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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	2024	2023	
	RMB million	*RMB million*	**Changes**
Turnover	**16,126.5**	13,471.2	**19.7%**
Gross profit	**2,266.8**	1,943.7	**16.6%**
Profit for the year	**563.5**	567.8	**-0.8%**
Profit attributable to owners of the parent	**566.4**	535.4	**5.8%**
Basic earnings per share *(RMB)*	**0.41**	0.39	
Proposed final dividend per share *(HK cents)*	**7.0**	7.0	
Paid interim dividend per share *(HK cents)*	**4.0**	4.0	

ANNUAL RESULTS

The board of directors (the "**Board**") of Leoch International Technology Limited ("**Company**", "Leoch **International**" or "**Leoch**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024 (the "**Period**") together with the comparative figures for the previous year. The Company's audit committee (the "**Audit Committee**") has reviewed the results and the financial statements of the Group for the year ended 31 December 2024 prior to recommending them to the Board for approval.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	*4*	**16,126,477**	13,471,235
Cost of sales		**(13,859,632)**	(11,527,528)
Gross profit		**2,266,845**	1,943,707
Other income and gains	*4*	**240,876**	227,894
Selling and distribution expenses		**(534,682)**	(464,279)
Administrative expenses		**(500,188)**	(446,084)
Research and development costs	*5*	**(342,635)**	(371,868)
(Impairment losses)/reversal of impairment on financial assets, net	*5*	**(58,782)**	4,134
Other expenses	*6*	**(32,406)**	(20,982)
Fair value losses on financial instruments measured at fair value through profit or loss, net		**(44,709)**	(5,114)
Finance costs	*7*	**(299,990)**	(223,554)
PROFIT BEFORE TAX	*5*	**694,329**	643,854
Income tax expense	*8*	**(130,827)**	(76,018)
PROFIT FOR THE YEAR		**563,502**	567,836
Attributable to:			
Owners of the parent		**566,393**	535,372
Non-controlling interests		**(2,891)**	32,464
		563,502	567,836
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB0.41**	RMB0.39
Diluted		**RMB0.40**	RMB0.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 *RMB'000*	2023 *RMB'000*
PROFIT FOR THE YEAR		**563,502**	567,836
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value	*13*	**461**	(9)
Income tax effect		**(115)**	2
		346	(7)
Exchange differences on translation of foreign operations		**(29,411)**	(20,597)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(29,065)**	(20,604)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(10,806)**	(17)
Income tax effect		**2**	4
		(10,804)	(13)
Exchange differences arising on translation of functional currency to presentation currency		**(4,545)**	(4,987)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(15,349)**	(5,000)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(44,414)**	(25,604)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**519,088**	542,232
Attributable to:			
Owners of the parent		**521,005**	509,720
Non-controlling interests		**(1,917)**	32,512
		519,088	542,232

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024** **RMB'000**	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,073,482**	2,963,936
Investment property		**363,475**	324
Right-of-use assets		**498,650**	472,511
Goodwill		**3,711**	2,405
Other intangible assets		**798,121**	822,674
Equity investments designated at fair value through other comprehensive income		**1,393**	11,967
Financial assets at fair value through profit or loss	*15*	**306,461**	303,219
Prepayment and deposit for property, plant and equipment and right-of-use assets		**63,383**	78,534
Deferred tax assets		**91,241**	68,968
Total non-current assets		**5,199,917**	4,724,538
CURRENT ASSETS			
Inventories	*11*	**3,365,229**	2,748,720
Trade receivables	*12*	**3,704,278**	3,247,241
Debt investments at fair value through other comprehensive income	*13*	**161,166**	189,258
Prepayments, other receivables and other assets	*14*	**663,340**	631,017
Financial assets at fair value through profit or loss	*15*	**23,980**	25,360
Pledged deposits	*16*	**662,028**	965,767
Cash and cash equivalents	*16*	**743,975**	1,563,343
Total current assets		**9,323,996**	9,370,706
CURRENT LIABILITIES			
Trade and bills payables	*17*	**2,603,037**	3,003,992
Other payables and accruals	*18*	**1,094,771**	1,476,026
Financial liabilities at fair value through profit or loss	*15*	**10,371**	10,340
Interest-bearing bank and other borrowings	*19*	**4,005,321**	3,501,194
Lease liabilities		**22,802**	14,254
Income tax payable		**291,475**	204,241
Total current liabilities		**8,027,777**	8,210,047

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NET CURRENT ASSETS		**1,296,219**	1,160,659
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,496,136**	5,885,197
NON-CURRENT LIABILITIES			
Convertible bonds		**68,960**	61,132
Interest-bearing bank and other borrowings		**1,116,210**	956,169
Lease liabilities		**65,426**	32,888
Deferred tax liabilities		**84,551**	99,739
Deferred government grants		**142,209**	146,629
Total non-current liabilities		**1,477,356**	1,296,557
Net assets		**5,018,780**	4,588,640
EQUITY			
Equity attributable to owners of the parent			
Share capital		**118,469**	116,971
Equity component of convertible bonds		**26,623**	26,623
Reserves		**4,453,260**	4,055,568
		4,598,352	4,199,162
Non-controlling interests		**420,428**	389,478
Total equity		**5,018,780**	4,588,640

1. CORPORATE AND GROUP INFORMATION

Leoch International Technology Limited (the "**Company**") was incorporated in the Cayman Islands on 27 April 2010 as an exempted company with limited liability under the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands and the Company's shares have been listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 16 November 2010. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, and the address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in power solutions business and the recycled lead business.

In the opinion of the directors of the Company (the "**Directors**"), the immediate holding company and the ultimate holding company of the Company is Master Alliance Investment Limited, a company incorporated in the British Virgin Islands and wholly owned by Dr. Dong Li.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards –Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in power solutions business and the recycled lead business.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**") in order to allocate resources to segments and to assess their performance. The information reported to the executive directors of the Company, who are the Group's CODM for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the executive directors review the gross profit of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one reportable segment. Accordingly, no segment information is presented.

No segment assets and liabilities and related other segment information were presented as no such discrete financial information is provided to the CODM.

Information about products

An analysis of revenue by product is as follows:

	2024	2023
	RMB'000	*RMB'000*
Power solutions business	**14,503,819**	11,447,457
Recycled lead business	**1,622,658**	2,023,778
	16,126,477	13,471,235

Geographical information

(a) ***Revenue from external customers***

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**9,474,381**	8,157,704
Europe, the Middle East and Africa	**2,753,830**	1,935,577
Americas	**2,571,306**	2,140,455
Asia-Pacific (other than the Mainland China)	**1,326,960**	1,237,499
Total revenue	**16,126,477**	13,471,235

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

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

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**4,099,010**	3,925,553
Other countries/areas	**701,812**	414,831
Total non-current assets	**4,800,822**	4,340,384

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

Information about major customers

No revenue from sales to any customer amounted to 10% or more of the Group's total revenue for the years 2023 and 2024.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**16,126,477**	13,471,235

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods		
Sale of industrial products	**16,126,477**	13,471,235
Timing of revenue recognition		
Goods transferred at a point in time	**16,126,477**	13,471,235

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**303,500**	284,339

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation for the sale of industrial products is satisfied upon delivery of the industrial products and payment is generally due within 60 to 90 days from delivery, except for new customers, where payment in advance is normally required.

