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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Changes
	2024	2023	
	<i>RMB million</i>	<i>RMB million</i> (Restated)	
Turnover	7,542.9	6,003.4	+25.6%
Gross profit	1,061.8	818.0	+29.8%
Gross Margin	14.1%	13.6%	
Profit for the Period	241.7	255.3	-5.3%
Profit attributable to owners of the parent	244.8	231.8	+5.6%
Basic earnings per share (<i>RMB</i>)	0.18	0.17	
Proposed interim dividend per share (<i>HK cents</i>)	4	4	

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Leoch International Technology Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) with comparative figures for the corresponding period in the year 2023. The unaudited interim condensed consolidated financial statements have been reviewed by the auditor of the Company, Ernst & Young, and the audit committee of the Company (the “**Audit Committee**”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
			(Restated)#
REVENUE	4	7,542,913	6,003,416
Cost of sales		(6,481,141)	(5,185,436)
Gross profit		1,061,772	817,980
Other income and gains	4	65,877	123,957
Selling and distribution expenses		(246,262)	(214,336)
Administrative expenses		(222,257)	(195,019)
Research and development costs		(181,535)	(160,691)
Impairment losses on financial assets		(29,193)	(6,213)
Other expenses	6	(8,588)	(3,783)
Fair value (losses)/gains on financial instruments measured at fair value through profit or loss, net:		(13,680)	31,773
Finance costs	7	(160,085)	(98,058)
PROFIT BEFORE TAX	5	266,049	295,610
Income tax expense	8	(24,302)	(40,343)
PROFIT FOR THE PERIOD		241,747	255,267

	2024	2023
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)#
Attributable to:		
Owners of the parent	244,819	231,756
Non-controlling interests	(3,072)	23,511
	<u>241,747</u>	<u>255,267</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
	<i>10</i>	
Basic	<u>RMB0.18</u>	<u>RMB0.17</u>
Diluted	<u>RMB0.17</u>	<u>RMB0.16</u>

Details of the restatements are set out in note 2.2 to the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)#
PROFIT FOR THE PERIOD	<u>241,747</u>	<u>255,267</u>
OTHER COMPREHENSIVE INCOME		
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	470	(929)
Income tax effect	<u>(118)</u>	<u>232</u>
	352	(697)
Exchange differences on translation of foreign operations	<u>(4,069)</u>	<u>81,281</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(3,717)</u>	<u>80,584</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of functional currency to presentation currency	(4,987)	(23,438)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(3)	(14)
Income tax effect	<u>1</u>	<u>3</u>
	(2)	(11)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(4,989)</u>	<u>(23,449)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(8,706)</u>	<u>57,135</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>233,041</u>	<u>312,402</u>
Attributable to:		
Owners of the parent	236,252	288,830
Non-controlling interests	<u>(3,211)</u>	<u>23,572</u>
	<u>233,041</u>	<u>312,402</u>

Details of the restatements are set out in note 2.2 to the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	3,186,064	2,963,936
Investment property		319	324
Right-of-use assets		501,640	472,511
Goodwill		2,405	2,405
Other intangible assets		803,224	822,674
Equity investments designated at fair value through other comprehensive income		12,039	11,967
Financial assets at fair value through profit or loss		287,505	303,219
Deposits paid for purchase of items of property, plant and equipment		104,219	78,534
Deferred tax assets		86,870	68,968
		<hr/>	<hr/>
Total non-current assets		4,984,285	4,724,538
CURRENT ASSETS			
Inventories	<i>12</i>	3,170,417	2,748,720
Trade receivables	<i>13</i>	3,491,109	3,247,241
Debt investments at fair value through other comprehensive income		126,162	189,258
Prepayments, other receivables and other assets		708,746	631,017
Financial assets at fair value through profit or loss		25,294	25,360
Pledged deposits	<i>14</i>	691,233	965,767
Cash and cash equivalents	<i>14</i>	856,868	1,563,343
		<hr/>	<hr/>
Total current assets		9,069,829	9,370,706

