bank borrowings are secured by the following pledge or guarantees:

(i) Pledge of the Group's assets with a total value of RMB1,226,539,000 (31 December 2013: RMB1,045,131,000) for the bank borrowings as disclosed in note 17.

(ii) Cross guarantees executed by companies within the Group.

17. PLEDGE OF ASSETS

31 December 2014	**Prepaid land lease payments**	**Property, plant and equipment**	**Pledged deposits**	**Trade and bills receivables**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
			(note 13)	***(note 11)***	
Interest-bearing bank borrowings *(note 16)*	**33,825**	**770,821**	**387,767**	**34,126**	**1,226,539**
Bills payable *(note 14)*	**–**	**–**	**232,332**	**–**	**232,332**
Issue of letters of credit	**–**	**–**	**2,415**	**–**	**2,415**
	33,825	**770,821**	**622,514**	**34,126**	**1,461,286**

31 December 2013	Prepaid land lease payments	Property, plant and equipment	Pledged deposits	Trade and bills receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note 13)	*(note 11)*	
Interest-bearing bank borrowings *(note 16)*	37,889	561,257	424,026	21,959	1,045,131
Bills payable *(note 14)*	–	–	258,259	–	258,259
Issue of letters of credit	–	–	2,518	–	2,518
	37,889	561,257	684,803	21,959	1,305,908

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases office premises under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**293**	266
In the second to fifth years, inclusive	**147**	295
After five years	**20**	18
	460	579

(b) As lessee

The Group leases certain of its office properties from its related companies and the independent third parties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to twenty years.

As at 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**3,653**	3,681
In the second to fifth years, inclusive	**8,853**	10,077
After five years	**14,196**	14,298
	26,702	28,056

19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18(b) above, the Group had the following capital commitments at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Land and buildings	**15,270**	7,308
Plant and machinery	**9,735**	21,586
	25,005	28,894
Capital contribution payable for:		
Available-for-sale investment (i)	**14,000**	24,500
	39,005	53,394

(i) On 8 June 2013, Leoch Battery (Jiangsu) Corp. entered into an agreement to invest RMB35,000,000 in an available-for-sale equity investment. As at 31 December 2014, a total of RMB21,000,000 was paid and the balance of the investment will not become due until it's called by the general partner managing the investment. As at 31 December 2014, RMB14,000,000 has yet to be paid.

20. EVENT AFTER THE REPORTING PERIOD

On 5 March 2015, Dongguan Leoch Battery Technology Co., Ltd. ("Dongguan Leoch"), a subsidiary of the Company, entered into an agreement to form a joint venture with an independent third party (the "Party B") for a total paid in capital of RMB27,500,000, pursuant to which Dongguan Leoch will invest by way of its land use right for 90.91% of the joint venture's interests and the Party B will invest by way of cash contribution for 9.09% of the joint venture's interests. Upon request by the Party B, the 90.91% interests in the joint venture held by Dongguan Leoch will be acquired by the Party B or another buyer designated by the Party B for RMB25,000,000, the original investment cost of Dongguan Leoch, within one year. The joint venture has not been incorporated up to the date of this report.

21. COMPARATIVE AMOUNTS

Certain comparative amounts in the consolidated financial statements have been reclassified to conform with the current year's presentation and accounting treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a vertically integrated enterprise primarily engaged in the development, sale and manufacture of lead-acid batteries. The Group sells over 2,000 models of lead-acid battery products, ranging in capacity from 0.251 Ah to 4,055 Ah. Among the PRC battery manufacturers, the Group offers one of the broadest lines of lead-acid battery products.

For the year ended 31 December 2014 (the "Period"), the Group's revenue amounted to RMB4,248.4 million, representing an increase of 16.5% from RMB3,646.9 million in 2013. Lead-acid batteries are generally classified into three major market categories, namely reserve power batteries, SLI batteries and motive power batteries. Details of business operations of the Group in these three categories are as follows:

Reserve power batteries

Reserve power batteries are the major revenue contributor of the Group. The Group's sales of reserve power batteries during the Period amounted to RMB3,088.9 million, representing an increase of 11.7% from 2013. Reserve power battery products are further classified into four major application markets, namely uninterrupted power supply system ("UPS"), telecommunications, other consumer products and renewable energy. Sales of UPS and telecommunications increased as compared to a slight decrease in other consumer products batteries and renewable energy batteries. The increase was primarily due to increased demand from oversea UPS customers, mainly from India. The Group's sales in the telecommunication category increased, mainly due to the substantially increased overall investments of telecommunication in China customers in 2014 due to the start of 4G construction in China. The Group's sales in other consumer products batteries and renewable energy batteries slightly decreased during the Period, primarily due to weak consumer market demand.