All performance obligations for sale of industrial products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

	2024	2023
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**23,936**	19,929
Government grants*	**134,285**	45,713
Dividend income from financial assets at fair value through profit or loss	**10,992**	8,288
Sale of scrap materials	**6,809**	17,174
Foreign exchange gains, net	**45,374**	42,687
Rental income	**5,111**	3,290
Gain on bargain purchase	**–**	75,835
Others	**14,369**	14,978
Total other income and gains	**240,876**	227,894

* *The government grants represent various cash payments and subsidies provided by the local government authorities to the Group as encouragement for its investment and technological innovation. There are no unfulfilled conditions or contingencies relating to these subsidies.*

5. PROFIT BEFORE TAX

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

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Cost of inventories sold		**11,931,492**	10,112,627
Employee benefit expense (including directors' remuneration):			
Wages and salaries		**1,387,577**	1,209,759
Equity-settled share option expenses		**4,357**	5,008
Pension scheme contributions		**89,357**	116,220
Total		**1,481,291**	1,330,987
Amortisation of other intangible assets except for deferred development costs		**21,507**	12,654
Research and development costs:			
Deferred development costs amortised*		**259,903**	225,146
Current year expenditure		**342,635**	371,868
Total		**602,538**	597,014
Auditor's remuneration		**3,400**	3,400
Fair value loss from financial assets at fair value through profit or loss, net		**44,101**	5,114

	Notes	2024 RMB'000	2023 RMB'000
Fair value loss from financial liabilities at fair value through profit or loss, net		**608**	–
Depreciation of property, plant and equipment		**348,577**	323,369
Depreciation of investment property		**10**	10
Depreciation of right-of-use assets		**35,455**	19,991
Impairment/(reversal of impairment) of trade receivables, net		**58,782**	(4,134)
Write-down of inventories to net realisable value*		**29,905**	20,812
Loss on disposal of items of property, plant and equipment, net		**1,068**	14,079
Foreign exchange differences, net		**(45,374)**	(42,687)
Lease payment not included in the measurement of lease liabilities		**27,538**	33,662
Bank interest income		**(23,936)**	(19,929)
Gain on bargain purchase		**–**	(75,835)

* *The amortisation of deferred development costs and write-down of inventories to net realisable value are included in "Cost of sales" in the consolidated statement of profit or loss.*

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2024 RMB'000	2023 RMB'000
Loss on disposal of items of property, plant and equipment, net	**1,068**	14,079
Inventory damaged by flood	**24,338**	–
Others	**7,000**	6,903
Total	**32,406**	20,982

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans (including convertible bonds)	**240,498**	184,192
Interest arising from discounted bills	**54,523**	36,618
Interest on lease liabilities	**4,969**	2,744
Total	**299,990**	223,554

8. INCOME TAX

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

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

The subsidiaries of the Company, Honour Label Investments Limited, Peak Year Investments Limited, Shieldon International Limited and Catherine Holdings International Company Limited, which were incorporated in the British Virgin Islands, are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry out any business in the British Virgin Islands.

Leoch Battery Corporation, incorporated in the United States, is subject to corporate income tax in the United States. The applicable federal corporate income tax rate is 26.55% (2023: 26.55%) on taxable income.

The provision for Hong Kong profits tax is based on the statutory rate of 16.5% (2023: 16.5%) of the assessable profits of subsidiaries incorporated in Hong Kong.

The Singapore authority approved the application of Leoch Battery Pte. Ltd. for the Global Trader Programme on 24 May 2014 and it was renewed on 30 August 2019, the effective period of which is from 1 January 2019 to 31 December 2023. The provision for the current income tax of Leoch Battery Pte. Ltd. is based on the tax rate of 17% for the year 2024 (2023: 10%).

The provision for PRC current income tax is based on the statutory rate of 25% of the assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the PRC which are taxed at preferential rates.

Leoch Battery (Jiangsu) Corp., Zhaoqing Leoch Battery Technology Co., Ltd., Anhui Leoch Power Supply Corp., Anhui Uplus Energy Technology Co., Ltd. and Anhui Leoch Renewable Energy Development Co., Ltd. were designated as high-tech enterprises by the PRC tax authorities and were entitled to a preferential tax rate of 15% for the year 2024.

Taihe Dahua Energy Technology Co., Ltd., which engages in qualified recycling businesses, is entitled to a 10% deduction of revenue from manufacturing qualified products with main qualified raw materials.

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

	2024	2023
	RMB'000	*RMB'000*
Current – PRC	**33,406**	25,283
Current – Hong Kong	**1,866**	929
Current – Singapore	**66,508**	52,479
Current – USA	**12,543**	8,853
Current – Vietnam	**35,236**	(232)
Under/(over) provision in prior years	**11,396**	(9,924)
Pillar Two income taxes – current tax*	**6,984**	–
Deferred tax	**(37,112)**	(1,370)
Total tax charge for the year	**130,827**	76,018

* *The current tax expense mainly relates to Vietnam.*

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the majority of the Company's subsidiaries are domiciled and/or operate to the tax expense at effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**694,329**		643,854	
Tax at the applicable tax rates	**132,825**	**19.1**	115,620	18.0
Tax concession for certain subsidiaries	**(34,502)**	**(5.0)**	(42,291)	(6.6)
Additional deductible research and development expenses	**(36,918)**	**(5.3)**	(44,095)	(6.8)
Income not subject to tax	**(624)**	**(0.1)**	(18,959)	(2.9)
Expenses not deductible for tax	**12,191**	**1.8**	15,931	2.5
Adjustments in respect of current tax of previous periods	**11,396**	**1.6**	(9,924)	(1.5)
Tax losses utilised from previous periods	**(6,184)**	**(0.9)**	(3,627)	(0.6)
Tax losses not recognised	**52,643**	**7.6**	63,363	9.7
Tax charge at the effective rate	**130,827**	**18.8**	76,018	11.8

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year. As such, the information used is not entirely representative of the actual circumstances in 2024. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits earned in Vietnam where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. Had the Pillar Two tax legislation been effective for the year ended 31 December 2024, the IAS 12 effective tax rate would have been approximately 18.8% which is 1% higher than the IAS 12 effective tax rate of 17.8%. The higher IAS 12 effective tax rate for the Group is mainly driven by top up taxes arising from Vietnam.

The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

9. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final –HK7 cents (2023: HK7 cents) per share	**90,959**	86,790

The proposed final dividend for the year of 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,373,897,419 (2023: 1,362,202,493) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculations	**566,393**	535,372
Interest on convertible bonds	**11,450**	10,017
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**577,843**	545,389

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**1,373,897,419**	1,362,202,493
Effect of dilution – weighted average number of ordinary shares:		
Share options	**24,560,157**	30,971,108
Convertible bonds	**60,000,000**	60,000,000
Total	**1,458,457,576**	1,453,173,601

11 INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**877,183**	765,176
Work in progress	**1,345,963**	895,422
Finished goods	**1,142,083**	1,088,122
Total	**3,365,229**	2,748,720

The cost of inventories recognised as an expense during the year in respect of write down inventories to net realizable value was RMB29,905,000 (2023: RMB20,812,000)

At 31 December 2024, certain of the Group's inventories with a net carrying amount of approximately RMB49,500,000 (2023: RMB100,000,000) were pledged to secure general banking facilities granted to the Group.

12. TRADE RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade receivables	**3,836,188**	3,320,369
Impairment	**(131,910)**	(73,128)
Net carrying amount	**3,704,278**	3,247,241

The Group grants different credit periods to its customers. Credit periods for individual customers are considered on a case-by-case basis. Certain customers are required to make partial payments before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables of RMB1,328,531,000 (2023: RMB995,565,000) were under short term credit insurance and RMB59,357,000 (2023: RMB59,352,000) were under letters of credit. In addition, the Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

As at 31 December 2024, the Group pledged certain trade receivables amounting to RMB611,395,000 (2023: RMB410,880,000) to banks with recourse in exchange for cash. The proceeds from pledging the trade receivables of RMB533,759,000 (2023: RMB327,160,000) were accounted for as collateralised bank advances until the trade receivables were collected or the Group made good of any losses incurred by the banks.

