
THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

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



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)

MAJOR TRANSACTION

CONSTRUCTION CONTRACT AND ACQUISITION OF PROPERTY

25 August 2017

CONTENT

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – PROPERTY VALUATION REPORT	II-1
APPENDIX III – GENERAL INFORMATION	III-1

DEFINITIONS

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

“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“close associate”	has the meaning ascribed thereto under the Listing Rules
“Company”	Leoch International Technology Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 842)
“Consideration”	the total consideration payable for the construction and acquisition of the Property under the Construction Contract
“Construction Contract”	the contract entered into between the Developer and the Purchasers on 26 July 2017 for the construction and acquisition of the Property
“Developer”	Shenzhen Shekou Costal Realty Company Limited# (深圳市蛇口海濱置業有限公司), a company established in the PRC with limited liability, which is an Independent Third Party
“Director(s)”	the directors of the Company
“Enlarged Group”	the Group as enlarged by the acquisition of the Property
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	parties independent of the connected persons of the Company and their associates

DEFINITIONS

“Latest Practicable Date”	21 August 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Leoch Battery”	Shenzhen Leoch Battery Technology Co., Ltd.# (深圳理士奧電源技術有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Leoch Shenzhen”	Leoch Investment Development (Shenzhen) Limited# (理士投資發展深圳有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Lihang Battery”	Shenzhen Lihang Battery Technology Co., Ltd.# (深圳立航電源技術有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	the property with an estimated floor area of 6,141.3 square metres which forms part of a large scale commercial zone development located at Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen, the PRC
“Purchasers”	collectively, Leoch Battery, Leoch Shenzhen and Lihang Battery
“Shareholder”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Construction Contract
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

Unless otherwise specified, the conversion of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.15. No representation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or other rates or at all.

English name used is the transliteration of the Chinese name for reference only and shall not be regarded as its formal name.

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. ZHAO Huan

Non-executive Director:

Mr. Philip Armstrong NOZNESKY

Independent non-executive Directors:

Mr. LIU Yangsheng

Mr. CAO Yixiong Alan

Mr. LAU Chi Kit

Registered Office:

Cricket Square

Hutchins Drive P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarters in the PRC:

5th Floor, Xin Bao Hui Building

No.2061 Nanhai Avenue

Nanshan District

Shenzhen, Guangdong Province

the PRC

Place of business in Hong Kong:

Unit C, 33rd Floor, TML Tower

No. 3 Hoi Shing Road, Tsuen Wan

New Territories Hong Kong

25 August 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

CONSTRUCTION CONTRACT AND ACQUISITION OF PROPERTY

Reference is made to the announcement of the Company dated 26 July 2017 in relation to the entering into of the Construction Contract and the acquisition of the Property. The purpose of this circular is to provide Shareholders with further information in relation to the Transaction, the financial information of the Group and the valuation report of the Property.

LETTER FROM THE BOARD

The Board is pleased to announce that on 26 July 2017 (after trading hours), the Purchasers (which are indirect wholly-owned subsidiaries of the Company) and the Developer entered into the Construction Contract, pursuant to which the Developer will provide construction services of the Property to the Purchasers and upon among other things, the obtaining of the pre-sale permit by the Developer, the Developer will dispose of, and one or more of the Purchasers will acquire, the Property. The principal terms of which are as follows:

THE CONSTRUCTION CONTRACT

Date: 26 July 2017

Parties: (i) the Developer;

(ii) Leoch Battery;

Leoch Shenzhen; and

Lihang Battery.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Developer and its ultimate beneficial owners are Independent Third Parties.

Each of Leoch Battery, Leoch Shenzhen and Lihang Battery is an indirect wholly-owned subsidiary of the Company and are the Purchasers under the Construction Contract.