SLI batteries

SLI batteries are used mainly in starting up automobiles and motorcycles. The Group's sales of SLI batteries during the Period amounted to RMB835.4 million, representing an increase of 19.7% from 2013. The increase was primarily attributable to general increase in demand and the increased utilization rate of the factories that led to the increase in the production of automobiles and motorcycles batteries.

Motive power batteries

Motive power batteries are mainly used to provide power for electric vehicles such as forklifts, golf carts and electric bicycles and other portable devices. During the Period, the Group recorded sales revenue of RMB135.7 million, representing a decrease of 8.4%. The decrease in sales was mainly due to the fierce competition in electric vehicle battery industry in 2014.

Sales network

The Group distributes its products to more than 100 countries and regions across the world. The Group's regional sales centres are located in Beijing, Shenzhen, Zhaoqing, Nanjing, the United States, the European Union, Hong Kong, Singapore, India, Sri Lanka and Malaysia, together with 39 domestic sales centres across the PRC. Currently, the Group has over 500 dedicated sales and after-sales employees. The Group will continue expanding its sales teams and marketing network to support the sales, distribution, and aftersales services for the reserve power batteries, SLI batteries and motive power batteries of the Group.

Research and development ("R&D") of new products

The Group is a leader in R&D and application of lead-acid battery technologies in China. The Group's battery research and development team consists of more than 400 researchers and technicians. To support its R&D efforts, the Group works closely with international and domestic battery experts and research institutions to develop new technologies. Currently, the Group holds 862 patents and there are 80 proprietary technologies in the process of patent applications.

The Group has grasped and applied most of the lead-acid battery technologies in the world, including technologies used in the first generation open-type fluid infusion battery, the second generation Absorbent Glass Mat battery and new energy battery, the third generation pure lead battery, and the fourth generation Stop-Start battery. The Group is one of a handful of enterprises in the world possessing the third and the fourth generations of technologies. The Group's strong R&D capabilities enable it to produce a broad range of battery products deploying most of the key lead-acid battery technologies. Currently, the Group has developed more than 2,000 different types of battery products employing various application technologies, making the Group one of the battery enterprises with the broadest range of lead-acid batteries.

Production bases

During the Period, the Group operated eight well-built production bases, including five wholly-owned production bases in the PRC, a production base in Sri Lanka, and two joint venture production bases in Malaysia, with a total site area of approximately 920,000 sq.m.. As at the end of 2014, the Group's production capacity has increased to 18.2 million KVAh from 17.9 million KVAh as at the end of 2013 with an approximately 56% overall utilization rate as at 31 December 2014. The Group is continuing to further expand its production and manufacturing capacities.

Trend of lead price

Lead is the main raw material of lead-acid batteries and accounts for a major sales cost for the Group's battery production. According to Shanghai Metals Market, an information service provider of the non-ferrous metal market, lead prices were generally declining under slight fluctuation during the year. Domestic average lead price decreased from RMB14,178 per ton in 2013 to RMB13,825 per ton in 2014, representing a decrease of approximately 2.5%. To cope with potential risks of fluctuations in lead price, the Group adopts a price linkage mechanism, passing raw materials price fluctuations to customers to hedge relevant risks. The Group's centralized procurement of raw materials enables it to trim down costs of raw materials through favourable negotiations on bulk purchase contracts.

Future Prospects

Batteries, one of the necessities in modern society, are mainly used in UPS at data centres of computer networks, automobiles, motorcycles, telecommunication base stations, trains, subway, solar and wind power stations, substations, electric vehicles, elevators, backup lights and medical equipment. These equipment industries have been dominated manufactories of Europe and United States of America, and accessory batteries have also been manufactured overseas traditionally. However, the surging application of these equipment amid the urbanization paces in the PRC is pushing forward a shift for such equipment to be manufactured domestically. Hence, the Group believes that the lead-acid battery market will enjoy continuous growth as driven by domestic industry upgrading and the ongoing shift of the high-end industries from overseas.

