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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Leoch International Technology Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO: (A) SALES OF LEAD-ACID BATTERIES; AND (B) PURCHASES OF RAW MATERIALS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to
the Independent Board Committee and Independent Shareholders**



A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from Optima Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 33 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 5th Floor, Xin Bao Hui Building, No. 2061, Nanhai Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC on Monday, 3 December 2018 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the extraordinary general meeting of the Company is also enclosed with this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so wish.

7 November 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2015 Agreements”	(i) the master sales agreement dated 13 October 2015 entered into between the Company and Mr. Dong in relation to the sales by the Group to Mr. Dong’s Associates of products including lead-acid batteries; and (ii) the master purchases agreement dated 13 October 2015 entered into between the Company and Mr. Dong in relation to the purchases by the Group from Mr. Dong’s Associates of products including battery cases, parts, models, chargers and electronic products and electric scooters, details of which are set out in the announcement of the Company dated 13 October 2015
“Announcement”	the announcement of the Company dated 16 October 2018 in relation to the Master Sales Agreement and the Master Raw Materials Purchases Agreement
“associate”	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
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at 5th Floor, Xin Bao Hui Building, No. 2061, Nanhai Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC on Monday, 3 December 2018 at 10:00 a.m. to consider and, if appropriate, to approve, amongst other matters, each of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and as to voting
“Independent Shareholders”	Shareholders other than Mr. Dong, Master Alliance and Mr. Dong’s Associates
“Latest Practicable Date”	2 November 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Master Alliance”	Master Alliance Investment Limited, a limited liability company incorporated in the British Virgin Islands which is wholly owned by Mr. Dong
“Master Raw Materials Purchases Agreement”	the master purchases agreement dated 16 October 2018 entered into between the Company and Mr. Dong in respect of the purchases by the Group from Mr. Dong’s Associates of products including battery cases, parts, models, chargers and electronic products etc.
“Master Sales Agreement”	the master sales agreement dated 16 October 2018 entered into between the Company and Mr. Dong in respect of the sales by the Group to Mr. Dong’s Associates of products including lead-acid batteries and related parts etc.
“Mr. Dong”	Mr. Dong Li, the Chairman of the Board and an executive Director, who through Master Alliance, is interested in approximately 74.18% of the total issued share capital of the Company and hence a controlling Shareholder
“Mr. Dong’s Associates”	Mr. Dong and his associates, including, Guangdong Marshall Electric Vehicle Co., Ltd., Shanghai Dongming Marshall Electric Vehicle Co., Ltd., and Anhui Marshall Electric Vehicles Co., Ltd. etc. but excluding the Group
“Optima Capital”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps)

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchases Caps”	the maximum annual purchases amounts as set out in the Master Raw Materials Purchases Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Caps”	the maximum annual sales amounts as set out in the Master Sales Agreement
“SFO”	Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Dong Li
Ms. Yin Haiyan

Independent non-executive Directors:

Mr. Liu Yangsheng
Mr. Cao Yixiong Alan
Mr. Lau Chi Kit

Registered Office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Workshop C, 33/F,
TML Tower
No. 3 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

7 November 2018

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO:
(A) SALES OF LEAD-ACID BATTERIES; AND
(B) PURCHASES OF RAW MATERIALS; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

BACKGROUND

Reference is made to the announcement of the Company dated 13 October 2015 in relation to certain continuing sales and purchases transactions between the Group and Mr. Dong's Associates with their respective annual caps for the three years ended 31 December 2018. As the 2015 Agreements will soon expire and the sales and purchases transactions between the Group and Mr. Dong's Associates will continue in the foreseeable future, the Board is pleased to announce that the Master Sales Agreement and the Master Raw Materials Purchases Agreement were entered into in relation to the same subject transactions with revised annual caps for a further term of 3 years up to 31 December 2021.

LETTER FROM THE BOARD

As each of the Sales Caps and the Purchases Caps exceed 5% of the relevant percentage ratios and HK\$10,000,000 per annum, the transactions under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with further details of the Master Sales Agreement and the Master Raw Materials Purchases Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, other information relating to the Group and the Directors, and the notice of EGM.

THE MASTER SALES AGREEMENT

Date:

16 October 2018

Parties:

- (i) The Company; and
- (ii) Mr. Dong.

Subject matters:

Pursuant to the Master Sales Agreement, the Group has agreed to sell products including lead-acid batteries and related parts etc. to Mr. Dong's Associates for a term of three years commencing from 1 January 2019, subject to approval by the Independent Shareholders at the EGM.

The selling price by the Group shall be at the prevailing market price based on the standard price list of the Group for its products applicable to all its customers (which generally was determined by the sales department on a fixed percentage of margins over costs and taking into account of the lead price fluctuation and the selling price of the competitors), namely, the price at which the same type of products is sold by the Group to independent third parties on normal commercial terms in the ordinary course of business in the PRC, or on terms which are no less favourable to the Group than terms available to other independent third parties who are willing to order similar quantity under similar conditions. The selling price shall be settled within 30 to 60 days after delivery.

LETTER FROM THE BOARD

The price for the lead-acid batteries under the Master Sales Agreement is as follow:–

Type of major products	Range of prices* <i>(RMB per unit)</i>
Start lighting and ignition batteries	89-1,567
Reserve power batteries	16-1,832
Motive power batteries	90-1,054
Other batteries	12-1,081

* *Based on price list as at the Latest Practicable Date, subject to change in future.*

The Sales Caps under the Master Sales Agreement are set out below:

	Year ending 31 December 2019 <i>(RMB million)</i>	Year ending 31 December 2020 <i>(RMB million)</i>	Year ending 31 December 2021 <i>(RMB million)</i>
Sales Caps	<u>138</u>	<u>172</u>	<u>215</u>

In determining the Sales Caps, the Board has taken into account: (i) the historical amount of sales of lead-acid batteries and related parts etc. to Mr. Dong's Associates; and (ii) the purchase plan provided by Mr. Dong's Associates in the coming years. For each of the two years ended 31 December 2017 and the six months ended 30 June 2018, sales of lead-acid batteries and related parts etc. to Mr. Dong's Associates amounted to approximately RMB56.6 million, RMB84.3 million and RMB49.7 million respectively.

The Board considers that the increases in sales to Mr. Dong's Associates over the past years were driven by the increase in sales of electric vehicles by Mr. Dong's Associates in the PRC and overseas markets. The market for electric vehicles has been booming in recent years due to (i) an increasing demand for electric sightseeing cars along with government initiatives in promoting tourism in the PRC; (ii) the enhancement in community safety facilities and the government policies to reduce vehicle emissions and promote the use of new energy vehicles in the PRC, which in turn led to an increasing demand for electric patrol car and small electric fire truck; and (iii) an increasing demand for electric golf cart, car starter, car inverter and charger from overseas markets.