Subject Matter: Pursuant to the Construction Contract, the Developer shall construct the Property at the Consideration for the Purchaser. Upon the Developer obtained the pre-sale permit of the Property and payment of 50% of the Consideration by the Purchasers, the Developer shall as the vendor, and all or any of the Purchasers shall as purchasers, enter into one or more sale and purchase agreements for the purpose of formal transfer and registration of the title of the Property and the relevant land use right as required under the applicable PRC laws and regulations. As at the Latest Practicable Date, the pre-sale permit is yet to be obtained by the Developer, and according to the Developer, taking into account of the requirements of the applicable PRC laws and the relevant administrative procedure, it is expected that the pre-sale permit will be obtained by mid 2018.

LETTER FROM THE BOARD

The Property is to be constructed under the Construction Contract, located at the development site situated on Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen, the PRC, with an estimated floor area of approximately 6,141.30 square metres. The Property will be for commercial use and upon acquisition by the Group, is expected to be used as the principal office of the Group. As at the date of the Construction Contract, the land where the Property will be situated at is a bare site, and upon reasonable enquiry, the Developer has already obtained the right over the use and development of the land and for the construction of the Property.

Consideration: The Consideration payable by the Purchasers to the Developer for the construction and acquisition of the Property is calculated at a rate of RMB80,000 (equivalent to approximately HK\$92,000) per square metre, which is capped at RMB516,000,000 (equivalent to approximately HK\$593,400,000). Based on the currently estimated floor area of the Property upon its completion, the Consideration is expected to be about RMB491,304,000 (equivalent to approximately HK\$564,999,600).

The Consideration was determined after arm's length negotiations with reference to the prevailing market prices of high quality commercial properties which are located in the proximity of the Property and are in similar nature, quality and scale, and the management's estimate of the commercial property market in the PRC in 2018 upon delivery of the Property. For the purpose of assessing the reasonableness of the rate of RMB80,000 per square metre for the Consideration, the Board has also obtained the prevailing market value of comparable premises in the proximity available on the market and their details are set out below:

Property	Location	Usage	Market value (approximate. RMB per square metre)
Xiangjiang International Financial Center (香江國際金融中心)	The southeast corner of the intersection of Linhai Avenue and Xinghai Avenue, Qianhai New District, Shenzhen	Commercial	90,000
Shimao Qianhai Center (世貿前海中心)	The intersection of Linhai Avenue and Xinghai Avenue, Qianhai, Nanshan District, Shenzhen	Commercial	90,000-120,000
Huarun Qianhai Center (華潤前海中心)	Menghai Avenue, Guiwan Area, Qianhai, Shenzhen	Commercial	80,000-100,000
Qianhai Xinlikang Building (前海信利康大廈)	The intersection of Linhai Avenue and Xinghai Avenue, Qianhai, Nanshan District, Shenzhen	Commercial	80,000-90,000

LETTER FROM THE BOARD

Based on the above findings, the Board considered that the Consideration is in the interest of the Company since the Consideration of the Property under the Construction Contract is lower than or at the low end amongst those of the comparables, and the Board expect that, with reference to the property market development trend in the PRC in recent years, the market price of comparable properties will continue to rise or at least maintain at its present level in 2018, and hence the Consideration is justifiable, is fair and reasonable to the Company.

Payment terms: The Consideration shall be settled by the Purchasers in the following manner:

- (i) a deposit of RMB49,130,400 (equivalent to approximately HK\$56,499,960) (the “**Deposit**”), being an amount equivalent to 10% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), has been paid by the Purchasers to the Developer in cash at the time of the entering into of the Construction Contract;
- (ii) subject to the condition precedent being fulfilled, a second installment of RMB49,130,400 (equivalent to approximately HK\$56,499,960), being an amount equivalent to 10% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), shall be paid by the Purchasers to the Developer in cash on or before 15 December 2017;
- (iii) subject to the condition precedent being fulfilled, a third installment of RMB147,391,200 (equivalent to approximately HK\$169,499,880), being an amount equivalent to 30% of the estimated Consideration of RMB491,304,000 (equivalent to approximately HK\$564,999,600), shall be paid by the Purchasers to the Developer in cash on or before 15 June 2018;

LETTER FROM THE BOARD

- (iv) the balance of the Consideration will be paid in cash upon the completion of the sale and purchase of the Property, which shall take place on or before 30 August 2018 (or such other date as the parties to the Construction Contract may agree).