The Group anticipates that lead-acid batteries will sustain the growth momentum in three categories, namely reserve power batteries, SLI batteries and motive power batteries. To grasp these market opportunities, the Group has formulated the following strategic plans for the three categories of lead-acid batteries:

Reserve power batteries

Equipment manufacturers and operators are the Group's major customers. Reserve power battery products have four major application areas, namely UPS, telecommunications, other consumer products and renewable energy. The Group also believes that in the long run, reserve power batteries will sustain growth in these four major application markets. The Group has exerted all its efforts to expand its market share to secure its leading position in the domestic market of reserve power batteries.

SLI batteries

China has been ranked first in vehicle production and sales in the world since 2010, with over 20 million vehicles, being higher than over 10 million in the United States and over 10 million in the European Union. A consensus has therefore been formed in the market that the momentum of vehicle production and sales in China will continue from 2015 to 2022, further multiplying the demand for SLI batteries. The Group has strengthened its investment in SLI batteries, aiming to become one of the leading suppliers of SLI batteries for automobiles in China.

Motive power batteries

The demand for motive power batteries has been propelled by the extensive promotion and application of the batteries in electric transportations such as electric bicycles, low-speed battery vehicles and forklifts. The Group will maintain its competitiveness in the sector of low-speed electric vehicles and forklifts which will witness more extensive application as driven by industrial automation.

Financial Review

For the year ended 31 December 2014, the Group's revenue amounted to RMB4,248.4 million, representing an increase of 16.5% compared to the year ended 31 December 2013. The profit attributable to the owners of the Company amounted to RMB81.8 million as compared to loss attributable to the owners of the Company of RMB129.3 million for 2013. Basic earnings per share for the year ended 31 December 2014 was RMB0.06.

Revenue

The Group's revenue increased by 16.5% from RMB3,646.9 million for the year ended 31 December 2013 to RMB4,248.4 million for the year ended 31 December 2014.

The revenue of reserve power batteries increased by 11.7% from RMB2,765.0 million for the year ended 31 December 2013 to RMB3,088.9 million for the year ended 31 December 2014, which was principally due to the increased investment of 4G telecommunication equipments. The revenue of SLI batteries increased by 19.7% from RMB698.0 million for the year ended 31 December 2013 to RMB835.4 million for the year ended 31 December 2014, which was primarily attributable to general increase in demand and the increased utilization rate of the factories that led to the increase in the production of automobiles and motorcycles batteries.

The revenue of motive power batteries decreased by 8.4% from RMB148.0 million for the year ended 31 December 2013 to RMB135.7 million for the year ended 31 December 2014, which was mainly due to the fierce competition in electric vehicle battery industry in 2014. Details of the Group's revenue for the years ended 31 December 2014 and 2013 by category of batteries are set out below:

	2014			2013	
Product category	**Revenue**	**Share**	**Percentage increase/ (decrease)**	**Revenue**	**Share**
	RMB'000	*percentage*		*RMB'000*	*percentage*
Reserve power batteries	3,088,905	72.7%	11.7%	2,764,990	75.8%
SLI batteries	835,356	19.7%	19.7%	697,975	19.1%
Motive power batteries	135,675	3.2%	(8.4%)	148,037	4.1%
Other	188,415	4.4%	425.2%	35,872	1.0%
Total	4,248,351	100%	16.5%	3,646,874	100%

Geographically, the Group's customers are principally located in the PRC, the United States of America, the European Union and other Asian countries/areas. The Group recorded different degree of growth in its sales in the PRC, the United States of America, European Union and other Asian Countries/areas while there was minor reduction in sales in other secondary market.

The Group's sales revenue in the PRC increased by 14.5% from RMB1,707.6 million for the year ended 31 December 2013 to RMB1,954.4 million for the year ended 31 December 2014, representing 46.0% of the Group's total revenue (for the year ended 31 December 2013: 46.8%). The increase was mainly due to the growth in sales of telecommunication batteries as a result of the initial investment in 4G base stations network by telecommunication companies in the PRC.