An ageing analysis of the trade receivables as at 31 December 2024 and 2023 based on the invoice date, net of loss allowance, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 3 months	**2,801,303**	2,569,245
3 to 6 months	**604,697**	469,362
6 to 12 months	**187,548**	164,491
1 to 2 years	**93,650**	30,152
Over 2 years	**17,080**	13,991
Total	**3,704,278**	3,247,241

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**73,128**	81,772
Impairment/(reversal of impairment) losses, net *(note 5)*	**58,782**	(4,134)
Amount written off as uncollectible	**–**	(4,510)
At end of year	**131,910**	73,128

The increase of RMB58,782,000 (2023: decrease of RMB8,644,000) in the loss allowance was due to the increase in trade receivables which were past due for over 12 months.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Current		**Past due**		**Total**
	Customers with credit enhancement	**Ordinary customers**	**Customers with credit enhancement**	**Ordinary customers**	
Expected credit loss rate	**0.62%**	**1.79%**	**20.57%**	**100.00%**	**3.44%**
Gross carrying amount *(RMB'000)*	**3,144,713**	**476,745**	**139,397**	**75,333**	**3,836,188**
Expected credit losses *(RMB'000)*	**19,386**	**8,524**	**28,667**	**75,333**	**131,910**

As at 31 December 2023

	Current		Past due		Total
	Customers with credit enhancement	Ordinary customers	Customers with credit enhancement	Ordinary customers	
Expected credit loss rate	0.34%	1.20%	25.35%	100.00%	2.20%
Gross carrying amount *(RMB'000)*	2,610,401	608,858	59,133	41,977	3,320,369
Expected credit losses *(RMB'000)*	8,830	7,331	14,990	41,977	73,128

13. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The balances as at 31 December 2024 and 31 December 2023 represent bills receivable held by the Group which were measured at fair value through other comprehensive income, since the bills receivable were held within the business model whose objective was achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows were solely payments of principal and interest on the principal amount outstanding.

The ageing analysis of bills receivable presented based on the issue date at 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**123,169**	148,854
3 to 6 months	**36,590**	32,368
6 to 12 months	**1,407**	8,036
Total	**161,166**	189,258

The net gain on changes in the fair value of the debt investments at fair value through other comprehensive income amounting to RMB461,000 (2023: net loss RMB9,000) was recognised in the consolidated statement of other comprehensive income during the year.

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**356,931**	341,296
Deposits and other receivables	**297,357**	279,255
Interest receivables	**5,294**	6,066
Loans to employees	**3,758**	4,400
	663,340	631,017

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	
	Assets	**Liabilities**
	RMB'000	***RMB'000***
CURRENT		
Listed equity investments, at fair value	**68**	**–**
Commodity future and option contracts, at fair value	**476**	**–**
Other unlisted investment, at fair value	**23,436**	**–**
Put option, at fair value	**–**	**10,371**
Total	**23,980**	**10,371**
NON-CURRENT		
Unlisted investments, at fair value	**306,461**	**–**

	2023	
	Assets	Liabilities
	RMB'000	*RMB'000*
CURRENT		
Listed equity investments, at fair value	76	–
Commodity future and option contracts, at fair value	1,078	–
Other unlisted investment, at fair value	24,206	–
Put option, at fair value	–	10,340
Total	25,360	10,340
NON-CURRENT		
Unlisted investments, at fair value	303,219	–

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The Group uses derivative financial instruments, such as commodity future and option contracts, to manage the lead price fluctuation risk, which did not meet the criteria for hedge accounting and are measured at fair value through profit or loss.

The above other unlisted investment was the right to receive the proceeds from future sales of the properties. It was mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

The above unlisted investments were fund investments that have defined investment period and there is contractual obligation to distribute.

16. CASH AND BANK BALANCES AND TIME DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**743,975**	1,563,343
Time deposits	**662,028**	965,767
Subtotal	**1,406,003**	2,529,110
Less: Pledged for interest-bearing bank borrowings	**(45,104)**	(25,766)
Pledged for bills payable	**(326,764)**	(597,220)
Pledged for letters of credit	**(290,160)**	(342,781)
Subtotal	**(662,028)**	(965,767)
Cash and cash equivalents	**743,975**	1,563,343
Denominated in RMB	**1,120,592**	1,825,346
Denominated in US$	**158,505**	205,911
Denominated in HK$	**61,391**	382,622
Denominated in Indian Rupee	**11,233**	11,324
Denominated in Euro ("**EUR**")	**11,190**	56,371
Denominated in Singapore Dollar ("**SG$**")	**7,657**	1,082
Denominated in THB	**7,651**	7,646
Denominated in Malaysian Dollar ("**MYR**")	**7,046**	8,594
Denominated in GBP	**6,729**	9,070
Denominated in Sri Lankan Rupee	**5,106**	5,190
Denominated in Vietnam Dollar	**4,886**	3,991
Denominated in Australian Dollar ("**AU$**")	**2,919**	11,881
Denominated in MXN	**1,001**	–
Denominated in JPY	**97**	82
	1,406,003	2,529,110

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

17. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,187,451**	1,054,764
Bills payable	**1,415,586**	1,949,228
Total	**2,603,037**	3,003,992

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**1,248,762**	1,624,793
3 to 6 months	**903,190**	784,223
6 to 12 months	**423,338**	572,495
1 to 2 years	**19,660**	13,628
2 to 3 years	**4,314**	5,937
Over 3 years	**3,773**	2,916
Total	**2,603,037**	3,003,992

The trade payables are non-interest-bearing and are normally settled on 90-day terms. All the bills payable have maturity dates within 365 days. As at 31 December 2024, bills payable amounting to RMB759,932,000 (2023: RMB698,900,000) were issued on intercompany sales transactions within the Group and these bills were discounted to banks for short term financing.

As at 31 December 2024, certain of the Group's bills payable were secured by the pledge of certain of the Group's time deposits amounting to RMB326,764,000 (2023: RMB597,220,000).

18. OTHER PAYABLES AND ACCRUALS

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Provision for social insurance and retirement benefits		**169,437**	203,559
Contract liabilities	*(a)*	**281,795**	303,500
Accrued expenses		**117,711**	120,758
Accrued payroll		**100,454**	152,332
Payables for purchase of items of property, plant and equipment		**13,907**	151,573
Provision for product warranties		**53,156**	23,486
Tax payables other than current income tax liabilities		**72,256**	76,404
Payables to non-controlling shareholders and senior management		**28,000**	98,500
Payables for acquisition of subsidiaries		**38,516**	131,824
Provision	*(b)*	**66,117**	73,882
Others	*(c)*	**153,422**	140,208
Total		**1,094,771**	1,476,026

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024	31 December 2023	1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sale of goods	**281,795**	303,500	284,339

Contract liabilities are short-term advances received to deliver industrial products. The decrease (2023: increase) in contract liabilities was mainly due to the decrease (2023: increase) in short-term advances received from customers in relation to the sale of goods at the end of the year.

(b) The provision of RMB81,012,000 was recognised at the acquisition date of the acquiree Tianjin GS Battery Company Limited ("**Tianjin GS**") and Tianjin Juli Material Technology Co., Ltd.. The provision is related to discharging the obligations to remediate pollution made over certain production plant locations. During the year, the contingent liability has been utilised as to RMB14,604,000. As at the end of the reporting period, it has been decreased to RMB66,117,000.

(c) Other payables are non-interest-bearing and have no fixed terms of repayment.