The Consideration will be financed by the internal resources of the Group, and may also be partially funded by bank borrowings.

Condition precedent

Save for the payment of the Deposit, the obligations of the Purchasers under the Construction Contract are subject to the condition precedent that the Company shall have obtained the Shareholders' approval for the Construction Contract and the Transaction contemplated thereunder.

As at the Latest Practicable Date, the controlling shareholder of the Company, Master Alliance Investment Limited, has already given its written approval for the Construction Contract and the Transactions contemplated thereunder and therefore the condition precedent has been satisfied.

Termination of the Construction Contract

In the event that the Developer fails to perform its obligations under the Construction Contract, refuses or delays in entering into the formal sale and purchase agreements for the Property, or fails to deliver the Property on or before 30 August 2018 (or such other date as the parties may agree, and save for such delay is by reason of Government policies or force majeure which is out of the control of the Developer), the Purchasers may give 30 days' written notice to the Developer and in the event that the parties could not agree the settlement method after such notice period, the Purchasers may terminate the Construction Contract, and the Developer shall refund all payment received under the Construction Contract and/or the formal sale and purchase agreement(s) to the Purchasers, and pay an additional amount equal to the Deposit to the Purchaser as compensation.

In the event that the Purchasers fail to perform their obligations under the Construction Contract, refuse or delay in entering into the formal sale and purchase agreements for the Property, or fail or delay in the payment of any part of the Consideration as scheduled, the Developer may give 30 days' written notice to the Purchasers and in the event that the parties could not agree the settlement method after such notice period, the Developer may terminate the Construction Contract, and sale the Property to other purchasers, and to forfeit the Deposit as compensation, but to refund any other payment received by it under the Construction Contract and/or the formal sale and purchase agreement(s) to the Purchasers.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE CONSTRUCTION CONTRACT

The Consideration will be financed by the internal resources of the Group, and may also be partially funded by bank borrowings. Upon completion of the construction and the acquisition of the Property, the total assets of the Group would be increased by approximately RMB393,043,200 due to the addition of the Property purchased and the total liabilities of the Group would be increased by approximately RMB393,043,200 due to remaining consideration payable. As the consideration for the Acquisition is payable by instalments and partially funded by bank borrowings, it is not expected to have any substantial impact on the Company's cash-flow position or its business operations and the Acquisition will not add immediate financial burden to the Company. The Acquisition is not expected to result in any material impact on the earnings and gearing ratio.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in the manufacture, development and sale of lead-acid batteries and other related items.

Leoch Battery is a company established in the PRC with limited liability which is principally engaged in investment holding and sale of lead-acid batteries.

Leoch Shenzhen is a company established in the PRC with limited liability which is principally engaged in investment holding.

Lihang Battery is a company established in the PRC with limited liability which is principally engaged in sale of lead-acid batteries.

INFORMATION OF THE DEVELOPER

The Developer is a company established in the PRC with limited liability. Based on information publicly available, it is wholly-owned by China Merchants Shekou Industrial Zone Holdings Company Limited[#] (招商局蛇口工業區控股股份有限公司), a company listed on the Shenzhen Stock Exchange, which in turn is ultimately owned by China Merchant's Group[#] (招商局集團有限公司), a leading state-owned conglomerate based in Hong Kong, under direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The Developer and its group are engaged in various businesses and also has extensive experience in property development.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

With the growth of the Group's business and its business plans to further expand, the existing PRC headquarters of the Group located at 5th floor Xin Bao Hui Building in Nanshan District of Shenzhen PRC, leased from Mr. Dong Li (an executive Director and the ultimate controlling Shareholder) and his associates, is expected to be no longer compatible for the Group's use in the near future. The available space in the Property allows the Group to have a better planning of future development and requirements to cope with planned business growth. Moreover, since the Property is located at the newly planned commercial zone in Shekou District Shenzhen and is expected to attract various large-scale, listed or multinational corporations to settle in, the location of the new PRC headquarters is expected to enhance the Group's image and personality which can better attract business and retain employees in future.