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade and bills payables	<i>15</i>	2,496,265	3,003,992
Other payables and accruals		1,169,096	1,476,026
Lease liabilities		20,209	14,254
Financial liabilities at fair value through profit or loss		10,765	10,340
Interest-bearing bank borrowings	<i>16</i>	3,689,369	3,501,194
Income tax payable		210,427	204,241
Total current liabilities		7,596,131	8,210,047
NET CURRENT ASSETS		1,473,698	1,160,659
TOTAL ASSETS LESS CURRENT LIABILITIES		6,457,983	5,885,197
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	<i>16</i>	1,257,911	956,169
Convertible bonds	<i>16</i>	64,762	61,132
Deferred tax liabilities		95,630	99,739
Deferred government grants		139,196	146,629
Lease liabilities		66,975	32,888
Total non-current liabilities		1,624,474	1,296,557
Net assets		4,833,509	4,588,640
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>17</i>	117,865	116,971
Equity component of convertible bonds		26,623	26,623
Reserves		4,302,754	4,055,568
		4,447,242	4,199,162
Non-controlling interests		386,267	389,478
Total equity		4,833,509	4,588,640

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. CORPORATE INFORMATION

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

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standards ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 RESTATEMENT

Restatement in relation to the Group's equity investments designated at fair value through other comprehensive income.

	For the six months ended 30 June 2023 RMB'000
Consolidated statement of profit or loss and Consolidated statement of other comprehensive income:	
Increase in other income and gains	29,950
Increase in income tax expense	7,309
Decrease in other comprehensive income that will not be reclassified to profit or loss in subsequent periods	22,641

The restatements did not have any net impact on the Group's operating, investing and financing cash flows.

For further details, refer to note 2.2 of the consolidated financial statements in the Company's 2023 annual report.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period's financial information.

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

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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

International Financial Reporting Standard 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 is 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 CODM reviewed the gross profit of the Group as a whole reported under International Financial Reporting Standards. 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 products is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Power solutions business	6,798,509	5,006,921
Recycled lead business	744,404	996,495
Total segment revenue	<u>7,542,913</u>	<u>6,003,416</u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Chinese Mainland*	4,363,895	3,662,189
Europe, the Middle East and Africa	1,165,155	983,383
Americas	1,349,508	805,290
Asia-Pacific (other than Chinese Mainland)	664,355	552,554
Total segment revenue	<u>7,542,913</u>	<u>6,003,416</u>

* *Chinese Mainland means any part of the People's Republic of China excluding Hong Kong, Macau and Taiwan.*

The revenue information above is based on the locations of the customers. All of the revenue is from sale of goods, which is recognised when the goods are transferred at a point in time.

(b) Non-current assets

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Chinese Mainland	4,088,996
Other countries/areas	508,875	414,831
Total segment non-current assets	<u>4,597,871</u>	<u>4,340,384</u>

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 six months ended 30 June 2024 (30 June 2023: none).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue from contracts with customers	<u>7,542,913</u>	<u>6,003,416</u>

Disaggregated revenue information

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Type of goods		
Sale of industrial products	<u>7,542,913</u>	<u>6,003,416</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>7,542,913</u>	<u>6,003,416</u>

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)
Other income and gains		
Foreign exchange gain, net	11,694	74,189
Government grants*	18,372	34,880
Bank interest income	16,423	6,610
Dividend income from financial assets at fair value through profit or loss	8,814	–
Rental income	1,529	3,198
Sale of scrap materials	6,338	2,734
Others	<u>2,707</u>	<u>2,346</u>
Total	<u>65,877</u>	<u>123,957</u>

* *The government grants represent various cash payments and subsidies provided by the local government authorities to the Group as an encouragement to its investment and technological innovation.*

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
		(Restated)
Cost of inventories sold	5,614,959	4,539,577
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	650,808	480,052
Equity-settled share option expenses	4,775	4,863
Pension scheme contributions	58,445	48,173
	<u>714,028</u>	<u>533,088</u>
Amortisation of other intangible assets except for deferred development costs	12,990	10,675
Research and development costs:		
Deferred development costs amortised*	109,389	129,744
Current period expenditure	181,535	160,691
	<u>290,924</u>	<u>290,435</u>
Financial liabilities at fair value through profit or loss:		
Unrealised (gain)/loss	(562)	3,753
Realised loss(gain)	530	(5,561)
	<u>(32)</u>	<u>(1,808)</u>
Fair value gain from financial liabilities at fair value through profit or loss, net	<u>(32)</u>	<u>(1,808)</u>
Financial assets at fair value through profit or loss:		
Unrealised loss/(gain)	13,712	(29,965)
Depreciation of property, plant and equipment	190,884	167,167
Depreciation of investment property	5	246
Depreciation of right-of-use assets	16,822	8,500
Impairment of trade receivables	29,193	6,213
Impairment of inventories*	24,702	11,927
Loss on disposal of items of property, plant and equipment, net	2,585	2,101
Foreign exchange gain, net	(11,694)	(74,189)
Lease payment not included in the measurement of lease liabilities	15,717	6,591