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Interest-bearing bank borrowings, secured	**3.10 to 7.98 HIBOR+2.75**	**2025**	**760,600**	2.56 to 8.45 HIBOR+2.75	2024	1,061,986
Collateralised bank advances, secured	**2.01 to 5.00**	**2025**	**533,759**	2.32 to 5.00	2024	327,160
Interest-bearing bank borrowings, guaranteed	**2.00 to 7.69 HIBOR+3**	**2025**	**2,446,946**	2.00 to 8.37 HIBOR+3	2024	2,005,625
Current portion of long term bank borrowings, guaranteed	**HIBOR +Applicable margin**	**2025**	**264,016**	HIBOR +Applicable margin	2024	106,423
Total – current			**4,005,321**			3,501,194
Non-current						
Interest-bearing bank borrowings, secured	**3.30 to 8.30**	**2026-2039**	**487,451**	3.30 to 8.30	2025-2038	283,266
Interest-bearing bank borrowings, guaranteed	**2.00 to 9.60**	**2026-2027**	**280,887**	2.00 to 9.60	2025-2026	69,840
Interest-bearing bank borrowings, guaranteed	**HIBOR +Applicable margin**	**2026-2027**	**347,872**	HIBOR +Applicable margin	2025-2026	603,063
Subtotal – non-current			**1,116,210**			956,169
Convertible bonds	**18.11**	**2026-2027**	**68,960**	18.11	2025-2026	61,132
Total – non-current			**1,185,170**			1,017,301
Total			**5,190,491**			4,518,495
Denominated in RMB			**3,988,873**			3,035,419
Denominated in US$			**650,708**			809,511
Denominated in HK$			**503,586**			602,634
Denominated in SG$			**9,341**			9,694
Denominated in MYR			**37,248**			43,134
Denominated in EUR			**735**			897
Denominated in THB			**–**			34
Denominated in JPY			**–**			17,172
			5,190,491			4,518,495

Analysed into:

	2024	2023
	RMB'000	*RMB'000*
Bank loans and advances repayable:		
Within one year	**4,005,321**	3,501,194
In the second year	**468,276**	405,190
In the third to fifth years, inclusive	**663,333**	438,111
Beyond five years	**53,561**	174,000
Total	**5,190,491**	4,518,495

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

(i) Pledge of the Group's assets with a total value of RMB1,204,966,000 (2023: RMB1,177,741,000).

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

Under a loan facility agreement (the "**Facility Agreement**") dated 24 April 2023 and entered into by the Company as borrower in relation to a term loan facility of US$70,375,000 and HK$231,075,000 made available to the Group, there are specific performance obligations on Dr. Dong Li, the controlling shareholder of the Company, not to cease to own, directly or indirectly, at least 51% of the beneficial interest in the Company, carrying at least 51% of the voting right, free from any security. Further, Dr. Dong Li shall not cease to have management control over the Company or cease to be the Chairman of the board of directors of the Company. At the date of approval of these consolidated financial statements for the year ended 31 December 2024, such obligations have been complied with.

Several of the Company's wholly-owned subsidiaries were parties who act as guarantors, and the entire equity interests in two wholly-owned subsidiaries were pledged, to guarantee punctual performance of the Group's obligations under the Facility Agreement.

As at 31 December 2024, the outstanding term loan balance under the New Facility Agreement amounting to US$59,819,000 and HKD196,414,000 (total equivalent to RMB611,888,000), which is repayable within three year. The term loan bears interest at HIBOR+Applicable margin per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the Global Power & Energy Technology Partner in power solution and energy management solutions, the Group demonstrated robust revenue growth in 2024 compared to 2023, driven by strong performance across key geographical regions. The Company's strategic focus on expanding its market presence, investing in innovative technologies, and capitalizing on the growing demand for energy storage solutions has yielded significant results. Below is a detailed analysis of Leoch International's revenue growth by Product Lines and Geographical region:

For the Period, we navigated a landscape of technological evolution, regulatory pressures and market demands with an emphasis on balancing performance improvements with environmental considerations. Leoch's revenue was recorded at RMB16,126.5 million, representing a year-on-year increase of 19.7% The growth by Product Lines during the Period showed variations compared to the corresponding period in 2023, driven by the evolving demands across different sectors and regions.

By Productlines

Data Center and Network batteries recorded its Revenue of RMB6,852.8 million Representing YOY Growth of 9.0%

The data center and network batteries maintained as one of Leoch's key product lines, driven by increased investments in renewable energy projects and government incentives for energy storage. Leoch introduced modular and scalable energy storage systems (ESS) solutions to cater to diverse customer needs.

Leoch maintained a solid presence in the data center and reserved power battery market, offering high-quality lead-acid and lithium-ion batteries tailored for critical power backup applications. Rising demand for uninterrupted power supply (UPS) systems in data centers is driven by the growth in cloud computing, 5G networks, and digital transformation initiatives which positions Leoch favourably due to its reputation for providing reliable and durable battery solutions.

Further, Leoch's ESS solutions gained traction in residential, commercial, and industrial applications, supported by the global shift toward renewable energy and grid stability needs.

SLI battery reported its Revenue of RMB5,931.6 million Representing YOY Growth of 60.9%

Leoch achieved high double-digit growth in the start battery segment in 2024, outperforming the previous year in certain regions. The Company launched advanced start batteries with extended lifespans and maintenance-free designs, catering to the needs of modern vehicles and equipment. Leoch expanded its reach in emerging markets, particularly in Southeast Asia, Africa, and South America, where demand for start batteries was fueled by economic growth and increasing vehicle ownership.

The global automotive industry continued to recover from supply chain disruptions, leading to higher demand for start batteries in both OEM (original equipment manufacturer) and aftermarket segments. Leoch capitalized on this trend by supplying batteries to leading automotive manufacturers and distributors. Economic growth and increasing vehicle ownership in emerging markets drove demand for affordable and reliable start batteries. Leoch strengthened its distribution network and localized production to meet this demand.

Leoch expanded its start battery portfolio to include AGM (Absorbent Glass Mat) and technologies, which are increasingly used in modern start-stop systems and modern automotive applications.

The company formed strategic partnerships with automotive OEMs, marine equipment manufacturers, and industrial machinery providers, securing long-term contracts and expanding its customer base.

Motive power battery reported its Revenue of RMB1,442.0 million Representing YOY Growth of 19.2%

In 2024, the Group achieved a double digit growth in its motive power battery segment driven by increasing demand from material handling equipment, electric forklifts, and industrial automation sectors. The Company's focus on innovation, sustainability, and market expansion played a key role in its success. Below is a detailed analysis of Leoch's motive power battery growth in 2024 compared to 2023: Leoch maintained a strong presence in the motive power battery market by offering reliable and durable batteries for electric forklifts, warehouse equipment, and other industrial applications. Growth in e-commerce and logistics sectors has also driven demand for electric material handling equipment and induced the increasing adoption of automation and electrification in warehouses and manufacturing facilities. In response to such trend, the Company launched advanced motive power batteries with higher energy density, longer cycle life, and fast-charging capabilities, catering to the needs of modern industrial applications. Leoch's batteries were widely adopted in automated guided vehicles (AGVs) and robotic systems, further solidifying its position in the market.

Recycled Lead Business reported its Revenue of RMB1,622.7 million Representing YOY Decline of 19.8%

In 2024, the Group faced several challenges in its China recycling business, driven by regulatory changes, market dynamics, and removal of governmental tax incentive policy. These challenges impacted the Company's ability to maintain profitability and expand its recycling operations.

In 2024, Leoch International faced several challenges that impacted its margins compared to 2023. Key factors included:

1. *Rising Freight Costs & Shipping Disruptions*

   Sea Crisis and Geopolitical Tensions – Attacks on shipping routes force longer detours around africa, increasing fuel costs and delays.

   – Container Shortages & Rate Volatility – Higher demand and rerouted shipments lead to fluctuating ocean and air freight prices. As a mitigation for 2025, Loech had negotiated multiples long-term contracts with lock in rates with shipping lines before peak seasons to avoid spot market volatility and using freight forwarders for volume discounts.

2. *Reduction or Removal of local government incentives and subsidies*

   The Chinese government scaled back or eliminated local government incentives and subsidies previously available to lead-acid battery recyclers. This directly increased the burden on recycling companies, squeezing profit margins and reducing cash flow for reinvestment in operations or technology upgrades reduced joint venture recycled business activities and margin. On the positive fronts, extended Producer Responsibility (EPR) mandates requiring that battery manufacturers ensure higher recycling ratio rates and only Government-approved recyclers can process LABs hence consolidation favors compliant players like Leoch and the projected Global lead deficit, due to mine closures (e.g, Australia's Mount Isa) will further increased demands of recyclced activities and accordingly improved margin is expected.