Moreover, since the Property is in its development stage, the Construction Contract is a precious opportunity for the Group to acquire the Property at a relatively favourable price compared with the high class commercial buildings located in the proximity of the Property which are already available in the market. The management of the Company also expects the commercial property market of the PRC will be on a rising trend in the near future and therefore the acquisition of the Property by way of the Construction Contract is an attractive opportunities for the Company to acquire its future principal office at a competitive price while enjoyable possible appreciation in value in long run.

The Board (including the independent non-executive Directors) has considered that the Construction Contract has been entered into on normal commercial terms and the terms thereto are fair and reasonable. The Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As none of the Directors is interested in the Construction Contract and the transactions contemplated thereunder, no Director was required to abstain from voting at the Board meeting to approve the Construction Contract.

LETTER FROM THE BOARD

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Construction Contract exceeds 25% but all of them are under 100%, the transactions contemplated under the Construction Contract constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. Since no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Construction Contract and the transactions contemplated thereunder, and the Company has obtained a written approval for the Construction Contract and the transactions contemplated thereunder from Master Alliance Investment Limited (the controlling shareholder of the Company holding 1,003,059,000 Shares, representing approximately 73.92% of the issued share capital of the Company as at the date of giving of the written approval and as at the Latest Practicable Date), an extraordinary general meeting of the Company to approve the Construction Contract and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened. Pursuant to Rule 14.41 of the Listing Rules, the circular in relation to the Transaction shall be despatched to the Shareholders for their information on or before 15 August 2017, being 15 business days from the date of the Announcement. Given the situation that the Company required further time in finalizing certain information included in this circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) to despatch this circular out of the time as required under Rule 14.41 and such waiver was granted by the Stock Exchange.

Recommendation

The Board (including the independent non-executive Directors) considered that the Transaction is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

ADDITIONAL MATTERS

Your attention is drawn to the information set out in the appendices to this circular.

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

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the years ended 31 December 2014, 2015 and 2016 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <http://www.leoch.com/en/global.aspx>:

- Annual report of the Company for the year ended 31 December 2016 published on 21 April 2017 (pages 82 to 260) (hyperlinks: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0421/LTN20170421253.pdf>);
- Annual report of the Company for the year ended 31 December 2015 published on 27 April 2016 (pages 79 to 256) (hyperlinks: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0427/LTN20160427909.pdf>); and
- Annual report of the Company for the year ended 31 December 2014 published on 27 April 2015 (pages 75 to 244) (hyperlinks: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0427/LTN201504271518.pdf>).

II. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of the circular, the Enlarged Group had the following borrowings:

	<i>RMB'000</i>
Interest-bearing bank and other borrowings – guaranteed	1,329,393
Interest-bearing bank and other borrowings – unsecured	104,150
Interest-bearing bank and other borrowings – secured	1,028,812
Collateralised bank advances – secured	<u>26,421</u>
	<u><u>2,488,776</u></u>
Amount due to the non-controlling shareholders of a subsidiary	<u><u>132,961</u></u>
Bills payable*	<u><u>992,686</u></u>

* As at 30 June 2017, bills payable amounting to RMB992,686,000 were issued on intercompany sales transactions within the Group and these bills were discounted to banks for short term financing.