LETTER FROM THE BOARD

Notwithstanding that the existing sales caps had not been fully utilised, Mr. Dong's Associates expect the market for their new products, including electric forklifts and electric cleaning facilities, will start to contribute stable growth in sales in view of the positive outlook in the electric vehicle market benefited from the PRC government initiatives to promote tourism and the use of new energy vehicles as described above. In the coming years, Mr. Dong's Associates also expect to expand their market share in terms of product offerings and geographical coverage. In achieving such growth, Mr. Dong's Associates will continue to devote resources in the technical development of electric forklifts. Further, Mr. Dong's Associates are constructing a new production plant in Anhui province, the PRC to increase their production capacity of electric vehicles, which is expected to commence production in June 2019.

As such the Board is of the view that the increase in the Sales Caps is fair and reasonable.

THE MASTER RAW MATERIALS PURCHASES AGREEMENT

Date:

16 October 2018

Parties:

- (i) The Company; and
- (ii) Mr. Dong.

Subject matters:

Pursuant to the Master Raw Materials Purchases Agreement, the Group has agreed to purchase products including battery cases, parts, models, chargers and electronic products etc. from Mr. Dong's Associates for a term of three years commencing from 1 January 2019, subject to approval by the Independent Shareholders at the EGM.

The purchase price of such raw materials by the Group shall be at the prevailing market price, namely, the price at which the same type of products is purchased by the Group from independent third parties on normal commercial terms in the ordinary course of business in the PRC, or on terms which are no less favourable to the Group than the terms available from independent third parties for purchase of similar materials of comparable quality and quantity. The purchase price shall be settled on a monthly basis with two to three months' credit period for the Group.

LETTER FROM THE BOARD

The Purchases Caps under the Master Raw Materials Purchases Agreement are set out below:

	Year ending 31 December 2019 <i>(RMB million)</i>	Year ending 31 December 2020 <i>(RMB million)</i>	Year ending 31 December 2021 <i>(RMB million)</i>
Purchases Caps	<u>41</u>	<u>55</u>	<u>72</u>

In determining the Purchases Caps, the Board has taken into account: (i) the historical amount of purchases of raw materials from Mr. Dong's Associates; and (ii) the Group's forecast for sales of the battery products in the coming years. For each of the two years ended 31 December 2017 and the six months ended 30 June 2018, purchases of raw materials from Mr. Dong's Associates amounted to approximately RMB26.8 million, RMB30.6 million and RMB6.9 million respectively.

In preparing the proposed Purchases Caps the Board considered the expected growth in revenue contributed by the increase in sales volume and thus purchases of raw materials under the Master Raw Material Purchases Agreement would increase along with the growth in revenue. The historical compounded annual growth rate of the consolidated revenue of the Group from the sales of lead-acid batteries was approximately 33% during the three years ended 31 December 2015 to 2017. This forms the basis of the Board's forecast for sales of the battery products in the coming years when determining the proposed Purchases Caps.

It is noted that fewer amount of purchases was made by the Group from Mr. Dong's Associates in the first half year of 2018, despite an increase in the Group's revenue from sale of lead-acid batteries by approximately 20.2% (as compared to that for the corresponding period in 2017) to approximately RMB4,015.7 million for the six months ended 30 June 2018. This was due to fewer purchases were made in the first half of 2018 as Mr. Dong's Associates focused on utilising their production capacity for the manufacturing of their key products of electric vehicles, as a result of which less capacity had been retained for the production of the products required by the Group and less orders placed by the Group were accepted. Accordingly, the Group has sourced the raw materials alternatively from independent suppliers. The Group understands from Mr. Dong's Associates about their construction of new production plant which is expected to commence production in June 2019, and their expansion plans of production capacity for the plastics goods and electronic products through the purchases of new machines. As such the Board considers the low volume of purchases during the six months ended 30 June 2018 to be an one-off event and in view of these developments which will enhance their production capacity to cope with both the booming demand of electric vehicles and the raw materials to be supplied to the Group, the Directors considers it not appropriate to make reference to the relatively low actual amount of purchases in 2018 in determining the Purchases Caps and instead has made reference to the actual purchases amount for the year ended 31 December 2017.

LETTER FROM THE BOARD

REASONS FOR ENTERING INTO THE MASTER SALES AGREEMENT AND THE MASTER RAW MATERIALS PURCHASES AGREEMENT

The Group is a vertically integrated enterprise primarily engaged in the development, sale and manufacture of lead-acid batteries and other related items. It is one of the leading manufacturers and exporters of lead-acid batteries in the PRC. Mr. Dong's Associates refer to those companies controlled by Mr. Dong which are principally engaged in the manufacture and sales of electronic products, chargers, converters, power supply products, plastic goods, and electric vehicles etc..

The transactions contemplated under the Master Sales Agreement and the Master Raw Materials Purchases Agreement have been conducted in the ordinary course of business of the Group. The Master Sales Agreement has provided a framework to protect the interests of the Group while enabling the Group with a stable source of revenue from the sales of lead acid batteries and related parts. The Master Raw Materials Purchases Agreement will allow the Group to have a stable source of supply of certain raw materials such as battery cases, parts, models, chargers etc. with guaranteed quality for use in its production. The Master Sales Agreement and the Master Raw Materials Purchases Agreement are entered into to renew the 2015 Agreements, which will expire on 31 December 2018, with revised annual caps to reflect the continuing growth of the Group.

The Board considers that there is no disadvantage to the Group for entering into the Master Sales Agreement and the Master Raw Materials Purchases Agreement, except that the Group may have to spend time and costs on implementation of the various internal control measures (as disclosed below) and on the annual review requirements under the Listing Rules in respect of these continuing connected transactions.

INTERNAL CONTROL MEASURES

As part of its internal control procedures to determine the price and terms of the transactions contemplated under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement so as to ensure that the transactions to be conducted are 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 respective master agreements have been followed, (i) the head of the sales department will collect the price lists of lead-acid batteries from at least two independent competitors on a monthly basis and regularly review the price list of the Group to ensure that the selling prices charged to Mr. Dong's Associates under the Master Sales Agreement are at least on the same bases and same rates for similar products sold to independent third parties; (ii) the head of the procurement department will obtain quotation from Mr. Dong's Associates for each purchase and compare the quotations of similar raw materials from at least two other independent suppliers to ensure the price competitiveness of the raw materials purchases, before

LETTER FROM THE BOARD

placing any purchase order(s) with Mr. Dong's Associates; (iii) the head of the finance department will inform the sales or the procurement departments (as the case may be) the amounts of the Sales Caps or the Purchases Caps for the relevant period/year and monitor from time to time if such annual caps are exceeded; and (iv) the head of the finance department will also approve the payment to be made to Mr. Dong's Associates to ensure that the payment terms are in line with the relevant master agreement.