* *The amortisation of deferred development costs and impairment of inventories are included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.*

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Loss on disposal of items of property, plant and equipment	2,585	2,101
Others	<u>6,003</u>	<u>1,682</u>
Total	<u><u>8,588</u></u>	<u><u>3,783</u></u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	128,590	70,722
Interest arising from discounted bills	23,217	21,289
Interest on lease liabilities	2,739	1,374
Interest on convertible bonds	<u>5,539</u>	<u>4,673</u>
Total	<u><u>160,085</u></u>	<u><u>98,058</u></u>

8. INCOME TAX

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) <i>RMB'000</i> (Restated)
Current:		
Chinese Mainland	14,414	5,479
Hong Kong	904	547
Singapore	13,414	18,887
United States of America	6,803	7,343
Vietnam	5,745	406
Others	5,149	5,387
Deferred	<u>(22,127)</u>	<u>2,294</u>
Total tax charged for the period	<u>24,302</u>	<u>40,343</u>

Pillar Two income taxes

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 in certain jurisdictions in which the Group operates.

The Group is in scope of the new tax legislation and is still in the process of assessing the potential exposure to Pillar Two income taxes. Potential exposure, if any, to Pillar Two income taxes is currently not known or not reasonably estimable.

9. DIVIDENDS

	For the Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed interim –HK4 cents (2023: HK 4 cents) per ordinary share	<u>50,227</u>	<u>50,219</u>

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,372,193,475 (six months ended 30 June 2023: 1,361,104,160) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period 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 in issue during the period, 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:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculations	244,819	231,756
Interest on convertible bonds	<u>5,539</u>	<u>4,673</u>
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculations	<u>250,358</u>	<u>236,429</u>

	Number of shares	
	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	1,372,193,475	1,361,104,160
Effect of dilution – weighted average number of ordinary shares:		
Share options	19,058,638	35,526,654
Convertible bonds	60,000,000	60,000,000
Total	<u>1,451,252,113</u>	<u>1,456,630,814</u>

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB437,332,000 (30 June 2023: RMB179,272,000).

Assets with a net book value of RMB16,274,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB8,392,000), resulting in a net loss on disposal of RMB2,585,000 (30 June 2023: RMB2,101,000).

During the six months ended 30 June 2024 and 2023, no impairment loss was recognised by the Group.

12. INVENTORIES

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	805,657	765,176
Work in progress	1,174,089	895,422
Finished goods	1,190,671	1,088,122
Total	<u>3,170,417</u>	<u>2,748,720</u>

At 30 June 2024, no inventories were pledged to secure general banking facilities granted to the Group (31 December 2023: RMB100,000,000) (note 16(v)).

13. TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	3,591,420	3,320,369
Less: Impairment provision	(100,311)	(73,128)
Total	<u>3,491,109</u>	<u>3,247,241</u>

The Group grants different credit periods to customers. The credit period of individual customers is considered on a case-by-case basis. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables of RMB736,986,000 (31 December 2023: RMB995,565,000) were under short term credit insurance and RMB13,207,000 (31 December 2023: RMB59,352,000) were under letters of credit. Trade receivables are non-interest-bearing.

As at 30 June 2024, the Group had pledged certain trade receivables amounting to RMB450,890,000 (31 December 2023: RMB410,880,000) to banks with recourse in exchange for cash. The proceeds from pledging the trade receivables of RMB350,139,000 (31 December 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 (note 16(iii)).

An ageing analysis of the trade receivables as at 30 June 2024 and 31 December 2023 based on the invoice date and net of provisions, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	2,673,149	2,569,245
3 to 6 months	511,725	469,362
6 to 12 months	208,848	164,491
1 to 2 years	80,367	30,152
Over 2 years	17,020	13,991
Total	<u>3,491,109</u>	<u>3,247,241</u>

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	856,868	1,563,343
Time deposits	691,233	965,767
	1,548,101	2,529,110
<i>Less: Pledged for interest-bearing bank borrowings (note 16(iv))</i>	(13,949)	(25,766)
Pledged for bills payable (note 15)	(323,319)	(597,220)
Pledged for letters of credit	(353,965)	(342,781)
	(691,233)	(965,767)
Cash and cash equivalents	856,868	1,563,343
Denominated in RMB	1,158,809	1,825,346
Denominated in US\$	175,019	205,911
Denominated in HK\$	145,250	382,622
Denominated in Euro ("EUR")	20,867	56,371
Denominated in Indian Rupee	11,299	11,324
Denominated in GBP	7,258	9,070
Others	29,599	38,466
Total	1,548,101	2,529,110