The Group's sales revenue in the United States of America and European Union increased by 29.9% and 24.6% from RMB514.8 million and RMB612.3 milion for the year ended 31 December 2013 to RMB668.6 million and RMB763.2 million for the year ended 31 December 2014, respectively, which was mainly due to the increase of UPS and SLI batteries from overseas customers due to the Group's increased marketing efforts in developing the United States of America and European Union market. The Group's sales revenue in other Asian countries/areas increased by 10.8% from RMB549.5 million for the year ended 31 December 2013 to RMB608.9 million for the year ended 31 December 2014. The increase was principally due to the stepping up of effort in building up the sales teams of southeast Asia and India and the sales effort in the region. The Group's sales revenue from battery products in other countries decreased by 3.6% from RMB262.6 million for the year ended 31 December 2013 to RMB253.3 million for the year ended 31 December 2014 which was mainly due to lower sales from Africa and South America customers, with the traditional suppliers in such areas being European battery manufacturers. The decrease was attributable to the keen competition in the region.

The following revenue information is based on the location of the customers for the years ended 31 December 2014 and 2013:

	2014			**2013**	
	Revenue	**Share**	**Percentage increase/ (decrease)**	**Revenue**	**Share**
	RMB'000	*percentage*		*RMB'000*	*percentage*
PRC	1,954,397	46.0%	14.5%	1,707,625	46.8%
United States of America	668,594	15.7%	29.9%	514,799	14.1%
European Union	763,170	18.0%	24.6%	612,295	16.8%
Other Asian countries/areas	608,936	14.3%	10.8%	549,532	15.1%
Other countries	253,254	6.0%	(3.6%)	262,623	7.2%
Total	4,248,351	100%	16.5%	3,646,874	100%

Cost of Sales

The Group's cost of sales increased by 15.3% from RMB3,063.7 million for the year ended 31 December 2013 to RMB3,531.7 million for the year ended 31 December 2014. The increase was in line with the increase in sales for the Period with the increased utilization of the Group's production capacity during the Period.

Gross Profit

The Group's gross profit increased by 22.9% from RMB583.2 million for the year ended 31 December 2013 to RMB716.7 million for the year ended 31 December 2014, mainly due to the increase in revenue resulting in economies of scale during the Period. The overall gross profit margin increased from 16.0% for the year ended 31 December 2013 to 16.9% for the year ended 31 December 2014.

Other Income and Gains

Other income and gains decreased by 25.9% from RMB102.1 million for the year ended 31 December 2013 to RMB75.6 million for the year ended 31 December 2014, mainly due to the decreased bank interest income and fair value gains of foreign exchange contracts during the Period.

Selling and Distribution Expenses

The Group's selling and distribution costs increased by 20.0% from RMB168.6 million for the year ended 31 December 2013 to RMB202.3 million for the year ended 31 December 2014, which is in line with the growth in revenue, primarily due to the expansion in sales network as the Group further penetrates into the SLI battery sector.

Administrative Expenses

The Group's administrative expenses decreased by 8.5% from RMB240.5 million for the year ended 31 December 2013 to RMB220.1 million for the year ended 31 December 2014, mainly due to the better control on administrative spending.

R&D expenses

The R&D expenditure of the Group increased by 23.5% from RMB125.0 million for the year ended 31 December 2013 to RMB154.4 million for the year ended 31 December 2014. The increase in expenditure was mainly used for performance enhancement of existing products and development of new products, enhancement of product competitiveness and increased commitment in manufacturing process automation research and development.

Other Expenses

The Group's other expenses increased by 794.6% from RMB5.6 million for the year ended 31 December 2013 to RMB50.1 million for the year ended 31 December 2014, which was mainly due to the fair value losses on warrants issued for RMB12.3 million as a result of the sharp increase in the Company's Share price, and unrealised loss on foreign exchange forward contracts for RMB32.9 million as a result of the depreciation of the RMB during the Period.

Finance Costs

The Group's finance costs increased by 9.8% from RMB98.8 million for the year ended 31 December 2013 to RMB108.5 million for the year ended 31 December 2014, mainly due to the rise in financing cost as well as increase in total borrowings during the Period.

Profit/(Loss) before Tax

As a result of the foregoing factors, the Group recorded profit before tax of RMB111.9 million for the year ended 31 December 2014 as compared to loss before tax of RMB120.9 million for the year ended 31 December 2013.

Income Tax Expense

Income tax expense increased by 258.2% from RMB8.4 million for the year ended 31 December 2013 to RMB30.1 million for the year ended 31 December 2014, mainly due to the increase in profit which was subject to tax of the Group during the Period.