The independent non-executive Directors shall annually review the transactions contemplated under the Master Sales Agreement and the Master Raw Materials Purchases 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 of better and are fair and reasonable and the interests of the Shareholders as a whole. The auditors of the Company shall review the transactions contemplated under the Master Sales Agreement and the Master Raw Materials Purchases Agreement annually and confirming that the transactions have been entered into in accordance with the pricing policies as set out in this circular, in accordance with the terms and provisions of the Master Sales Agreement and the Master Raw Materials Purchases Agreement and not exceeded the relevant annual caps.

Based on the above, the Directors (excluding Mr. Dong who had abstained at the Board meeting in view of his material interests in the transactions) consider that the entering into of the Master Sales Agreement and the Master Raw Materials Purchases Agreement are in the ordinary course of business of the Group and that the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases 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

Mr. Dong is the Chairman of the Board and an executive Director who, through Master Alliance, is interested in approximately 74.18% of the total issued share capital of the Company and hence a controlling Shareholder. He and his associates (i.e. Mr. Dong's Associates) are connected persons of the Company. Accordingly, the transactions contemplated under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement constitute continuing connected transactions of the Company under the Listing Rules. As each of the Sales Caps and the Purchases Caps exceed 5% of the relevant percentage ratios and HK\$10,000,000 per annum, the transactions under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM which will be held at 5th Floor, Xin Bao Hui Building, No. 2061, Nanhai Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC on Monday, 3 December 2018 at 10:00 a.m. at which resolutions will be proposed to approve, among other matters, the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder. Mr. Dong, Master Alliance and Mr. Dong's Associates shall abstain from voting at the EGM to approve the Master Sales Agreement (including the Sales Caps), and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

The form of proxy for use at the EGM is enclosed with this circular. Such form is also available at the websites of the Company at <http://www.leoch.com/en/global.aspx> and of the Stock Exchange at www.hkex.com.hk. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any event not less than 48 hours before the time appointed for the holding of the EGM. Delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps). Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps).

All resolutions proposed to be approved at the EGM will be taken by way of a poll and an announcement on the outcome of the EGM will be made by the Company following the EGM in compliance with the requirement under the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular. The Independent Board Committee, having taken into account the advice of Optima Capital, the text of which is set out on pages 16 to 33 of this circular, considers that (i) the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement are in the ordinary and usual course of business of the Group. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM to approve the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the general information of the Group as included in the Appendix.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

7 November 2018

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 7 November 2018 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and to advise the Independent Shareholders as to the fairness and reasonableness of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps), and to recommend how the Independent Shareholders should vote at the EGM. Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 13 of the Circular, and the letter from Optima Capital to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps), as set out on pages 16 to 33 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Optima Capital, we consider that: (i) the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under each of the Master Sales Agreement and the Master Raw Materials Purchases Agreement are in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM to approve the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Liu Yangsheng

Mr. Cao Yixiong Alan

Mr. Lau Chi Kit

LETTER FROM OPTIMA CAPITAL

The following is the text of a letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

7 November 2018

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(A) SALES OF LEAD-ACID BATTERIES;
AND
(B) PURCHASES OF RAW MATERIALS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) (together, the “**Master Agreements**”) and the transactions contemplated thereunder (together, the “**Continuing Connected Transactions**”). Details of the Master Agreements and the Continuing Connected Transactions are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 7 November 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise specified.

On 16 October 2018, the Company entered into (i) the Master Sales Agreement with Mr. Dong in respect of the sales of the Group’s products including lead-acid batteries and related parts (the “**Sales**”) to Mr. Dong’s Associates; and (ii) the Master Raw Materials Purchases Agreement with Mr. Dong in respect of the purchases by the Group of components including battery cases, parts, models, chargers and electronic products from Mr. Dong’s Associates for use in manufacturing the Group’s battery products or for re-sale as accessories of the Group’s battery products (the “**Purchases**”).

LETTER FROM OPTIMA CAPITAL

As Mr. Dong is the Chairman of the Board and an executive Director who, through Master Alliance, is interested in 1,007,059,000 Shares (equivalent to approximately 74.18% of the total issued share capital of the Company as at the date of the Master Agreements) and hence a controlling Shareholder, he and his associates (i.e. Mr. Dong's Associates) are connected persons of the Company. Accordingly, the transactions contemplated under each of the Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the Sales Caps and the Purchases Caps exceed 5% of the relevant percentage ratios and HK\$10,000,000 per annum, the transactions under each of the Master Agreements will be subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval at the EGM for the Master Sales Agreements (including the Sales Caps), the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder. The voting at the EGM will be conducted by way of poll. Mr. Dong, Master Alliance and Mr. Dong's Associates shall abstain from voting on the resolutions approving the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting at the EGM.

The Independent Board Committee, comprising Mr. Liu Yangsheng, Mr. Cao Yixiong Alan and Mr. Lau Chi Kit, each being an independent non-executive Director, has been established to advise the Independent Shareholders as to (i) whether the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) whether the transactions contemplated under each of the Master Agreements are in the ordinary and usual course of business of the Group, and to give a recommendation to the Independent Shareholders in respect of the voting on the resolutions to be proposed at the EGM. We, Optima Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, neither Optima Capital nor persons stipulated under Rule 13.84(4) of the Listing Rules had any current business relationship with the Company, parties to the Master Agreements, or a director, subsidiary, holding company or substantial shareholder of the Company or parties to the Master Agreements, which would be reasonably considered to affect our independence in performing the duties as set out in the Listing Rules, or might reasonably give rise to a perception that our independence would be so affected.

LETTER FROM OPTIMA CAPITAL

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company (together, the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof and will continue to be so as at the date of the EGM. We have assumed that all the opinions or representations of the Management have been reasonably made after due and careful enquiry. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs and taxation implications of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below.

1. Principal business of the Group and Mr. Dong’s Associates

The Company is a vertically integrated enterprise primarily engaged in the development, manufacture and sale of lead-acid batteries and other related items. The Group sells over 2,000 models of lead-acid battery products, with capacity ranging from 0.251 to 4,055 Ampere-hour. It is also engaged in lead recycling and remanufacturing business.

Mr. Dong’s Associates include companies principally engaged in manufacturing and sale of electronic products, chargers, converters, power supply products, plastic goods, and electric vehicles.

Certain electronic products manufactured by Mr. Dong’s Associates are used as components in the manufacture of the Group’s battery products or for re-sale as accessories of the Group’s battery products. On the other hand, some of the battery products manufactured by the Group may be used in the electric vehicles manufactured by Mr. Dong’s Associates.

Having considered the respective principal activities of the Group and Mr. Dong’s Associates as described above, we are of the view that the Master Agreements are entered into in the ordinary and usual course of business of the Group.