15. TRADE AND BILLS PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	1,129,402	1,054,764
Bills payable	1,366,863	1,949,228
Total	<u>2,496,265</u>	<u>3,003,992</u>

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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	1,514,409	1,624,793
3 to 6 months	602,295	784,223
6 to 12 months	361,528	572,495
1 to 2 years	9,198	13,628
2 to 3 years	3,280	5,937
Over 3 years	5,555	2,916
Total	<u>2,496,265</u>	<u>3,003,992</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms. All the bills payable bear maturity dates within 365 days. As at 30 June 2024, bills payable amounting to RMB481,898,000 (31 December 2023: RMB698,900,000) were issued on intercompany sales transactions within Group companies and such bills were discounted to banks for short term financing.

As at 30 June 2024, certain bills payable of the Group were secured by pledging of certain time deposits of the Group amounting to RMB323,319,000 (31 December 2023: RMB597,220,000).

16. INTEREST-BEARING BANK BORROWINGS

	30 June 2024 (unaudited)			31 December 2023 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Interest-bearing bank borrowings, secured	3.00-8.23	2024-2025	792,248	2.56 to 8.45 HIBOR+2.75	2024	1,061,986
Collateralised bank advances, secured	2.17-5.00	2024-2025	350,139	2.32 to 5.00	2024	327,160
Interest-bearing bank borrowings, guaranteed	2.56-9.60	2024-2025	2,440,115	2.00 to 8.37 HIBOR+3	2024	2,005,625
Current portion of long term bank borrowings, guaranteed	HIBOR +Applicable margin	2024-2025	106,867	HIBOR+ Applicable margin	2024	106,423
Total – current			<u>3,689,369</u>			<u>3,501,194</u>
Non-current						
Interest-bearing bank borrowings, secured	3.05-5.07	2026-2038	572,272	3.30 to 8.30	2025-2038	283,266
Interest-bearing bank borrowings, guaranteed	2.00-5.00	2025-2027	79,542	2.00 to 9.60	2025-2026	69,840
Interest-bearing bank borrowings, guaranteed	HIBOR +Applicable margin	2026	606,097	HIBOR +Applicable margin	2025-2026	603,063
Subtotal – non-current			<u>1,257,911</u>			<u>956,169</u>
Convertible bonds	18.11	2025-2026	<u>64,762</u>	18.11	2025-2026	<u>61,132</u>
Total – non-current			<u>1,322,673</u>			<u>1,017,301</u>
Total			<u><u>5,012,042</u></u>			<u><u>4,518,495</u></u>

Analysed into:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Bank loans and advances repayable:		
Within one year	3,689,369	3,501,194
In the second year	239,121	405,190
In the third to fifth years, inclusive	661,862	438,111
Beyond five years	<u>421,690</u>	<u>174,000</u>
Total	<u><u>5,012,042</u></u>	<u><u>4,518,495</u></u>

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

- (i) a charge over certain property, plant and equipment of the Group with carrying amount of approximately RMB555,224,000 (31 December 2023: RMB534,260,000) as at the end of the reporting period.
- (ii) a charge over certain leasehold lands of the Group with carrying amount of approximately RMB105,554,000 (31 December 2023: RMB106,835,000) as at the end of the reporting period.
- (iii) the pledge of certain trade receivables of the Group with carrying amount of approximately RMB450,890,000 (31 December 2023: RMB410,880,000) as at the end of the reporting period (note 13).
- (iv) the pledge of certain time deposits of the Group amounting to approximately RMB13,949,000 (31 December 2023: RMB25,766,000) as at the end of the reporting period (note 14).
- (v) no inventories of the Group were pledged as at the end of the reporting period (31 December 2023: RMB100,000,000) (note 12).
- (vi) cross guarantees executed by companies within the Group.

17. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Land and buildings	421,992	277
Equity investments	<u>72,500</u>	<u>72,500</u>
Total	<u>494,492</u>	<u>72,777</u>

18. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, the Board is not aware of any significant events that have occurred since 30 June 2024 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, amid global concerns over upside risks to inflation and the increased possibility of higher interest rates for longer periods, in the context of escalating trade tensions and increased policy uncertainty, the Group, being a leading power solution provider in the global market, had reported notable growth across several key regions, driven by diverse applications and increased demands for products such as starting, lighting, and ignition (“SLI”) battery and reserve power battery. The demands for lead-acid batteries has remained robust, driven by sectors such as automotive, energy storage, and industrial applications. The automotive industry continues to be the major consumer, particularly for traditional internal combustion engine vehicles and backup power systems. Our technological innovations have focused on improving energy density, lifespan, and charging efficiency to meet market demand.

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. The Group’s revenue was recorded at RMB7,542.9 million, representing a year-on-year increase of 25.6%. The growth by business segments during the Period showed variations compared to the corresponding period in 2023, driven by the evolving demands across different sectors.

The Group had noted a few areas of cost challenges which had marginally impacted our profitability. First and foremost, the industry has experienced supply chain challenges related to raw material supply, particularly lead. Geopolitical tensions and mining restrictions have impacted lead availability and pricing, influencing production costs and battery prices. Secondly, escalating shipping costs due to the intensifying red seas conflicts in the Red Sea, Thirdly, the appreciation of RMB currency against USD compared to 2023 had, to a large extent impacted our profitability due to increased international activities denominated in USD. The above cost escalation was reflected mainly in our incremental operating cost of 1.8% largely mitigated by our improved margin of 0.5% as a result of our reduced joint venture recycled business activities. There was noted improvement in profit attributable to owners of the parent company primarily due to the gross profit growth from business expansion.

By Business Segments

Reserve Power battery

As the major revenue contributor to the Group, the reserve power battery business accounted for 41.6% of the total sales of the Group during the Period, and has recorded a sales revenue of RMB3,135.4 million during the Period (six months ended 30 June 2023: RMB2,853.2 million), representing a 9.9% year-on-year growth. Our lead-acid and lithium batteries were widely used in uninterrupted power supply (“UPS”) systems across various industries such as data centers, healthcare and telecommunications, due to their ability to deliver high surge currents. The demand for lead-acid batteries in UPS applications is expected to grow significantly as the global dependence on digital infrastructure expands. With the increasing need for uninterrupted power in critical applications, lead-acid batteries, which are known for their reliability, will continue to be a preferred choice in this segment.

SLI battery

The sales revenue of the SLI battery business, as the second largest revenue contributor to the Group, contributed 37.7% of the total sales of the Group during the Period, and recorded a sale revenue of RMB2,841.1 million during the Period (six months ended 30 June 2023: RMB1,469.1 million), representing a year-on-year growth of 93.4%. The Group continued to dominate the SLI battery business in the automotive market, driven by strong demand from traditional internal combustion engine vehicles. It is expected that lead-acid battery will continue to maintain its dominant position in the SLI battery business of the automotive industry, but may undergo new changes in application with the development of electric vehicles (“EVs”). As electric vehicles gain more traction, lead-acid batteries are increasingly used for auxiliary functions in EVs, alongside their traditional SLI roles. The market growth in this application is expected to be steady, supported by the expansion of the global automotive market and the continuing high demand for reliable and cost-effective battery solutions.

Motive power battery

The motive power battery business accounted for 9.1% of the total sales of the Group during the Period, and its sales revenue amounted to RMB686.8 million during the Period (six months ended 30 June 2023: RMB621.8 million), representing a 10.5% year-on-year growth. In industrial settings, our motive power batteries (including both our lead-acid and lithium types), are widely used in forklifts, material handling equipment and other heavy machineries, due to their durability and cost-effectiveness. The Group's growth in this segment has accelerated, particularly as industries continue to automate and expand their operations. The versatility of lead-acid and lithium batteries in powering a range of industrial equipment ensures a sustained demand from the market.

Recycled Lead Business

The sales revenue from the recycled lead business amounted to RMB744.4 million during the Period (six months ended 30 June 2023: RMB996.5 million), representing a year-on-year reduction of 25.3%. The recycled lead business has encountered intense competition and numerous challenges driven by environmental regulations and market dynamics. The profitability of lead-acid battery recycling is closely tied to the price of lead, and volatile global lead prices in recent months has taken a toll on our margin.