Reversal/(provision for) impairment losses due to suspension of Zhaoqing Leoch

The Company's wholly-owned subsidiary, Zhaoqing Leoch, had suspended its production operations in accordance with the request of the local environmental protection bureau to conduct self-examination and enhancement of their production plants from July 2012 to October 2013. Although Zhaoqing Leoch resumed operation in November 2013, considering the effect of this suspension with a period of over one year, the management performed impairment tests on property, plant and equipment, prepaid land lease payments and inventories of Zhaoqing Leoch as of 31 December 2013, and recognised impairment losses of RMB168.0 million in 2013.

As at 31 December 2014, management reassessed the status of the property, plant and equipment and prepaid land lease payments. Management was of the view that the economic performance of the property, plant and equipment and prepaid land lease payments in Zhaoqing Leoch was, and would be, better than expected as a result of the industry boom. According to the impairment tests on these non-current assets as at 31 December 2014, an impairment loss of RMB58.8 million previously recognised in 2013 was reversed in 2014.

Profit/(Loss) for the Year

As a result of the foregoing factors, the Group recorded profit attributable to the owners of the Company of RMB81.8 million for the year ended 31 December 2014 as compared to loss attributable to the owners of the Company of RMB129.3 million for the year ended 31 December 2013.

Net Current Assets

As at 31 December 2014, the Group had net current assets of RMB228.3 million (31 December 2013: RMB96.3 million). The Group's current assets mainly consist of inventories, trade and bills receivables, cash and bank balances, prepayments, deposits and other receivables. The Group's current liabilities mainly consist of trade and bills payables, other payables and accruals, and interest-bearing bank borrowings.

Inventories

Inventories constituted one of the principal components of the Group's current assets. As at 31 December 2014, the Group had inventories of RMB796.1 million (31 December 2013: RMB722.3 million). The increase in inventories was primarily due to the resumption and increased utilization of the Group's production capacity.

Trade and Other Receivables

(a) Trade and bills receivables

The Group's trade and bills receivables primarily related to receivables for goods sold to its customers. As at 31 December 2014, the Group had trade and bills receivables of RMB1,317.6 million (31 December 2013: RMB1,092.5 million). The increase in trade and bills receivables was in line with the increase in revenue during the Period.

(b) Prepayments, deposits and other receivables

The Group's prepayments and deposits mostly related to the purchase of raw materials. As at 31 December 2014, the Group had prepayments, deposits and other receivables of RMB66.4 million (31 December 2013: RMB59.1 million). The increase in prepayments, deposits and other receivables as compared to 2013 was in line with the increase in sales and production during the Period.

Trade and Bills Payables

The Group's trade and bills payables primarily relate to its purchase of raw materials for production. As at 31 December 2014, the Group had trade and bills payables of RMB1,209.4 million (31 December 2013: RMB1,067.7 million). The increase in trade and bills payables was mainly because of the Group's increased procurement for increased turnover.

Other Payables and Accruals

The Group's other payables and accruals primarily consisted of payments for its expenditures related to construction and renovation of its production facilities, payments in connection with transportation charges, advance payments from customers for shipments and accruals for payroll and benefits for its employees. As at 31 December 2014, the Group had other payables and accruals of RMB360.2 million as compared to RMB369.7 million as at 31 December 2013. The slight decrease was mainly due to the decreased payables for purchasing machinery, which was partially offset by the increase in provision for social insurance of the Group's employees.

Capital Expenditures

During the year ended 31 December 2014, the Group invested RMB94.9 million (31 December 2013: RMB347.7 million) in property, plant and equipment for its new production facilities.

Liquidity and Financial Resources

As at 31 December 2014, the Group's net current assets amounted to RMB228.3 million (31 December 2013: RMB96.3 million), among which cash and bank deposits amounted to RMB761.4 million (31 December 2013: RMB822.4 million). As at 31 December 2014, the Group had bank borrowings of RMB1,201.7 million (31 December 2013: RMB1,222.5 million), all of which were interest-bearing. Except for borrowings of RMB62.2 million (31 December 2013: RMB39.4 million) which had a maturity over one year, all of the Group's bank borrowings were repayable within one year. The Group's borrowings were denominated in RMB, U.S. dollars, HK dollars and Singapore dollars, and the effective interest rates of which as of 31 December 2014 ranged from 1.95% to 7.80% (31 December 2013: 0.95% to 7.80%).