   These challenges collectively pressured Leoch International's margins more severely in 2024 compared to 2023, where some of these issues were less pronounced or still emerging. There was noted improvement in profit attributable to owners of the parent company primarily due to the gross profit growth from business expansion.

By Regions

During the Period, the battery market exhibited distinct trends across various geographical regions.

Chinese Mainland Region reported its Revenue of RMB9,474.4 million Representing YOY Growth of 16.1%

In 2024, the Group demonstrated its consistent double-digit growth in the Chinese market compared to 2023, with strong performance noted across most product lines. The Company's growth was influenced by market trends, regulatory changes, and competitive market dynamics. During the Period, Leoch experienced steady growth driven by strong demand for lead-acid batteries, ESS, and motive power batteries, Energy Storage Solution and Data Center Network Batteries. The Company benefited from government support for renewable energy and industrial automation with significant gains in ESS exponential growth as investments in renewable energy projects and government incentives for energy storage increased. Leoch introduced modular and scalable ESS solutions, enabling its expansion into emerging markets and formation of strategic partnerships with key players in the EV and renewable energy sectors. Leoch's emphasis on eco-friendly products and recycling initiatives, which aligned with China's environmental goals.

Leoch's growth in 2024 was more pronounced in high-potential segments like ESS reflecting the Company's successful pivot toward sustainable and advanced energy solutions.

America Region reported its Revenue of RMB2,571.3 million Representing YOY Growth of 20.1%

In 2024, the Group's business achieved strong growth in the Americas, driven by increasing demand for ESS, and motive power solutions. The Company's strategic focus on innovation, market expansion, and sustainability has allowed it to seize emerging opportunities in North and South America.

Leoch's business growth accelerated, particularly in lithium-ion batteries and ESS, driven by the region's push toward renewable energy, electric vehicles (EVs), and industrial automation. The Company also expanded its presence in emerging markets in South America. Exponential growth due to increased adoption of solar and wind energy, coupled with government incentives for energy storage, has enabled Leoch's modular and scalable ESS solutions to gain significant traction.

North America contributed around 15.9% of Leoch's total revenue in 2024. The region's focus on clean energy and infrastructure modernization has provided significant growth opportunities for the Company.

EMEA (Europe, the Middle East and Africa) Region reported its Revenue of RMB2,753.8 million Representing YOY Growth of 42.3%

In 2024, revenue growth was driven by accelerated adoption of renewable energy storage systems, particularly in Germany, France, and the UK, alongside the growing demand for backup power solutions in commercial and residential sectors. Strategic collaborations with European energy companies and EV manufacturers further strengthened market penetration, and compliance with stringent environmental regulations, further positioned Leoch as a preferred supplier of eco-friendly battery solutions.

The EMEA region's focus on sustainability and energy independence has created a favorable environment for Leoch's advanced battery technologies.

The Company is capitalising on increasing investments in renewable energy projects, particularly in the UAE, Saudi Arabia, and South Africa, coupled with the growing demand for reliable power backup solutions in off-grid and remote areas. It has also formed strategic partnerships with local governments and energy companies to support infrastructure development.

Additionally, Leoch has expanded its product offerings to include cost-effective and durable battery solutions tailored to the EMEA region's needs.

The EMEA region accounted for approximately 17.1% of Leoch's global revenue in 2024. While it remains a smaller market compared to other regions, EMEA's growth potential is significant, driven by rapid urbanization and energy transition initiatives.

Asia-Pacific Region (excluding the Chinese Mainland) reported its Revenue of RMB1,327.0 million Representing YOY Growth of 7.2%

In 2024, revenue growth reflected a strong demand for renewable energy storage solutions in India and Southeast Asia. The Company has expanded its manufacturing facilities and distribution networks across the APAC region, capitalising on government incentives for green energy adoption and electric vehicle (EV) infrastructure development. The Company has also forged increased partnerships with local EV manufacturers and renewable energy projects. The APAC region remains as Leoch's key potential growing market, contributing approximately 8.2% of total revenue in 2024. The Company's ability to cater to diverse customer needs, from industrial batteries to residential energy storage systems, has solidified its leadership in this region.

Despite macroeconomic and regulatory headwinds, Leoch's diversified product portfolio, technological capabilities, and global footprint provide a solid foundation for sustainable growth. The Company remains well-positioned to capitalize on the global energy transition while improving operational resilience in 2025.

PROSPECTS

According to the forecasts of institutions such as the International Monetary Fund (IMF) and the World Bank, the global economy is expected to maintain a moderate growth rate of 2.8% to 3.5% in 2025, with emerging markets serving as the primary driving force. China and India are projected to achieve growth rates of 4.5% to 5.5% and 6.5% to 7.5% respectively. Among these, technological innovations such as new energy and artificial intelligence will become the main drivers of growth for major economies worldwide. Therefore, the Group anticipates that with the accelerated transformation of the global energy structure towards green and low-carbon, as well as the rapid popularization of digital and intelligent technologies, the new energy and artificial intelligence sectors will witness unprecedented development opportunities. The energy solutions the Group provide for data centers, communications, and energy storage, among others, are in line with the current global technological innovation trends, which will help the Group create new growth points and consolidate its leading position in the industry.

At the same time, we also see that the risks facing the global economy are complex and diverse. There are short-term challenges such as geopolitical conflicts and inflationary pressures, as well as long-term structural risks such as climate change and debt issues. To address these multiple challenges, the Group has added analyses and response strategies for potential risks such as fluctuations in raw material prices, supply chain risks, and technological change risks in our strategic planning. We have also established a risk management team to regularly assess and adjust risk response strategies.

The rapid growth of demand for network power batteries used in data center is driven by the explosion of artificial intelligence

As of now, the global digital economy has exceeded USD60 trillion, accounting for more than 55% of the global GDP. Against the backdrop of the continuous acceleration of information technology iterations, the development of artificial intelligence has fully entered the stage of deep application and value creation. The global digital infrastructure construction has shown a leapfrog development, with a significant increase in 5G network coverage and breakthrough progress in 6G technology research and development. New computing architectures such as quantum computing and edge computing have begun to be commercialized on a large scale. Countries are actively promoting the construction of digital governance systems, gradually improving the market-based allocation mechanism of data elements, and continuously deepening the integration of digital technology and the real economy, injecting new impetus into global economic recovery.

Among them, the development of global data center business is particularly remarkable. By 2025, the global data center market size has exceeded 300 billion US dollars, with an average annual growth rate of over 15%. Driven by the rapid development of the digital economy and the large-scale application of artificial intelligence large models, the demand for data centers, as the core computing infrastructure, has also shown explosive growth, bringing unprecedented development opportunities to the UPS battery industry. It is expected that by the end of 2025, the total electricity consumption of global data centers will account for a significantly higher proportion of global electricity consumption, and the market size of power supply systems required will also continue to expand. Facing this significant development opportunity, the Group will continue to increase R&D investment, focus on improving the performance indicators of core products such as high-power lead-acid batteries, high-density lithium-ion energy storage systems, and intelligent power management systems, and ensure that the energy consumption efficiency of products reaches the international leading level. At the same time, we will deepen strategic cooperation with global leading data center operators and equipment providers, communication enterprises, and cloud service providers, actively participate in the construction of new-generation green data centers, and strive to achieve significant growth in data center-related business areas.

Maintain the market advantage of network power batteries and focus on the advantages of new industry development

While deeply engaged in the lead-acid battery sector, we are accelerating our strategic transformation towards the lithium-ion battery field to seize the historic opportunities brought about by the global energy structure transformation. According to the prediction of Bloomberg New Energy Finance ("**BNEF**"), the global lithium-ion battery market size will exceed USD400 billion by 2030. Among them, the annual compound growth rate ("**CAGR**") of the energy storage battery field is expected to reach 25%-30%, while that of the automotive battery field is approximately 20%-25%. Based on this trend, we have successfully developed a new generation of high-energy-density lithium-ion battery products, featuring extreme safety and longer cycle life, and have achieved large-scale applications in power supply for network power, industrial and commercial energy storage systems, and low-speed electric vehicles used in communication data center. It is expected that the revenue from the lithium-ion battery business will show an optimistic growth.