By Regions

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

Chinese Mainland Region

During the Period, the sales revenue of the Chinese Mainland Region reached RMB4,363.9 million (six months ended 30 June 2023: RMB3,662.2 million), marking a year-on-year growth of 19.2%. The battery market in Chinese Mainland has been influenced by two key factors. Firstly, there is strong demand, as Chinese Mainland remains a major consumer of batteries, driven by robust demand in the automotive sector, especially for fuel vehicles and start-stop systems. Secondly, there is significant demand for batteries in UPS systems and backup power systems. We are investing in research and development (“**R&D**”) to promote innovations in battery life, efficiency, and safety to enhance battery performance. These advancements help us maintain a leading role in the market. Overall, the battery sector in Chinese Mainland during the Period was characterized by strong demands, regulatory pressures, and ongoing technological advancements.

America Region

The America Region has recorded a revenue of RMB1,349.5 Million during the Period (six months ended 30 June 2023: RMB805.3 million), representing an impressive year-on-year growth of 67.6%. North America continues to have a significant demand for lead-acid batteries, particularly in the automotive sector (including SLI battery and start-stop battery), as well as industrial applications and backup power systems with a growing shift towards more advanced technologies due to environmental regulations and technological advancements. With our new production capacity located in Mexico and the logistical and full environmental compliance advantages to capture multi key customers’ deals, which explain the surge in our activities in vast industrial applications across Latin America, this market has been driven by infrastructure development and growing automotive sectors.

EMEA (Europe, the Middle East and Africa) Region

The sales revenue of the EMEA Region amounted to RMB1,165.2 million during the Period (six months ended 30 June 2023: RMB983.4 million), representing a year-on-year growth of 18.5%. The demand for lead-acid batteries from the Europe and Africa markets remains strong in sectors like automotive and industrial applications while these markets are experiencing a gradual transition towards more sustainable battery technologies. We have put in place investment plans in battery recycling and management to comply with the European Union's circular economy goals to achieve sustainable practices. In the Africa region, our business was driven by demand growth in infrastructure and the increasing ownership for vehicles.

Asia-Pacific Region (excluding Chinese Mainland)

The Asia-Pacific Region (excluding Chinese Mainland) recorded a sales revenue of RMB664.4 million during the Period (six months ended 30 June 2023: RMB552.6 million), representing a year-on-year growth of 20.2%. The Asia Pacific region, particularly in India, shows high demand for batteries due to the growth in automotive, industrial and renewable energy sectors, and remains a major producer and consumer of lead-acid batteries. This market is characterized by high production volumes and a strong focus on technological improvements.

Overall, while the global battery market remains substantial, there are varying regional trends influenced by demand, technological advancements, and regulatory environments. Regions like Europe and North America are focusing on sustainability and technological upgrades, whereas the Asia-Pacific region continues to be a major production and consumption hub with evolving regulations.

FUTURE PROSPECTS

With the rapid development of the global digital economy, technologies such as artificial intelligence (“AI”), Internet of Things and big data have been widely used, especially the launch of large models of AI, which has led to a rapid increase in the demand for data centers. At the same time, in order to cooperate with the multi-scenario application of “AI+” in all walks of life, the communication industry is also continuing to gain more space for development. In addition, in order to provide more flexibility to the power system, reduce the cost of electricity, promote the popularization of clean energy and help to achieve the goal of carbon neutrality, the global demand for home energy storage, industrial and commercial energy storage and large storage is also rising. Based on the above market development trends, the reserve power battery business, which is the ballast stone of the Group’s business development, is expected to usher in continued growth. The Group will also continue to optimize product performance, improve quality, deepen cooperation with customers in various sectors, and strive for more market development opportunities.

Up to now, the Group has supplied original batteries to nearly 90 well-known automotive original equipment manufacturers (“OEMs”) around the world. The average years of cooperation with many of these automotive OEMs have exceeded 10 years. This long-term cooperation has enabled our product iteration to form a good positive cycle to meet customer demand. With the increasing popularity of new energy vehicles around the world, more and more automakers are taking pure electric vehicles and hybrid electric vehicles as the general direction of development. In the shift from fuel vehicle to electric vehicle, the market demand for SLI batteries has increased significantly. In addition, according to the market law that the market demands ratio for supporting front-end and back-end assembly in the industry accounts for 1:3, the Group has strategically actively laid out the back-end channel market, which has achieved initial results during the Period. In the future, the Group will continue to increase cooperation with various distributors and explore the development opportunities of the aftermarket. It is expected that the Group’s SLI battery business will continue to improve, driven by the dual growth momentum of front-end OEMs and back-end channel markets.