LETTER FROM OPTIMA CAPITAL

2. Background of and reasons for entering into the Master Agreements

The Master Agreements

As set out in the letter from the Board in this Circular, certain continuing Sales and Purchases transactions have been conducted, in the ordinary and usual course of businesses of the Group and Mr. Dong's Associates respectively. On 13 October 2015, the Company and Mr. Dong entered into the 2015 Agreements in relation to the renewal of the arrangement for the Sales to Mr. Dong's Associates and Purchases from Mr. Dong's Associates, details of which are set out in the announcement of the Company dated 13 October 2015 and the circular of the Company dated 12 November 2015. The 2015 Agreements and the transactions contemplated thereunder (including the relevant annual caps for the three years ended 31 December 2016 to 2018) were approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 30 November 2015. As the 2015 Agreements will expire on 31 December 2018 and the Sales and Purchases are expected to continue in future, the Company and Mr. Dong entered into the Master Agreements to govern the continuing Sales and Purchases for a further term of three years up to 31 December 2021. The entering into of the Master Agreements is a renewal of the 2015 Agreements.

The Sales to Mr. Dong's Associates for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018 amounted to approximately RMB56.6 million, RMB84.3 million and RMB49.7 million respectively, representing approximately 0.90%, 0.89% and 1.00% of the consolidated revenue of the Group for the corresponding year/period respectively. The Purchases from Mr. Dong's Associates for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018 amounted to approximately RMB26.8 million, RMB30.6 million and RMB6.9 million respectively, representing approximately 0.51%, 0.37% and 0.16% of the consolidated cost of sales of the Group for the corresponding year/period respectively. Neither the Sales nor the Purchases account for a significant portion of the Group's consolidated sales or cost of sales. The Management considers that the Master Sales Agreement provides a framework to protect the interests of the Group enabling the Group to generate revenue from the Sales to a recurring customer while the Master Raw Materials Purchases Agreement would allow the Group to secure a stable source of certain raw materials of which the Group is satisfied with the quality. As the Master Sales Agreement and the Master Raw Materials Purchases Agreement do not impose any obligation on the part of the Group to sell or purchase a committed amount of products to or from Mr. Dong's Associates or restrict the Group from selling products to or purchasing raw materials from independent third parties other than Mr. Dong's Associates, the entering into of the Master Agreements would not result in an over-reliance on Mr. Dong's Associates.

LETTER FROM OPTIMA CAPITAL

Auditor and independent non-executive Directors' review of past transactions

As stated in the annual reports of the Company for the two financial years ended 31 December 2016 and 2017, the auditor of the Company has performed procedures in respect of the continuing connected transactions of the Group (including the transactions contemplated under the 2015 Agreements) in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules for each of the two years ended 31 December 2016 and 2017. In addition, the independent non-executive Directors have also reviewed and confirmed that the continuing connected transactions of the Group (including the transactions contemplated under the 2015 Agreements) during each of the two years ended 31 December 2016 and 2017 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing such transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Taking into account the background and commercial reasons for entering into the Master Agreements and the results of the review of the Sales and Purchases in the past two financial years by the auditor of the Company and independent non-executive Directors as described above, we are of the view that the entering into of the Master Agreements is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Masters Agreements

In assessing whether the terms of the Master Agreements are fair and reasonable, we have reviewed the principal terms of each of the Master Agreements as discussed below:

The Master Sales Agreement

Subject matters

Pursuant to the Master Sales Agreement, the Group shall sell products including lead-acid batteries and related parts to Mr. Dong’s Associates.

LETTER FROM OPTIMA CAPITAL

Pricing mechanism

Pursuant to the Master Sales Agreement, the selling prices of the battery products shall be at prevailing market price based on the price list of the Group, namely the prices at which the same type of products is sold by the Group to independent third parties on normal commercial terms in the ordinary course of business in the PRC, or on terms which are no less favourable to the Group than terms offered to other independent customers who are willing to order such products at similar quantity under similar conditions.

Based on the discussions with the Management, we understand that the Company has a standard price list for its products which is applicable to all customers (including Mr. Dong's Associates and independent third parties). The standard price list for each type of product is compiled by the sales department and is determined generally based on a fixed percentage of margins over costs, ranging from 10% to 30%, and takes into account the fluctuation in lead price and the selling prices of similar products offered by other battery manufacturers. Based on the fluctuation of lead price and other raw materials costs and price lists of the lead-acid batteries collated from at least two independent competitors on a monthly basis, the standard selling price list is reviewed monthly and approved by the head of sales department and the general manager of the Group. The selling price quoted to each customer order by the sales department is generally based on the standard price list of the Group and adjusted by bulk purchase discounts on a case by case basis.

The prices to be charged by the Group to Mr. Dong's Associates for the Sales shall be determined in accordance with the aforesaid standard price list and shall be no less favourable to the Group than the terms of similar products at similar quantity under similar conditions offered by the Group to independent third parties. Prior to the entering into of any sales contracts with Mr. Dong's Associates, the head of sales department and the manager and head of finance department of the Group shall review and approve the terms (including the selling price and the overall sales volume) of the sales contracts. In particular, the selling prices offered to Mr. Dong's Associates are reviewed in accordance with the Group's pricing policy as described above and compared with the terms of similar sales transactions with independent third parties.

We consider that the pricing policy adopted for determining the selling prices to be charged to Mr. Dong's Associates as described above, which is also applied to other independent customers of the Group, is fair and reasonable.

LETTER FROM OPTIMA CAPITAL

Term and termination

The Master Sales Agreement is for a term of three years commencing from 1 January 2019 and ending on 31 December 2021. Upon expiry of the term, the Master Sales Agreement will, subject to the requirements of the Listing Rules, be renewed for a further period of three years by mutual agreement. Either party may, at any time before the expiry of the Master Sales Agreement, give not less than 30 days' written notice to the other party to terminate the Master Sales Agreement. The Sales to Mr. Dong's Associates contemplated under the Master Sales Agreement are conditional upon the approval of the Independent Shareholders at the EGM.

Payment terms

Pursuant to the Master Sales Agreement, Mr. Dong's Associates shall settle the Sales within 30 to 60 days after delivery of the battery products.

We have compared the above payment terms with the credit policy of the Group offered to other independent customers. We note that the credit period granted by the Group varies with the type of customers. In general, the Group would not grant credit to new customers while a credit period of 30 to 60 days after delivery of the battery products would be granted to major customers. For customers engaging in the telecommunication industry, approximately 70% to 80% payment is required to be made within 60 days after signing of the sales contracts and the remaining balance shall be payable by installments upon integration of the Group's products into the telecommunications equipment and completion of final inspection. As Mr. Dong's Associates are neither new customers nor engaged in telecommunication business, the credit period of 30 to 60 days granted to Mr. Dong's Associates under the Master Sales Agreement is in line with that available to independent third parties.