A portion of the Group's bank borrowings was secured by pledges over certain assets of the Group including property, plant and equipment, leasehold lands, deposits and trade and bills receivables. As at 31 December 2014, the Group's gearing ratio was 22.8% (31 December 2013: 24.4%), which was calculated by dividing total borrowings by total assets as at the end of each respective period, multiplied by 100%.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014 (31 December 2013: nil).

Foreign Exchange Risk

The Group operated primarily in the PRC. For the Group's companies in the PRC, their principal activities were transacted in RMB. For other companies outside of the PRC, their principal activities were transacted in U.S. dollars. However, as a result of the Group's revenue being denominated in RMB, the conversion into foreign currencies in connection with payments is subject to PRC regulatory restrictions on currency conversion. The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, change in PRC's political and economic conditions. The Group's product sales adopted a price mechanism by which the currency fluctuation is basically transferred to the customers, but the Group's foreign currency trade receivables may still be exposed to risk in the credit period. The Group commenced using forward currency contracts since the year 2012 to eliminate the foreign currency exposures arising from sales denominated in U.S. dollar with a total amount of US$100 million (2013: US$65 million). The forward currency contracts must be in the same currency as the hedged item, i.e. U.S. dollar.

Material Acquisition and Disposal

There was no material acquisition and disposal of subsidiaries or associated companies by the Group during the Period.

EMPLOYEES

As at 31 December 2014, the Group had 10,408 employees. Employee benefit expenses (including directors' remuneration), which comprised wages and salaries, performance-related bonuses, equity-settled share option expenses and retirement benefit scheme contributions, totalled RMB543.1 million for the year ended 31 December 2014 (the year ended 31 December 2013: RMB465.0 million).

The Group has a share option scheme for selected participants as incentive and reward for their contribution to the Group. A mandatory provident fund scheme and local retirement benefit schemes are also in effect. The Group encourages employees to receive continuing education and training to strengthen their work skills and for personal development. The Group also provides workshops for staff at different levels to enhance their knowledge of work safety and to build up team spirit. Staff are rewarded based on performance of the Group as well as on individual performance and contribution.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK2.25 cents per share for the year ended 31 December 2014 (2013: Nil) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 10 June 2015. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company, the said final dividend will be paid to the Company's shareholders on or about 15 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed:

(i) from 27 May 2015 to 29 May 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting of the Company, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar (see below) for registration by no later than 4:30 p.m. on 26 May 2015; and

(ii) from 8 June 2015 to 10 June 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to receive the proposed final dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for receiving the proposed final dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar (see below) for registration by no later than 4:30 p.m. on 5 June 2015.

Tricor Investor Services Limited.
Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code for dealing in securities of the Company by its directors. After specific enquiry, all directors of the Company confirmed that they have complied with the required standard of dealings set out therein throughout the year ended 31 December 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of shareholders and enhancing corporate value. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 31 December 2014, except for code provision A.2.1 which stipulates that the roles of the chairman (responsible for the management of the board of directors) and chief executive officer (responsible for the day-to-day management of the listed issuer's business) should be separate and should not be performed by the same individual. Before 28 August 2014, Mr. Dong Li was both the chairman and the chief executive officer of the Company given that Mr. Dong Li is the founder of the Group and has extensive experience in the battery industry.

With effect from 28 August 2014, Ms. Zhao Huan has been appointed as the chief executive officer of the Company and accordingly code provision A.2.1 has now been complied with.

AUDIT COMMITTEE

The Audit Committee, which comprises the three independent non-executive directors of the Company, namely, Mr. Cao Yixiong Alan (chairman of the Audit Committee), Mr. Liu Yangsheng and Mr. Lau Chi Kit, has reviewed the financial statements of the Group for the year ended 31 December 2014 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers and staff for their continued support to the Group.

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

Hong Kong, 20 March 2015

As of the date of this announcement, the executive Directors are Mr. Dong Li, Ms. Zhao Huan and Mr. Philip Armstrong Noznesky and the independent non-executive Directors are Mr. Liu Yangsheng, Mr. Cao Yixiong Alan and Mr. Lau Chi Kit.