Based on the market prediction and understanding of customers, the Group has already begun to lay out lithium battery production capacity globally in the early years to meet the needs of various customers including communications, data center, energy storage and low-speed vehicles for lithium battery products, and has continued to win new customers and large orders these years. Additionally, the Group is also actively increasing the R&D and investment in supporting systems of lithium battery. Through the integration of software systems and hardware products, the Group is able to provide comprehensive lithium battery overall solutions to customers, and has received positive feedback from the market. Moving forward, the Group will continue to devote itself to the R&D of new batteries, including lithium batteries, lead-carbon batteries, and sodium-ion batteries, and increase its investment in supporting software systems, so as to enhance product differentiation and product portfolio diversity, with the aim of meeting the needs of different customers in different scenarios, enhancing market competitiveness and identifying new growth engines.

At the same time, the Group will continue to expand and improve its global production and marketing network, shorten the time between R&D, production, sales and delivery, to enhance the efficiency and satisfaction of customer service in different regions in a differentiated manner. Secondly, the Group will also continue to integrate the related resources of Tianjin GS Battery CO., LTD and Yuasa Battery (SHUNDE) CO., LTD acquired in 2023 to reduce costs and increase efficiency, and improve quality and growth, in order to optimize its financial performance. At the same time, the Group will continue to implement organizational changes in management together with strategic planning to keep pace with the times, and promote new vitality of the business.

In the face of continued uncertainties in the international and macroeconomic environment, as a leading global power solutions provider, the Group will continue to optimize and improve its products and services, prioritise research and development, innovate, open up new product lines, lead the industry demand, and consolidate our leading position in the market on the basis of consolidating our business. However, at the same time, we also see that, the industry has been facing challenges related to the supply of raw materials, particularly lead. Geopolitical tensions and mining restrictions have further impacted lead availability and the supply chain, which can potentially affect our business. The Group maintains a cautiously optimistic outlook on business and industry development, and will closely monitor market dynamics and industry conditions, actively face challenges arising from the business environment, and flexibly adjust the Group's operating strategy in a timely manner.

FINANCIAL REVIEW

During the Period, the Group's revenue amounted to RMB7,542.9 million, representing an increase of 25.6% compared to the corresponding period in 2023. The profit for the Period amounted to RMB241.7 million, representing a decrease of 5.3% compared to the corresponding period in 2023, of which the profit attributable to owners of the parent amounted to RMB244.8 million, representing an increase of 5.6% compared to the corresponding period in 2023. Basic and diluted earnings per share for the Period was RMB0.18 and RMB0.17, respectively.

Revenue

The Group's revenue increased by 25.6% from RMB6,003.4 million for the six months ended 30 June 2023 to RMB7,542.9 million for the Period, of which the Group's revenue from the power solutions business increased by 35.8% from RMB5,006.9 million for the six months ended 30 June 2023 to RMB6,798.5 million for the Period, while the Group's revenue from the recycled lead business decreased by 25.3% from RMB996.5 million for the six months ended 30 June 2023 to RMB744.4 million for the Period.

Details of the Group's revenue for the six months ended 30 June 2024 and 2023 by product are set out below:

Product	Six months ended 30 June					
	2024		Percentage increase/ (decrease)	2023		
	Revenue <i>RMB'000</i>	%		Revenue <i>RMB'000</i>	%	
Reserve power batteries	3,135,410	41.6%	9.9%	2,853,186	47.5%	
SLI batteries	2,841,142	37.7%	93.4%	1,469,096	24.5%	
Motive power batteries	686,814	9.1%	10.5%	621,762	10.4%	
Others	135,143	1.8%	114.9%	62,877	1.0%	
Sub-total	6,798,509	90.1%	35.8%	5,006,921	83.4%	
Recycled lead products	744,404	9.9%	(25.3%)	996,495	16.6%	
Total	7,542,913	100%	25.6%	6,003,416	100%	

Geographically, the Group’s customers are principally located in Chinese Mainland, Europe, Middle East and Africa (“EMEA”), Americas and Asia-Pacific (other than Chinese Mainland). The Group recorded different levels of growth in different markets.

The following table sets forth details of the Group’s revenue during the six months ended 30 June 2024 and 2023 based on customer location:

Customer location	Six months ended 30 June				
	2024		2023		
	Revenue <i>RMB’000</i>	Percentage increase %	Revenue <i>RMB’000</i>	%	
Chinese Mainland	4,363,895	57.9%	19.2%	3,662,189	61.0%
EMEA	1,165,155	15.4%	18.5%	983,383	16.4%
Americas	1,349,508	17.9%	67.6%	805,290	13.4%
Asia-Pacific (other than Chinese Mainland)	664,355	8.8%	20.2%	552,554	9.2%
Total	<u>7,542,913</u>	<u>100%</u>	<u>25.6%</u>	<u>6,003,416</u>	<u>100%</u>

Cost of Sales

The Group’s cost of sales increased by 25.0% from RMB5,185.4 million for the six months ended 30 June 2023 to RMB6,481.1 million for the Period. The increase was in line with the increase in sales.