The Master Raw Materials Purchases Agreement

Subject matters

Pursuant to the Master Raw Materials Purchases Agreement, the Group shall purchase components including battery cases, parts, models, chargers and electronic products from Mr. Dong's Associates.

LETTER FROM OPTIMA CAPITAL

Pricing mechanism

The price of raw materials to be purchased by the Group from Mr. Dong's Associates shall be at the prevailing market price, which is the price at which the same type of products is purchased by the Group from independent third parties on normal commercial terms in the ordinary course of business in the PRC, or on terms which are no less favourable to the Group than the terms available from independent third parties for purchase of similar materials of comparable quality and quantity.

As advised by the Management, the raw materials purchased from Mr. Dong's Associates can be sourced from other suppliers in the market. The purchase price of the raw materials varies depending on, among other things, the quality of raw materials supplied, market prices and payment terms offered and timeliness of delivery. According to the Group's internal control policies, the Group is required to maintain at least two suppliers for each type of raw materials. Prior to placing purchase orders with Mr. Dong's Associates, the Group shall obtain quotations from at least two independent suppliers for products of similar quality and quantity and compare the prices quoted with that of Mr. Dong's Associates to ensure that the prices offered by Mr. Dong's Associates are no less favourable to the Group than those offered by independent suppliers. In case there is no other supplier available for a particular type of raw material, the Group shall request for a cost breakdown from Mr. Dong's Associates and assess whether the mark up is acceptable. The Group would also compare the purchase price for repeated Purchases against the price charged by Mr. Dong's Associates in last transaction. The head of procurement department and the manager and head of finance department shall review and approve the quotations from Mr. Dong's Associates by comparing the terms against those available from two other independent suppliers, the costs breakdown supplied by Mr. Dong's Associates or the most recent transaction price (as the case may be) so as to ensure that the terms (including the price and payment terms) offered by Mr. Dong's Associates are fair and reasonable and no less favourable to the Group than the terms offered by independent third parties.

We consider that the policy adopted for determining the purchase prices of the Purchases as described above, which is principally based on market prices charged by other independent suppliers of the Group, is fair and reasonable.

LETTER FROM OPTIMA CAPITAL

Term and termination

The Master Raw Materials Purchases Agreement is for a term of three years commencing from 1 January 2019 and ending on 31 December 2021. Upon expiry of the term, the Master Raw Materials Purchases Agreement will, subject to the requirements of the Listing Rules, be renewed for a further period of three years by mutual agreement. Either party may, at any time before the expiry of the Master Raw Materials Purchases Agreement, by giving not less than 30 days' written notice to the other party, terminate the Master Raw Materials Purchases Agreement. The Purchases from Mr. Dong's Associates contemplated under the Master Raw Materials Purchases Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

Payment terms

Pursuant to the Master Raw Materials Purchases Agreement, the Group shall settle the Purchases on a monthly basis with two to three months' credit period.

In assessing whether the above payment term is fair and reasonable, we have compared it against the credit period offered by independent suppliers of raw materials to the Group. We note that independent suppliers of major raw materials for the Group's production, such as lead, require settlement upon delivery, while the independent suppliers of supplementary raw materials normally grant a credit period of two to three months to the Group. As the Purchases from Mr. Dong's Associates are supplementary raw materials, we consider that the payment terms stipulated in the Master Raw Materials Purchases Agreement are in line with those available from independent third parties.

4. The annual caps

Sales Caps

Pursuant to the Master Sales Agreement, the Sales Caps are set at the following amount:

	For the year ending 31 December		
	2019	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Sales Caps	<u>138,000</u>	<u>172,000</u>	<u>215,000</u>

We have discussed with the Management and understand that the Sales Caps were determined after taking into account the historical amount of Sales and the purchase plan provided by Mr. Dong's Associates for the coming years.

LETTER FROM OPTIMA CAPITAL

Set out below are the annual caps for the Sales for each of the three years ending 31 December 2016, and 2017 and 2018 (the “**Existing Sales Caps**”) and the historical actual Sales amounts for each of the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018:

	For the year ended		For the year
	31 December		ending
	2016	2017	31 December
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2018
			<i>(RMB'000)</i>
Existing Sales Caps			
as set out in the 2015			
Agreements	100,000	150,000	200,000
Actual Sales	56,603	84,261	49,678 <i>(note)</i>
Approximate %			
increase in actual Sales			
(as compared to			
the preceding year)	14.6%	48.9%	
Approximate % of			
actual Sales to the			
Existing Sales Caps			
for the respective year	56.6%	56.2%	24.8% <i>(note)</i>

Note: Based on the historical Sales for the six months ended 30 June 2018.

As shown in the table above, the Sales for the year ended 31 December 2016 amounted to approximately RMB56.6 million, representing an increase of approximately 14.6% over the Sales of approximately RMB49.4 million for the preceding year. For the year ended 31 December 2017, the Sales amount increased further to approximately RMB84.3 million, recording an approximately 48.9% increase over that for the year ended 31 December 2016. The Sales for the six months ended 30 June 2018 were approximately RMB49.7 million. Based on the latest purchase plan provided by Mr. Dong’s Associates, the Management estimated that the total Sales for the year ending 31 December 2018 (the “**Estimated 2018 Sales**”) would amount to approximately RMB110 million. Sales in the first half of the year are expected to be less than those in the second half of the year due to the Chinese New Year holiday break in the PRC and accounted for approximately 45.2% of the estimated total Sales of the year 2018, which is similar to the historical split of approximately 42.0% and 58.0% between first half and second half of 2017.

LETTER FROM OPTIMA CAPITAL

The Management advised us that the increases in Sales to Mr. Dong's Associates over the past years were driven by the increase in sales of electric vehicles by Mr. Dong's Associates in the PRC and overseas markets. The market for electric vehicles has been booming in recent years due to (i) an increasing demand for electric sightseeing cars along with government initiatives in promoting tourism in the PRC; (ii) the enhancement in community safety facilities and the government policies to reduce vehicle emissions and promote the use of new energy vehicles in the PRC, which in turn led to an increasing demand for electric patrol car and small electric fire truck; and (iii) an increasing demand for electric golf cart, car starter, car inverter and charger from overseas markets.

We note that the actual amount of Sales as a percentage to the Existing Sales Caps for the year were approximately 56.6%, 56.2% and 24.8% respectively for the two years ended 31 December 2016 and 2017 and for the six months ended 30 June 2018. As advised by the Management, when determining the Existing Sales Caps at the material time of the 2015 Agreements, the Management had considered, among other things, the then purchase plan for the Group's battery products provided by Mr. Dong's Associates for the three years ending 31 December 2018, which took into account the expected growth in demand associated with the plan of development and launch of new products, such as electric forklifts and electric cleaning facilities, by Mr. Dong's Associates. The lower actual Sales as compared to the Existing Sales Caps in the past were mainly attributable to the delay in the launch of the aforesaid new products and penetration into the market.