Security and guarantees

At the close of business on 30 June 2017, five of the Company's wholly-owned subsidiaries, namely Catherine Holdings International Company Limited, Leoch Power Supply (H.K.) Limited, Leoch Battery Company Limited, Leoch Battery Pte. Ltd. and Leoch International Sales Limited were parties who act as guarantors, to guarantee punctual performance of the obligations under the facility agreement. In addition, the Group's borrowings were secured by way of i) charge over certain assets including prepaid land lease payments, property, plant and equipment, pledged deposits and trade receivables and ii) cross guarantees executed by companies within the Group.

III. WORKING CAPITAL

The Directors confirm that, after due and careful enquiry and taking into consideration the financial resources available to the Group, including banking facilities and other internal resources, the Group has sufficient working capital for at least the next 12 months commencing from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was not any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the manufacturing, development and sales of lead-acid batteries. It further expands to lead recycling and remanufacturing business upon the completion of the acquisition 60% of the registered capital of Taihe Dahua Energy Technology Co., Ltd on 9 January 2017.

For the six months ended 30 June 2017 (the "Period"), the Group's revenue amounted to RMB4,062.0 million, representing an increase of 43.7% from RMB2,826.4 million for the same period in 2016. The Group's unaudited profit attributable to owners of the parent amounted to approximately RMB92.2 million.

During the Period, revenue from recycled lead products amounted to RMB722.2 million (2016: Nil) while revenue from batteries and related items amounted to RMB3,339.9 million, representing an increase of 18.2% from RMB2,826.4 million for the same period in 2016. Since price linkage mechanism will pass raw material price fluctuation to customers, the growth in revenue was mainly contributed by the increase in average of lead price as compared with the same period in 2016. The Group's goods delivery records to end customers indicated that delivery increment in terms of tone was at single digit percentage growth.

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 in 2017. Although the unstable lead price in PRC created delay effect in order placing during the Period, our records showed that there had been significant improvement in June 2017 with approximately 20% growth as compared to average delivery volume in terms of tone in 2016 and the momentum continues. The Group believes that all three categories of battery will continue sustaining growth in different degree in current year.

Lead-acid batteries remain a robust and economical power source for bulk use, accounting for more than 30% of total global battery trading amount, and the demand is still growing. The management is implementing the Group's production and marketing strategies as discussed in our 2016 annual report and preparing to seize every growth opportunity in PRC and around the world.

The Group is the largest exporter of lead-acid battery in the PRC and has good confidence to build itself to be one of the leading enterprises of the lead-acid battery industry in the world. The Group believe current fully occupied PRC headquarter is incapable to cope with planned business growth. The Transaction provides us sufficient time to make better planning to our future requirement and development while at the same time acquiring at a competitive price in view of the raising trend of property price in the PRC market. Being the Group's principle office, perhaps as research and development and sales and marketing PRC headquarters, the Group could benefit from image upgrade and brand building as well as attracting and retaining talent employee and key management which are part of the key elements to the sustainability of growth and value building to our shareholders and the society.

The following is the text of a valuation report prepared for inclusion in this circular, received from Ravia Global Appraisal Advisory LTD., an independent property valuer, in connection with their valuation as of 31 July 2017 of the Property to be acquired by the Group.



Unit B, 7/F, Chang Pao Ching Building, No. 42
7-429 Hennessy Road, Wan Chai, Hong Kong
T: (852) 3624 7882 F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

25 August 2017

Leoch International Technology Limited

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

Dear Sirs/Madam,

Re: Levels 1 to 5, Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen City, Guangdong Province, the People's Republic of China

In accordance with the instructions of Leoch International Technology Limited (the "Company", and together with its subsidiaries, the "Group") to value the property in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 July 2017 for the purpose of incorporation into the circular issued by the Group.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by direct comparison approach whenever market comparable information are available and assumed sale of the property with the benefit of vacant possession. Direct Comparison Approach is considered as the most appropriate method of valuation when comparable information is adequate.