Great potential for the energy storage business development and significant advantages in the external environment

Against the backdrop of the accelerated transformation of global energy structure, influenced by multiple factors such as the intensified fluctuations in energy prices, the impetus of carbon neutrality policies, and the rising demand for stability of power systems, the market for energy storage batteries is experiencing explosive growth. According to Bloomberg New Energy Finance's forecast, by 2025, the global market for energy storage will exceed USD500 billion, with lithium-ion energy storage systems accounting for more than 80% of the share. Under this circumstance, leveraging our accumulated advantages in network power battery technology and our customer service experience, we have launched a new generation of high-performance industrial and commercial energy storage systems in response to the urgent demands of the European and American markets for energy storage solutions with high safety and long cycle life. This system adopts a modular design and multi-level fire control strategies, enhancing its safety performance while expected to increase the energy density by 30% and the cycle life to exceed 8,000 times, significantly reducing the electricity cost for users.

Meanwhile, we have deeply recognized the significance of the Energy Management System (EMS) as the "brain" of lithium battery energy storage systems. EMS not only can detect the battery health status, optimize the charging and discharging strategies of the energy storage system, and enhance energy utilization efficiency, but also can help users participate in power market transactions through intelligent prediction and scheduling functions, generating additional income. Therefore, our R&D team in Singapore is accelerating the improvement of the new generation of energy management products. These products have passed certifications in multiple European countries and will support artificial intelligence algorithm optimization and cloud data management in the future. After obtaining the approval from relevant regulatory authorities, these products will be launched globally, forming a complete solution with our lithium battery energy storage products, providing users with one-stop services from hardware to software.

In the field of new energy storage, we have made breakthrough progress and successfully won bids for several large-scale photovoltaic energy storage projects. Looking forward to 2025, with the continuous growth of global renewable energy installed capacity, we will further deepen strategic cooperation with the photovoltaic, wind energy and other new energy industries and provide integrated solutions. Facing the continuous growth of global renewable energy installed capacity, the deepening of power marketization reform, and the rise of new business models such as virtual power plants, the energy storage battery business will have a broader development space. We will continue to increase research and development investment, deepen strategic cooperation with global energy enterprises, and contribute more to global energy transformation.

Deepen the technological innovation of SLI batteries and continuously expand the aftermarket channel market

In the context of the global automotive industry accelerating its transition towards electrification, the market for starter batteries is witnessing new opportunities for development. According to the latest market research data, the global SLI battery market size is projected to exceed USD22 billion in 2024, and it will maintain a compound annual growth rate of 4.5% by 2025. Although the pure electric vehicle market is growing rapidly, hybrid vehicles and traditional fuel vehicles equipped with start-stop systems still occupy significant market shares. The demand for high-performance starter batteries for these models remains strong. Particularly, SLI batteries equipped with AGM (absorption glass fiber separator) and EFB (enhanced flooded battery) technologies, due to their excellent cycle performance and environmental adaptability, are the mainstream products in the market.

In response to this market trend, we will deepen our layout in the following three aspects: Firstly, we will strengthen strategic cooperation with mainstream automotive original equipment manufacturers (OEMs), focusing on promoting the original equipment supply of AGM and EFB batteries. Secondly, in view of the growing replacement demand in the aftermarket (it is expected that the global aftermarket replacement market size will exceed USD12 billion by 2025), we will further deepen the resource layout and exploration of the aftermarket channel market, and integrate the channel resources of the newly acquired Tianjin GS Battery Company Limited[#] and Yuasa Battery (Shunde) Company Limited[#] to build a global digital after-sales service system. And through the marketing model integrating online and offline, we will enhance the terminal service capabilities. Finally, we will also increase R&D investment to develop high-performance battery products that are compatible with the new generation of intelligent start-stop systems and hybrid powertrain models, ensuring the technological leading edge.

[#] *The English transliteration of the Chinese names of these entities are for reference only.*

It is worth noting that with the continuous growth of the number of new energy vehicles, the demand for 12V auxiliary batteries, as the important component of the vehicle's low-voltage system, will also increase simultaneously. We plan to launch more auxiliary battery products specifically for new energy vehicles in 2025, further improving the product matrix. Through the dual-wheel drive of pre-installation integration and aftermarket services, we will build a more balanced business structure, laying a solid foundation for sustainable development.

Emphasize on the three growth engines of the business, and contribute to the steady growth of the Group's business

Looking forward to 2025, in the face of the dual opportunities of gradual global economic recovery and structural transformation, the Group will fully rely on the profound advantages accumulated over many years in its global market operations, continuously optimize and expand the global supply chain system, and further enhance the coverage breadth and operational efficiency of its international marketing network. Against the backdrop of moderate global economic growth and the rapid rise of emerging markets, the Group will, on the basis of maintaining its leading position in major business markets, actively seize the incremental opportunities brought by emerging economies in areas such as green energy, digital transformation, and consumption upgrading, accelerate the layout of high-potential markets, promote diversified business development, and achieve sustainable growth. The main strategic measures are as follows:

First, consolidate the advantages of the lead-acid battery business and expand the high-profit aftermarket market.

The lead-acid battery business of the Group, relying on mature technology, profound industry experience, reliable brand advantages, and outstanding cost control, has taken the leading position in the OE market and continuously contributes high profit margins and cash flows to the company. Meanwhile, compared with the OE market, the Group is currently actively exploring the back-end channel market with higher profit margins and shorter payment cycles. While maintaining the advantages in the OE market, it focuses on expanding the after-sales channel market to further enhance its profitability.

Secondly, vigorously develop the lithium battery business to meet the diversified development needs of customers.

With the rapid development of artificial intelligence, big data and communication industries, it is expected that the market for network power lithium-ion batteries will grow from approximately USD60 billion in 2024 to USD150 billion in 2030, experiencing explosive growth. By leveraging the leading advantages gained from years of layout in this field, we will seize market opportunities and achieve rapid growth in related businesses. Meanwhile, the global energy system is accelerating its transition towards decarbonization, with the proportion of renewable energy such as wind and solar power continuously increasing. However, their intermittency and volatility pose challenges to grid stability. Lithium battery energy storage systems, through integrating renewable energy into the grid and optimizing energy scheduling, have become the key to solving these problems. The Group closely follows the industry's intelligent development trend and has independently developed energy management systems (EMS), battery management systems (BMS), and power conversion systems (PCS), which have passed multiple international certifications and have been successfully applied in several large-scale communication projects. These technological breakthroughs have provided us with a solid technical barrier. In the future, we will continue to invest and continuously improve in the performance, safety, and intelligence of lithium-ion battery supporting systems, providing customers with overall energy solutions. We believe that under the favorable policies of governments around the world supporting the digital economy and the development of renewable energy, our lithium-ion battery energy storage systems are expected to achieve rapid growth in the market and become an important part of the future business landscape.

Thirdly, lay out the energy management system and explore the blue ocean market.

Under the dual impetus of technological progress and favorable policies, the energy management market is expanding rapidly. The Company will increase the investment in related research and development, deeply explore the potential of regional and industry demands, especially innovatively integrating artificial intelligence technology into system design, achieving remote intelligent monitoring and predictive maintenance for lithium battery projects, which significantly improves system operation efficiency and safety. At the same time, we are focusing on the digitalization and distributed energy fields, such as the development of microgrid monitoring and control systems, achieving comprehensive monitoring and optimization control of microgrids, improving energy utilization efficiency, and developing virtual power plant platforms for distributed energy to participate in power market transactions, achieving economic benefits while supporting stable grid operation.