Notwithstanding that the Existing Sales Caps had not been fully utilised, Mr. Dong's Associates expect the market for their new products, including electric forklifts and electric cleaning facilities, will start to contribute stable growth in sales in view of the positive outlook in the electric vehicle market benefited from the PRC government initiatives to promote tourism and the use of new energy vehicles as described above. In the coming years, Mr. Dong's Associates also expect to expand their market share in terms of product offerings and geographical coverage. In achieving such growth, Mr. Dong's Associates will continue to devote resources in the technical development of electric forklifts. Further, Mr. Dong's Associates are constructing a new production plant in Anhui province, the PRC to increase their production capacity of electric vehicles, which is expected to commence production in June 2019. Taking into account the aforesaid business plan, Mr. Dong's Associates forecast an increase in sales at a compound annual growth rate ("CAGR") of 25% between 2019 and 2021 for their products. Accordingly, they estimate that there will be growth in their demand for the Group's battery products to be used as raw materials in their products.

LETTER FROM OPTIMA CAPITAL

In assessing the reasonableness of the forecast growth in product sales of Mr. Dong's Associates of 25% per annum between 2019 and 2021, we have taken into account the industry development and the historical growth in revenue of Mr. Dong's Associates. According to the Ministry of Industry and Information Technology of the PRC, the number of new energy vehicles sold in China increased at a CAGR of approximately 53% between 2015 and 2017. Based on the statistics from the National Bureau of Statistics of China, we also noted that the domestic tourism income in the PRC has increased at a CAGR of approximately 16% between 2015 and 2017. Meanwhile, as advised by the Management, the revenue of Mr. Dong's Associates has grown at a CAGR of 27% between 2015 and 2017. In view of (i) the growth in the new energy vehicle market and tourism income, which would contribute to the demand of electric vehicles manufactured by Mr. Dong's Associates; (ii) the historical performance of Mr. Dong's Associates; and (iii) the upcoming development plans of Mr. Dong's Associates to increase their production capacity for electric vehicles as mentioned above, we consider the forecast CAGR of 25% between 2019 and 2021 in sales for the products of Mr. Dong's Associates for the purpose of setting the Sales Caps to be reasonable.

Based on the forecast growth in product sales of Mr. Dong's Associates of approximately 25% per annum between 2019 to 2021 and the Estimated 2018 Sales of approximately RMB110 million, the Sales Caps for each of the three years ending 31 December 2019, 2020 and 2021 were set at RMB138 million, RMB172 million and RMB215 million respectively. The Directors are of the view, with which we concur, that the Sales Caps are reasonable having considered (i) the growth in the Sales during the three years ending 31 December 2018 as described above; (ii) the plan of Mr. Dong's Associates to increase production capacity and sales of their products and thus their increasing needs for the Group's battery products; and (iii) the market trend for electric vehicle as described above.

Purchases Caps

Pursuant to the Master Raw Materials Purchases Agreement, the Purchases Caps are as follows:

	For the year ending 31 December		
	2019	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Purchases Caps	<u>41,000</u>	<u>55,000</u>	<u>72,000</u>

LETTER FROM OPTIMA CAPITAL

We have discussed with the Management on the basis of determining the Purchases Caps and understand that they were determined after taking into account the historical amount of Purchases and the Group's forecast for sales of its battery products in the coming years.

Set out below are the annual caps of Purchases for the three years ending 31 December 2016, 2017 and 2018 (the “Existing Purchases Caps”) and the actual amount of Purchases for each of the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018:

	For the year ended		For the year
	31 December		ending
	2016	2017	31 December
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2018
			<i>(RMB'000)</i>
Existing Purchases Caps as set out in the 2015 Agreements	40,000	50,000	60,000
Actual Purchases	26,818	30,591	6,919 <i>(note)</i>
Approximate % increase in actual Purchases (as compared to the preceding year)	126.6%	14.1%	
Approximate % of actual Purchases to the Existing Purchases Caps for the respective year	67.0%	61.2%	11.5% <i>(note)</i>

Note: Based on the historical Purchases for the six months ended 30 June 2018.

LETTER FROM OPTIMA CAPITAL

As shown in the table above, the actual Purchases from Mr. Dong's Associates were approximately RMB26.8 million and RMB30.6 million for each of the two years ended 31 December 2016 and 2017 and approximately RMB6.9 million for the six months ended 30 June 2018. The Management advised us that the increase in Purchases for the two years ended 31 December 2016 and 2017, as compared to the corresponding preceding year, were mainly attributable to the increase in revenue of the Group from sale of battery products, which in turn increased the purchases of raw materials for production (including the Purchases from Mr. Dong's Associates). Based on the annual report of the Company for the two years ended 31 December 2016 and 2017, the Group's revenue from lead-acid batteries amounted to approximately RMB6,262.9 million and RMB7,661.3 million for each of the two years ended 31 December 2016 and 2017 respectively, representing an increase of approximately 44.6% and 22.3% as compared to the corresponding preceding year respectively. It is noted that fewer amount of Purchases was made by the Group from Mr. Dong's Associates in the first half year of 2018, despite an increase in the Group's revenue from sale of lead-acid batteries by approximately 20.2% (as compared to that for the corresponding period in 2017) to approximately RMB4,015.7 million for the six months ended 30 June 2018. The Management advised us that fewer Purchases were made in the first half of 2018 as Mr. Dong's Associates focused on utilising their production capacity for the manufacturing of their key products of electric vehicles, as a result of which less capacity had been retained for the production of the products required by the Group and less orders for Purchases placed by the Group were accepted. Accordingly, the Group has sourced the raw materials alternatively from independent suppliers.

It is noted that the actual amount of Purchases represented approximately 67.0%, 61.2% and 11.5% respectively of the Existing Purchases Caps for the two years ended 31 December 2016 and 2017 and for the six months ended 30 June 2018. As advised by the Management, when determining the Existing Purchases Caps at the material time of the 2015 Agreements, the Management had considered, among other things, the projected revenue growth of the Group for the three years ending 31 December 2018. Despite the growth in the Group's actual revenue, the lower actual Purchases, as compared to the Existing Purchases Caps, in the past were mainly attributable to the focus of Mr. Dong's Associates in utilising their production capacity for the manufacturing of their key products of electric vehicles as described above. The Group understands from Mr. Dong's Associates about their construction of new production plant which is expected to commence production in June 2019, and their expansion plans of production capacity for the plastics goods and electronic products through the purchases of new machines. In view of these developments which will enhance their production capacity to cope with both the booming demand of electric vehicles and the raw materials to be supplied to the Group, the Management considers it not appropriate to make reference to the relatively low actual Purchases in 2018 in determining the Purchases Caps and instead has made reference to the actual Purchases amount for the year ended 31 December 2017.