Adjustments will be applied to the said comparable properties to reflect items such as location, size, accessibility and a whole list of other considerations, where necessary.

3. TITLE INVESTIGATION

We have been provided with copies of extracts of title documents relating to the property. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its legal adviser, Jingtian & Gongcheng, regarding the title and other legal matters relating to the property.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, title defects and outgoings of an onerous nature which could affect its value.

In valuing the property, we have complied with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (RMB).

Our valuation certificate is enclosed herewith.

Yours faithfully,

For and on behalf of

RAVIA GLOBAL APPRAISAL ADVISORY LTD.

Dr. Alan W K Lee

PhD(BA) MFin BCom(Property)

MHKIS RPS(GP) AAPI CPV CPV(Business)

Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 13 years of valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

VALUATION CERTIFICATE

Property under construction contracted to be acquired by the Group for Owner-occupation in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 July 2017
Levels 1 to 5, Tower E, Taizhi Bay Commercial Plaza, Shekou Gangwan Road, Nanshan District, Shenzhen City, Guangdong Province, The PRC	The property comprises a 5-storey commercial building, which is under construction. It is scheduled to be completed in about 2018. The proposed gross floor area of the property is approximately 6,141.3 sq.m.).	The property will be delivered to the Group upon completion.	RMB495,000,000

中國廣東省深圳市
南山區蛇口港灣大道
太子灣商務廣場
E棟1-5層

Notes:

1. According to construction contract entered into between the Shenzhen Shekou Coastal Realty Company Limited (深圳市蛇口海濱置業有限公司) (the "Developer") and Shenzhen Leoch Battery Technology Co., Ltd. (深圳理士奧電源技術有限公司), Leoch Investment Development (Shenzhen) Limited (理士投資發展深圳有限公司) and Shenzhen Lihang Battery Technology Co., Ltd. (深圳立航電源技術有限公司) on 26 July 2017, for the construction and acquisition of the property, the former party agreed to transfer the property to latter three parties at a consideration calculated at a rate of RMB80,000 per square metre.
2. We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:
 - a. The Group can obtain the relevant real estate title certificate based on the followings:-
 - i. The Developer has signed the subject Land Grant Contract and settle all land premium and relevant fees.
 - ii. The Developer has obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit.
 - iii. The property has been checked by relevant departments upon completion.
 - iv. The Developer has obtained relevant Commodity Pre-Sale Permit.
 - v. All parties has executed relevant legal procedures.
 - b. The Group can use and transfer the property upon the registration of relevant legal title of the property.
3. Our inspection was performed by Dr. Alan Lee in August 2017.

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 Company. 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) Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), 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 and short positions which the directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) were as follows:

Share – long position

Name of Director	Nature of Interest	Number and class of securities ⁵	Number and class of securities subject to options granted under the Pre-IPO Share Option Scheme	Number and class of securities subject to options granted under the Share Option Scheme	Total	Approximate percentage of shareholding ⁽⁷⁾
Mr. DONG Li	Interest under a Trust	1,003,059,000 ⁽¹⁾ (L)	-	-	1,003,059,000	73.92%
Ms. ZHAO Huan	Beneficial Owner	-	1,500,000 ⁽²⁾ (L)	-	1,500,000	0.11%
Mr. Philip Armstrong NOZNESKY	Beneficial Owner	400,000 (L)	1,500,000 ⁽³⁾ (L)	-	1,900,000	0.14%
Mr. CAO Yixiong Alan	Beneficial Owner	-	-	300,000 ⁽⁴⁾ (L)	300,000	0.02%
Mr. LIU Yangsheng	Beneficial Owner	-	-	300,000 ⁽⁴⁾ (L)	300,000	0.02%
Mr. LAU Chi Kit	Beneficial Owner	-	-	300,000 ⁽⁴⁾ (L)	300,000	0.02%

* The letter “L” denotes long position of the shareholder in the shares of the Company.