With the mutual synergy of the above three business growth engines, the traditional lead-acid battery business will continue to provide stable cash flow, while the rapidly-growing lithium battery business will open up new development opportunities for the Group. The energy management system, while empowering hardware products with business capabilities, will create industry technical advantages, facilitate industry upgrading, and continuously optimize products and services through technology-driven approaches to create greater value for customers, jointly promoting the Group's sustained development.

As a global leading one-stop energy solutions provider, the Group will continue to adhere to the development strategy of "technology-driven, global layout, and customer-first". In terms of production capacity layout, we will continue to promote the intelligent upgrading of production bases, improve the global manufacturing network covering China, Southeast Asia, South Asia and North America, and ensure the resilience of supply chain and delivery efficiency. In terms of technological innovation, we will increase the intensity of R&D investment, focus on breaking through key technologies such as high-security solid-state batteries and intelligent energy management systems, and build a core technology barrier. In terms of market expansion, we are expanding the professional international marketing team, deepen strategic cooperation with global data center operators and equipment providers, communication operators, global energy enterprises and automobile manufacturers, aiming to increase the proportion of overseas market revenue.

In the face of the complex and ever-changing macro environment, we will continuously enhance operational efficiency through digital means, optimize the cost structure, regularly assess and adjust risk response strategies, strengthen the ability to resist risks, and incorporate sustainable development goals into strategic planning, such as reducing carbon emissions, improving energy efficiency, promoting circular economy, and building a sustainable enterprise. At the same time, we will actively seize the opportunities of global energy transformation, focus on the layout of three business segments such as network power batteries, new energy storage, and automotive starting batteries. We expect to achieve double-digit revenue and profit growth by 2025, further consolidating our leading position in the global energy solution provider field, creating sustainable value for shareholders, and contributing to global energy transformation.

As announced by the Company on 12 February 2025, it proposes the spin-off and separate listing on the United States of America of its wholly-owned subsidiary, Leoch Energy Inc. (the "**SpinCo**"), which together with its subsidiaries (the "**SpinCo Group**, and the Group excluding the SpinCo Group shall be referred to as the "**Retained Group**") are principally engaged in reserve power batteries, SLI batteries and motive power batteries in EMEA, Americas and the Asia-Pacific Region (other than Chinese Mainland, Hong Kong and Macau). We believe that this strategic move would unlock and enhance the market value of both the Retained Group and the SpinCo Group – each positioned to capitalise on the regional market opportunities, operational efficiency and attract targeted investment. The parallel listing structure is expected to improve financial transparency, governance, and valuation while offering shareholders assured entitlement to SpinCo shares by way of a full distribution in specie of existing shares of the SpinCo held by the Company. The spin-off and separate listing plan of the SpinCo has underscored Leoch's commitment to business expansion and enhancement of shareholders' value.

FINANCIAL REVIEW

For the Period, the Group's revenue amounted to RMB16,126.5 million, representing an increase of 19.7% from RMB13,471.2 million for the corresponding period in 2023. The profit for the Period amounted to RMB563.5 million as compared to RMB567.8 million for the year ended 31 December 2023, of which the profit attributable to the owners of the parent amounted to RMB566.4 million as compared to RMB535.4 million for the corresponding period in 2023. Basic earnings per share for the Period was RMB0.41 (2023: RMB0.39).

Revenue

The Group's revenue from the power solutions business increased by 26.7% from RMB11,447.5 million for the year ended 31 December 2023 to RMB14,503.8 million for the Period, while the Group's revenue from the recycled lead business decreased by 19.8% from RMB2,023.8 million for the year ended 31 December 2023 to RMB1,622.7 million for the Period.

Details of the Group's revenue for the years ended 31 December 2024 and 2023 by product category are set out below:

	2024			2023	
Product category	**Revenue**	**Percentage share**	**Percentage increase/ (decrease)**	Revenue	Percentage share
	RMB'000			*RMB'000*	
Reserve power batteries	**6,852,789**	**42.5%**	**9.0%**	6,284,398	46.6%
SLI batteries	**5,931,642**	**36.8%**	**60.9%**	3,686,988	27.4%
Motive power batteries	**1,442,049**	**8.9%**	**19.2%**	1,209,365	9.0%
Others	**277,339**	**1.7%**	**4.0%**	266,706	2.0%
Sub-total	**14,503,819**	**89.9%**	**26.7%**	11,447,457	85.0%
Recycled lead products	**1,622,658**	**10.1%**	**(19.8%)**	2,023,778	15.0%
Total	**16,126,477**	**100%**	**19.7%**	13,471,235	100%

Geographically, the Group's customers are principally located in the Mainland China, Europe, Middle East and Africa ("**EMEA**"), Americas and Asia-Pacific (other than the Mainland China). During the Period, the Group recorded different levels of growth in different markets.

The following revenue information is based on the customer location for the years ended 31 December 2024 and 2023:

	2024			2023	
	Revenue	**Percentage share**	**Percentage increase**	Revenue	Percentage share
	RMB'000			*RMB'000*	
Mainland China	**9,474,381**	**58.8%**	**16.1%**	8,157,704	60.5%
EMEA	**2,753,830**	**17.1%**	**42.3%**	1,935,577	14.4%
Americas	**2,571,306**	**15.9%**	**20.1%**	2,140,455	15.9%
Asia-Pacific (other than the Mainland China)	**1,326,960**	**8.2%**	**7.2%**	1,237,499	9.2%
Total	**16,126,477**	**100%**	**19.7%**	13,471,235	100%

Cost of Sales

The Group's cost of sales increased by 20.2% from RMB11,527.5 million for the year ended 31 December 2023 to RMB13,859.6 million for the Period, mainly because of the increased sales volume.

Gross Profit

The Group's gross profit increased by 16.6% from RMB1,943.7 million for the year ended 31 December 2023 to RMB2,266.8 million for the Period, mainly due to the strong demand from the SLI batteries business and reserve power batteries business as a result of expanding customer bases. The overall gross profit margin decreased slightly from 14.4% for the year ended 31 December 2023 to 14.1% for the Period, mainly due to the increased transportation cost.

Other Income and Gains

Other income and gains increased by 5.7% from RMB227.9 million for the year ended 31 December 2023 to RMB240.9 million for the Period as a result of an increase in government grants compensated by the lack of gain on bargain purchase during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 15.2% from RMB464.3 million for the year ended 31 December 2023 to RMB534.7 million for the Period. The increase was mainly caused by the increase in staff costs and sales commission as a result of business expansion globally.

Administrative Expenses

The Group's administrative expenses increased by 12.1% from RMB446.1 million for the year ended 31 December 2023 to RMB500.2 million for the Period. The increase was mainly due to the increase in depreciation and amortization and professional fees as a result of the acquisition of subsidiaries in late 2023 and group reorganisation during the Period, respectively.

R&D Costs

R&D costs of the Group decreased by 7.8% from RMB371.9 million for the year ended 31 December 2023 to RMB342.6 million for the Period.

Other Expenses

The Group's other expenses increased by 54.4% from RMB21.0 million for the year ended 31 December 2023 to RMB32.4 million for the Period. The increase was mainly caused by the inventory damaged by flood. The process of insurance compensation is underway.

Finance Costs

The Group's finance costs increased by 34.2% from RMB223.6 million for the year ended 31 December 2023 to RMB300.0 million for the Period mainly due to the increased bank borrowings in financing our regional capacity investment during the Period.

Profit before Tax

As a result of the foregoing factors, the Group recorded profit before tax of RMB694.3 million for the Period as compared to RMB643.9 million for the year ended 31 December 2023.

Income Tax Expense

Income tax expense increased by 72.1% from RMB76.0 million for the year ended 31 December 2023 to RMB130.8 million for the Period, mainly because assessable profits from the power solutions business increased while profit from the recycled lead business was effectively not subject to tax during the Period.

Profit for the Year

As a result of the foregoing factors, the Group recorded net profit of RMB563.5 million (2023: RMB567.8 million) and profit attributable to the owners of the parent of RMB566.4 million (2023: RMB535.4 million) for the Period.