LETTER FROM OPTIMA CAPITAL

Based on the discussions with the Management, we note that the Purchases Caps were determined taking into account the projected revenue growth of the Group from the sale of lead-acid batteries in the coming years. The Directors anticipate that the revenue growth momentum will be sustained in all three major product lines of lead-acid batteries of the Group (namely reserve power batteries, SLI batteries and motive power batteries), on the back of increasing consumption of (i) reserve power batteries driven by the continuing rapid development of information technology such as cloud computing, mass data, e-commerce and integrated data centres and the upgrade and development of 5G network; (ii) SLI batteries driven by the ageing of the vehicle fleet in the PRC which accelerates car owners' need to replace the existing batteries; and (iii) motive power batteries driven by the extensive promotion and application of the batteries in electric transportation and equipment such as low-speed electric vehicles and electric forklifts. The Management expects that the growth in revenue would be contributed mainly by the increase in sales volume, thus purchases of raw materials would increase along with the growth in revenue. The Purchase Cap for the year ending 31 December 2019 of RMB41 million represents an increase of approximately 34% over the actual Purchases for the year ended 31 December 2017, while the Purchases Caps for each of the two years ending 31 December 2020 and 31 December 2021 represent an increase of approximately 34% and 31% over the Purchases Cap of the preceding year.

In assessing the reasonableness of the Purchases Caps determined by the Management, we have taken reference to the development of battery manufacturing industry in the PRC and the historical CAGR of the consolidated revenue of the Group from the sales of lead-acid batteries of approximately 33% during the three years ended 31 December 2015 to 2017. According to the Ministry of Industry and Information Technology of the PRC, the aggregate income from the PRC battery manufacturers at national scale has increased at a CAGR of approximately 19% between 2015 and 2017. In view of the higher historical CAGR of the consolidated revenue of the Group from lead-acid batteries as compared to that of the overall industry growth over the same period, we have further looked into the revenue growth of the companies which are comparable to the Group (the “**Comparable Companies**”). Based on the criteria that the Comparable Companies (i) are principally engaged in manufacturing of lead-acid batteries in the PRC which are similar to the principal business of the Group; and (ii) are listed on the Stock Exchange or any stock exchanges in the PRC, we have identified a total of five Comparable Companies. Set out below are information regarding historical growth in sales of the Comparable Companies.

LETTER FROM OPTIMA CAPITAL

Company name	Stock code	Principal business activities	Approximate revenue from lead-acid batteries for the year ended 31 December		Approximate CAGR between 2015 and 2017
			2015 (RMB' million)	2017 (RMB' million)	
Chaowei Power Holdings Limited	951.HK	Manufacturing and production of lead-acid batteries for electric bicycles, electric cars and storage batteries for wind and solar energy installations	17,740	22,592	12.8%
Tianneng Power International Limited	819.HK	Manufacturing of motive battery products which are used predominantly in electric bikes	16,480	23,761	20.1%
Camel Group Co., Ltd.	601311.SH	Research, development, manufacturing and sales of storage batteries. Products include lead-acid batteries, which are applied in vehicle starting, electric road vehicle traction and electric bicycle fields	5,281	7,263	17.3%
Zhejiang Narada Power Source Co., Ltd	300068.SZ	Developing, manufacturing and sales of renewable energy storage batteries, accessories, and communication backup products. Products include lead-acid batteries, lithium ion batteries and recycled lead products	3,903	4,755	10.4%
Shenzhen Center Power Tech. Co., Ltd	002733.SZ	Manufacturing and sales of storage batteries. Products include battery for vehicles, deep-cycling battery, and colloid battery	2,181	2,351	3.8%
				Maximum	20.1%
				Minimum	3.8%
				Mean	12.9%
The Group	842.HK	Manufacturing, developing and sale of lead-acid batteries and lead recycling and remanufacturing	4,331	7,661	33.0%

Source: official websites of the Stock Exchange, the Stock Exchange of Shanghai and the Stock Exchange of Shenzhen

LETTER FROM OPTIMA CAPITAL

As set out in the table above, the CAGR of lead-acid batteries revenue between 2015 and 2017 of the Comparable Companies ranges from approximately 3.8% to 20.1%, with a mean of approximately 12.9%. With the revenue generated from the sale of lead-acid batteries increasing at a CAGR of 33% during the three years ended 31 December 2015 to 2017, the growth of the Group's lead-acid batteries revenue has outperformed (i) those of the Comparable Companies; and (ii) the growth in aggregate income from the PRC battery manufacturers at national scale of approximately 19% between 2015 and 2017. Having considered that (i) the higher CAGR of the Group's revenue from lead-acid batteries of 33% between 2015 and 2017 was mainly attributable to the increase in customer demand and the Group's penetration into respective product markets; (ii) the revenue growth momentum is expected to be sustained in all three major product lines of lead-acid batteries of the Group; and (iii) the Group has started the production capacity expansion plans in the PRC and Vietnam to cope with the expected growth, we consider the projected revenue growth rate adopted by the Group for the purpose of setting the Purchases Caps to be reasonable. Based on the above analysis, we considered the Purchases Caps are fair and reasonable.

5. Corporate governance measures

In addition to the pricing policies set out in its internal control manual, the Company has also adopted the following corporate governance measures to ensure that the Continuing Connected Transactions with Mr. Dong's Associates will be conducted on normal commercial terms:

- (i) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s) at the Board meeting and at the EGM respectively;
- (ii) the Group shall comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Continuing Connected Transactions;
- (iii) the Group will engage the Company's auditor to report on the Continuing Connected Transactions every year in accordance with Rule 14A.56 of the Listing Rules; and
- (iv) the Group will duly disclose in the annual reports and accounts the Continuing Connected Transactions during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

LETTER FROM OPTIMA CAPITAL

Based on the discussions with the Management and as detailed in the section headed “Principal terms of the Masters Agreements” in this letter, we have obtained an understanding of the nature of the Sales and Purchases and the internal control procedures adopted by the Group to ensure that the Continuing Connected Transactions with Mr. Dong’s Associates will be conducted on normal commercial terms. We have also reviewed the internal control manual and samples of historical documents and records maintained by the Group for walkthrough purpose to understand the nature of the Sales and Purchases and the aforesaid internal control procedures. Among which, we observed that the Group’s personnels with appropriate level of authorities are involved in the approval and/or review process in relation to the Continuing Connected Transactions. We also noted that the auditor of the Company has issued unqualified letter in respect of its review on the continuing connected transactions of the Group for the years ended 31 December 2016 and 2017. Whilst our scope of work as an independent financial adviser does not include a review of the effectiveness of the internal control measures of the Group, we are of the view that based on our work described above and having regard to the nature of the Continuing Connected Transactions, the internal control measures of the Group are appropriate to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms and to safeguard the interests of the Company and the Shareholders as a whole.