Notes:

- (1) Mr. DONG Li is deemed to be interested in 1,003,059,000 shares held by Master Alliance Investment Limited, a company wholly owned by Jingle Bells Group Limited, which is in turn wholly owned by DB International Trust (Singapore) Limited. DB International Trust (Singapore) Limited is the trustee of a discretionary trust established by Mr. DONG Li and the beneficiaries of such trust are family members of Mr. DONG Li.
- (2) Ms. ZHAO Huan has been granted options for 1,500,000 shares under the Pre-IPO Share Option Scheme.
- (3) Mr. Philip Armstrong NOZNESKY has been granted options for 1,500,000 shares under the Pre-IPO Share Option Scheme.
- (4) Mr. CAO Yixiong Alan has been granted options for 300,000 shares under the Share Option Scheme.
- (5) Mr. LIU Yangsheng has been granted options for 300,000 shares under the Share Option Scheme.
- (6) 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 nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporation (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company 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 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Share – long position

Name of Shareholders	Capacity/nature of interests	Number of ordinary share(s) held	Total interests as percentage of the issued share capital
Mr. Dong (<i>Note 1</i>)	Interest under a trust	1,003,059,000 (L)	73.92%
Master Alliance Investment Limited	Beneficial owner	1,003,059,000 (L)	73.92%
Jingle Bells Group Limited (<i>Note 2</i>)	Interest of controlled corporation	1,003,059,000 (L)	73.92%
DB International Trust (Singapore) Limited (<i>Note 3</i>)	Interest under a trust	1,003,059,000 (L)	73.92%

Notes:

- Mr. Dong is deemed to be interested in 1,003,059,000 Shares held by Master Alliance Investment Limited, a company wholly owned by Jingle Bells Group Limited, which is in turn wholly owned by DB International Trust (Singapore) Limited. DB International Trust (Singapore) Limited is the trustee of a discretionary trust established by Mr. Dong and the beneficiaries of such trust are family members of Mr. Dong.
- Jingle Bells Group Limited is deemed to be interested in 1,003,059,000 Shares which are held by Master Alliance Investment Limited, a company wholly owned by Jingle Bells Group Limited.
- DB International Trust (Singapore) Limited is deemed to be interested in 1,003,059,000 Shares held by Master Alliance Investment Limited, a company wholly owned by Jingle Bells Group Limited, which is in turn wholly owned by DB International Trust (Singapore) Limited. DB International Trust (Singapore) Limited is also the trustee of a discretionary trust established by Mr. Dong and the beneficiaries of such trust are family members of Mr. Dong.

Save as disclosed above, as at the Latest Practicable Date, no other substantial shareholder or person had an interest or short position in the shares or underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had interests in businesses, other than being a director of the Group and their respective close associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

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) the master purchase agreement dated 13 October 2015 entered into between the Company and Mr. Dong Li (“**Mr. Dong**”) in respect of the purchases by the Group from Mr. Dong’s associates of the environmental protection facilities, manufacturing facilities and inspection facilities for lead acid batteries and reserve power batteries and related products, for a term commencing from 1 November 2015 up to 31 December 2017, with the annual caps of RMB60.0 million, RMB100.0 million and RMB100.0 million respectively;
- (b) a master sales agreement dated 13 October 2015 and entered into between the Company and Mr. Dong pursuant to which members of the Group will sell to Mr. Dong’s associates products including lead-acid batteries, mainly motive power batteries, and related parts for a term of three years commencing from 1 January 2016, with the annual caps of RMB100.0 million, RMB150.0 million and RMB200.0 million for each of the three years ending 31 December 2018 respectively;
- (c) the 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, for a term of three years commencing from 1 January 2016, with the annual caps of RMB40.0 million, RMB50.0 million and RMB60.0 million for each of the three years ending 31 December 2018 respectively; and
- (d) the master leasing agreement dated 21 March 2016 entered into between the Company and Mr. Dong pursuant to which members of the Group will lease from Mr. Dong and/or his associates various properties owned by them, for a term of three years commencing from 1 January 2016, at the annual caps of RMB3.50 million for each of the three years ending 31 December 2018.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, save for the agreements referred to in the paragraph headed “Interests in Contracts or Arrangement” 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 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. LITIGATION