Net Current Assets

As at 31 December 2024, the Group had net current assets of RMB1,296.2 million (2023: RMB1,160.7 million). The Group's current assets mainly consist of inventories, trade receivables, debt investments at fair value through other comprehensive income, cash and bank balances, prepayments, other receivables and other assets. The Group's current liabilities mainly consist of trade and bills payables, other payables and accruals, and interest-bearing bank borrowings.

Inventories

Inventories constituted one of the principal components of the Group's current assets. As at 31 December 2024, the Group had inventories of RMB3,365.2 million (2023: RMB2,748.7 million), representing an increase by 22.4% compared with last year. Increase in inventories was partly because of the strong demand from the power solutions business and partly because of the acquisition of subsidiary during the Period.

Trade Receivables

The Group's trade receivables primarily relate to receivables for goods sold to its customers and mainly comprised customers from the power solutions business. As at 31 December 2024, the Group had trade receivables of RMB3,704.3 million (2023: RMB3,247.2 million), representing an increase by 14.1% compared with last year. The increase in trade receivables was caused mainly by the increased sales.

Prepayments, Other Receivables and Other Assets

The Group's prepayments mostly relate to the purchase of raw materials. As at 31 December 2024, the Group had prepayments, other receivables and other assets of RMB663.3 million (2023: RMB631.0 million), representing an increase by 5.1% compared with last year. The increase was mainly due to the increase in its prepayment for raw materials and utility deposits.

Trade and Bills Payables

The Group's trade and bills payables primarily relate to its purchase of raw materials for production. As at 31 December 2024, the Group had trade and bills payables of RMB2,603.0 million (2023: RMB3,004.0 million), representing a decease by 13.3% compared with last year. The decrease in trade and bills payables was mainly caused by the decrease in bills payables used for the Period.

Other Payables and Accruals

The Group's other payables and accruals primarily consisted of provision for social insurance and retirement benefits, payments for its expenditures related to construction and renovation of its production facilities, payments in connection with transportation charges, contract liabilities, payables for acquisition of subsidiaries and accruals for payroll and benefits for its employees. As at 31 December 2024, the Group had other payables and accruals of RMB1,094.8 million (2023: RMB1,476.0 million), representing a decrease by 25.8% compared with last year. The decrease was mainly caused by the settlement of payables for purchase of items of property, plant and equipment, payables to non-controlling shareholders and payables for acquisition of subsidiaries.

Capital Expenditures

During the Period, the Group invested RMB832.4 million (2023: RMB609.1 million) in property, plant and equipment for its new production facilities.

Liquidity and Financial Resources

As at 31 December 2024, the Group's net current assets amounted to RMB1,296.2 million (2023: RMB1,160.7 million), among which cash and bank deposits amounted to RMB1,406.0 million (2023: RMB2,529.1 million). As at 31 December 2024, the Group had bank borrowings of RMB5,121.5 million (2023: RMB4,457.4 million), all of which are interest-bearing. Except for borrowings of RMB1,116.2 million (2023: RMB956.2 million) which have a maturity of over one year, all of the Group's bank borrowings were repayable within one year. The Group's borrowings were denominated in RMB, US dollars, HK dollars, Singapore dollars, Malaysian ringgits and Euro, and the effective interest rates of which as of 31 December 2024 were 2.00% to 9.60% (2023: 2.00% to 9.60%).

A portion of the Group's bank borrowings was secured by pledges over certain assets of the Group including property, plant and equipment, leasehold lands, deposits, inventory, trade receivables and equity interests in the Company's subsidiaries. As at 31 December 2024, the Group's gearing ratio was 35.3% (2023: 31.6%), which was calculated by dividing total borrowings by total assets as at the end of each respective period, multiplied by 100%.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2024 (2023: Nil).

Foreign Exchange Risk

The Group operates globally. For the Group's companies in the PRC, their principal activities were transacted in RMB. For other companies outside of the PRC, their principal activities were transacted in US dollars. However, as a result of the Group's revenue being denominated in RMB, the conversion into foreign currencies in connection with payments is subject to regulatory restrictions on currency conversion in the PRC. The value of the RMB against the US dollars and other currencies may fluctuate and is affected by, among other things, change in the political and economic conditions in the PRC. The Group's product sales adopted a price mechanism by which the currency fluctuation is basically transferred to the customers, but the Group's foreign currency trade receivables may still be exposed to risk in the credit period.

Material Acquisition and Disposal

There was no material acquisition or disposal of subsidiary, associated company or joint venture by the Group during the Period.

Significant Investments

As at 31 December 2024, the Group had no significant investment with a value of 5% or more of the Group's total assets.

EMPLOYEES

As at 31 December 2024, the Group had 16,732 employees. Employee benefit expenses (including directors' remuneration), which comprised wages and salaries, performance-related bonuses, equity-settled share option expenses and retirement benefit scheme contributions, totaled RMB1,481.3 million for the Period (2023: RMB1,331.0 million).

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK7.0 cents per share for the year ended 31 December 2024 (2023: HK7.0 cents per share). The final dividend shall be payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company as at the close of business on Wednesday, 4 June 2025. Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "**AGM**"), the final dividend will be paid to the Shareholders on or about Friday, 11 July 2025.

References are made to the interim results announcement of the Company dated 23 August 2024 and the interim report of the Company for the six months ended 30 June 2024. The Board also recommended the payment of an interim dividend of HK4 cents per share (2023: HK4 cents per share) during the Period which was paid on 8 November 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed:

(i) from Tuesday, 13 May 2025, to Thursday, 16 May 2025, (both days inclusive) for the purpose of determining Shareholders' entitlement to attend and vote at the AGM, during which period no transfer of Shares will be registered. In order to be eligible to attending and vote at the AGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Monday, 12 May 2025; and

(ii) from Monday, 2 June 2025 to Wednesday, 4 June 2025 (both days inclusive), for the purpose of determining Shareholders' entitlement to receive the final dividend, during which period no transfer of Shares will be registered. In order to qualify for receiving the final dividend, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Tricor Investor Services Limited. at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Friday, 30 May 2025.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code for dealing in securities of the Company by its directors. After making specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company was committed to maintaining a high standard of corporate governance with a view to safeguard the interests of its shareholders and enhance corporate value. The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules during the Period save and except deviation from code provisions C.1.6 (which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders) and F.2.2 (which stipulates that the chairman of the Board should attend the annual general meeting). At the annual general meeting of the Company held on 16 May 2024 (the "**2023 AGM**"), Dr. DONG Li, the chairman of the Board, and Mr. CAO Yixiong Alan, an independent non-executive Director, were unable to attend due to their other business engagements. The management together with the chairmen and/or members of the Board's committees attended the 2023 AGM to answer relevant questions raised by and understand the views of the shareholders of the Company instead.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in this announcement of the results of the Group for the year ended 31 December 2024 have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by the Group's auditor, Ernst & Young ("**EY**"). The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive Directors, namely, Mr. CAO Yixiong Alan (chairman of the Audit Committee), Mr. LAU Chi Kit and Mr. LU Zhiqiang, has reviewed the financial statements of the Group for the year ended 31 December 2024 and has discussed with the management and the external auditor of the Company on the accounting policies and practices adopted by the Group and the internal controls and financial reporting matters of the Group.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Period. As at 31 December 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

ANNUAL GENERAL MEETING

The AGM will be held on or about Friday, 16 May 2025. Notice of the AGM will be sent to the Shareholders in due course. The poll results of the AGM will be published shortly after the AGM.

All Shareholders are encouraged to attend the AGM and exercise their right to vote. Further, Shareholders are invited to ask questions related to the business of the meeting.

APPRECIATION

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

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

Hong Kong, 27 March 2025

As at the date of this announcement, the executive Directors are Dr. DONG Li and Ms. HONG Yu and the independent non-executive Directors are Mr. CAO Yixiong Alan, Mr. LAU Chi Kit and Mr. LU Zhiqiang.