OPINION

Having taken into account the above principal factors and reasons, we consider that (i) the terms of the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under each of the Master Agreements are in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Master Sales Agreement (including the Sales Caps) and the Master Raw Materials Purchases Agreement (including the Purchases Caps) and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Optima Capital Limited
Beatrice Lung
Managing Director

Ms. Beatrice Lung is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Ms. Lung has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Note	Nature of Interest	Number of Shares held	Number of underlying shares held	Approximate Percentage of issued share capital
Mr. Dong	1	Interest of a controlled corporation	1,007,059,000 (L)	–	74.18%
Ms. Yin Haiyan	2	Beneficial owner	–	450,000 (L)	0.03%
Mr. Cao Yixiong Alan	3	Beneficial owner	–	300,000 (L)	0.02%
Mr. Liu Yangsheng	4	Beneficial owner	–	300,000 (L)	0.02%
Mr. Lau Chi Kit	5	Beneficial owner	–	300,000 (L)	0.02%

The letter "L" denotes long position in the Shares/underlying shares

Notes:

1. Mr. Dong is deemed to be interested in 1,007,059,000 Shares held by Master Alliance, a company which is wholly owned by Mr. Dong.
2. Ms. Yin Haiyan has been granted options for 450,000 Shares under a share option scheme approved and adopted by the Company pursuant to the resolutions in writing passed by all shareholders of the Company on 14 October 2010 (the “Share Option Scheme”).
3. Mr. Cao Yixiong Alan has been granted options for 300,000 Shares under the Share Option Scheme.
4. Mr. Liu Yangsheng has been granted options for 300,000 Shares under the Share Option Scheme.
5. Mr. Lau Chi Kit has been granted options for 300,000 Shares under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Note	Nature of Interest	No. of Shares held	Approximate Percentage of issued share capital
Master Alliance	1	Beneficial owner	1,007,059,000(L)	74.18%

The letter “L” denotes long position in the Shares

Note:

1. Master Alliance is a company wholly owned by Mr. Dong. Mr. Dong is a director of Master Alliance.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such share capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and none of the Directors or proposed Director is a director or employee of the above-mentioned companies.

(c) Director's interests in contracts

As at the Latest Practicable Date, save as disclosed below, there is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group:–

- (a) a master sales agreement dated 13 October 2015 entered into between the Company and Mr. Dong in respect of the sales by the Group to Mr. Dong's Associates of products including lead-acid batteries and related parts etc.;
- (b) a master purchases agreement dated 13 October 2015 entered into between the Company and Mr. Dong in respect of the purchases by the Group from Mr. Dong's Associates of products including battery cases, parts, models, chargers and electronic products and electric scooters etc.;
- (c) the Master Sales Agreement; and
- (d) the Master Raw Materials Purchases Agreement.

(d) Director's interests in assets

As at the Latest Practicable Date, save for the master agreements referred to in the paragraph headed "Director's interests in contracts" above, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(e) Competing business

As at the Latest Practicable Date, none of Directors and their respective associates were interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

3. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2017, being the date of which the latest audited financial statements of the Group were made up except for (i) decrease in net profit of the Company of 11.8% for the six months ended 30 June 2018 compared to the same period in 2017 as disclosed in the interim report of the Company for the six months ended 30 June 2018 and (ii) the tariff imposed by the US government as a result of the trade war between PRC and USA. American market represented around 9.5 % of total Group revenue for the financial year ended 31 December 2017 and 9.4% of total Group revenue for the six months ended 30 June 2018. The 10% tariff imposed by the US Government could either reduce the demand of the Group's products in US and/or reduce the profitability of those shipments. The Group has imposed counter measures by shifting orders to overseas production facilities so as to minimize above adverse effect. The US government further threatened to increase the tariff from 10% to 25% early next year. In view of this, our new Vietnam production facilities will commence operation in second quarter of 2019.

5. EXPERT'S QUALIFICATION AND CONSENT

Optima Capital is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO which has provided its opinion contained in this circular.

Optima Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Optima Capital was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the 2015 Agreements;
- (b) the Master Sales Agreement; and
- (c) the Master Raw Materials Purchases Agreement.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Leoch International Technology Limited (the “**Company**”) will be held at 5th Floor, Xin Bao Hui Building, No. 2061, Nanhai Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC on Monday, 3 December 2018 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**
 - (a) the master sales agreement dated 16 October 2018 (the “**Master Sales Agreement**”) entered into between the Company and Mr. Dong Li (“**Mr. Dong**”) in respect of the sales by the Company and its subsidiaries (together the “**Group**”) to Mr. Dong and his associates (together the “**Mr. Dong’s Associates**”) of products including lead-acid batteries and related parts etc. (together the “**Batteries Products**”) for a term of three years commencing from 1 January 2019 (a copy of the Master Sales Agreement is marked “**A**” and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
 - (b) the maximum values for sales of the Batteries Products under the Master Sales Agreement of RMB138 million, RMB172 million and RMB215 million for each of the three years ending 31 December 2021 respectively be and are hereby approved; and

NOTICE OF EGM

- (c) any one or more directors (the “**Directors**”) of the Company be and are hereby authorised to do all such acts and things as they consider necessary or expedient for the purposes of giving effect to the Master Sales Agreement and the transactions contemplated thereby.”

2. “**THAT:**

- (a) the master purchases agreement dated 16 October 2018 (the “**Master Raw Materials Purchases Agreement**”) entered into between the Company and Mr. Dong in respect of the purchases by the Group from Mr. Dong’s Associates of products including battery cases, parts, models, chargers and electronic products and electric scooters etc. (together the “**Raw Materials**”) for a term of three years commencing from 1 January 2019 (a copy of the Master Raw Materials Purchases Agreement is marked “B” and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
- (b) the maximum values for purchases of the Raw Materials under the Master Raw Materials Purchases Agreement of RMB41 million, RMB55 million and RMB72 million for each of the three years ending 31 December 2021 respectively be and are hereby approved; and
- (c) any one or more Directors be and are hereby authorised to do all such acts and things as they consider necessary or expedient for the purposes of giving effect to the Master Raw Materials Purchases Agreement and the transactions contemplated thereby.”

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

Hong Kong, 7 November 2018

NOTICE OF EGM

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Workshop C, 33/F
TML Tower
No. 3 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. All resolutions at the EGM will be conducted by way of a poll.