As at the Latest Practicable Date, there was no other litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinions, letter or advice included in this circular:

Name	Qualification
Ravia Global Appraisal Advisory Ltd. (“ Ravia ”)	Independent valuer

Each of the letter or report of Ravia is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Ravia did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, the date to which the latest published audited accounts of the Company were made up.

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

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

1. The Construction Contract;
2. the acquisition agreement dated 18 November 2016 entered into between Zhu Chenglong# (朱成龍) and Sun Xinjian# (孫新建) as vendors and Anhui Uplus New Energy Material Technology Co., Ltd.# (安徽力普拉斯新能源材料科技有限公司) (an indirect wholly-owned subsidiary of the Company) for the acquisition of 60% of the registered capital of the Taihe Dahua Energy Technology Co., Ltd.# (太和縣大華能源科技有限公司), at the aggregate consideration of RMB115,200,000;
3. the investment agreement dated 6 June 2016 and entered into between Zhaoqing Leoch Battery Technology Co., Ltd.# (肇慶理士電源技術有限公司) (“**Zhaoqing Leoch**”) (an indirectly wholly-owned subsidiary of the Company), Guangdong Marshall Electric Vehicle Co., Ltd.# (廣東瑪西爾電動科技有限公司) and Zhaoqing Leoch Marshall Electric Vehicle Co., Ltd.# (肇慶理士瑪西爾電動車有限公司) (the “**Target Company**”) for the acquisition of 75.34% of the enlarged registered capital of the Target Company at the consideration of approximately RMB121,065,300 by Zhaoqing Leoch;
4. the master leasing agreement dated 21 March 2016 entered into between the Company and Mr. Dong Li (“**Mr. Dong**”) for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 in relation to the leasing of various properties by the Group from Mr. Dong and/or his associates;
5. the master facilities purchases agreement dated 13 October 2015 and entered into between the Company and Mr. Dong for a term commencing from 1 November 2015 up to 31 December 2017 for the purchase of environmental protection facilities, manufacturing facilities and inspection facilities for lead acid batteries and reserve power batteries and related products;

6. the master raw materials purchases agreement dated 13 October 2015 and entered into between the Company and Mr. Dong for a terms of three years commencing from 1 January 2016 for the purchase of products including battery cases, parts, models, chargers and electronic products (for the manufacturing of the Group's battery products or sale as accessories of the Group's battery products) and electric scooters (for use by members of the Group) etc.; and
7. the master sales agreement dated 13 October 2015 and entered into between the Company and Mr. Dong for a terms of three years commencing from 1 January 2016 for the sale of by the Group of products including lead-acids batteries and related parts etc.

10. GENERAL

- (a) The company secretary of the Company is Mr. Chow Kam Keung, Albert, who is a member of The Hong Kong Institute of Certified Public Accountants, a CFA charter holder and a member of the Chinese Institute of Certified Public Accountants.
- (b) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) This circular is prepared in both English and Chinese. In the event of any inconsistency, the English version shall prevail over the Chinese version of this circular, except for land valuation report and property valuation report, in which Chinese version shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Unit C, 33/F, TML Tower, No 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong from the date of this circular up to and including 8 September 2017:

- (a) the Construction Contract;
- (b) the memorandum and articles of association of the Company;

- (c) the annual reports of the Company for the three years ended 31 December 2016;
- (d) the property valuation report, the text of which is set out in Appendix II to this circular;
- (e) the written consent referred to in paragraph headed “8. Qualification and Consent of Expert” of this appendix;
- (f) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix; and
- (g) this circular.