Gross Profit

The Group’s gross profit increased by 29.8% from RMB818.0 million for the six months ended 30 June 2023 to RMB1,061.8 million for the Period. The gross profit margin remained flat for the power solutions business while slightly decreased for the recycled lead business. The overall gross profit margin increased from 13.6% for the six months ended 30 June 2023 to 14.1% for the Period as a result of reduced activities from the recycled lead business with lower margin.

Other Income and Gains

Other income and gains decreased by 46.9% from RMB124.0 million for the six months ended 30 June 2023 to RMB65.9 million for the Period, mainly due to the decrease in foreign exchange gains of RMB62.5 million for the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 14.9% from RMB214.3 million for the six months ended 30 June 2023 to RMB246.3 million for the Period. The increase was mainly caused by the increase in import and export fees and sales commission. The increase in sales commission was in line with the increase in sales.

Administrative Expenses

The Group's administrative expenses increased by 14.0% from RMB195.0 million for the six months ended 30 June 2023 to RMB222.3 million for the Period, mainly due to the increase in staff costs and office depreciation as a result of business acquisitions which took place in the second half of 2023.

Research and Development Costs

The research and development expenditure of the Group increased by 13.0% from RMB160.7 million for the six months ended 30 June 2023 to RMB181.5 million for the Period. The increase was mainly used for performance enhancement of selected products and development of new products in all categories during the Period.

Fair value (losses)/gains on financial instruments measured at fair value through profit or loss, net

The Group incurred fair value losses of RMB13.7 million on financial instruments measured at fair value through profit or loss during the Period while recognised fair value gains of RMB31.8 million in the corresponding period of 2023.

Finance Costs

The Group's finance costs increased by 63.3% from RMB98.1 million for the six months ended 30 June 2023 to RMB160.1 million for the Period as a result of increased bank borrowings in financing our regional capacity investments during the Period.

Profit before Tax

As a result of the foregoing factors, the Group recorded profit before tax of RMB266.0 million for the Period (six months ended 30 June 2023: RMB295.6 million).

Income Tax Expenses

Income tax expenses decreased by 39.8% from RMB40.3 million for the six months ended 30 June 2023 to RMB24.3 million for the Period, mainly due to the decrease in taxable profit of the Group during the Period.

Profit for the Period

As a result of the foregoing factors, the Group recorded profit for the Period of RMB241.7 million (six months ended 30 June 2023: RMB255.3 million), of which the Group recorded profit attributable to owners of the parent of RMB244.8 million (six months ended 30 June 2023: RMB231.8 million).

Liquidity and Financial Resources

As at 30 June 2024, the Group's net current assets amounted to RMB1,473.7 million (31 December 2023: RMB1,160.7 million), among which cash and bank deposit amounted to RMB1,548.1 million (31 December 2023: RMB2,529.1 million).

As at 30 June 2024, the Group had bank borrowings of RMB4,947.3 million (31 December 2023: RMB4,457.4 million), all of which are interest-bearing. Except for borrowings of RMB1,257.9 million which have a maturity of over one year, all of the Group's bank borrowings are repayable within one year. The Group's borrowings are denominated in RMB, US dollars, HK dollars and other currencies, and the effective interest rates of which as of 30 June 2024 were in the range of 2.00% to 9.60% (31 December 2023: 2.00% to 9.60%).

Most of the Group's bank borrowings are secured by pledges of certain assets of the Group including property, plant and equipment, leasehold lands, time deposits and trade receivables.

As at 30 June 2024, the Group's gearing ratio was 35.7% (31 December 2023: 32.1%), which was calculated by dividing total borrowings by total assets as at the end of each respective period, multiplied by 100%.

Risks of Exchange Rate Fluctuation

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

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

Pledge of Assets

Please refer to Note 16 to the financial statements of the Company set out in this announcement for details.

Capital Commitments

Please refer to Note 17 to the financial statements of the Company set out in this announcement for details.

Significant Investment

As at 30 June 2024, the Group has no significant investment with a value of 5% or more of the Group's total assets.

Material Acquisition and Disposal

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

EMPLOYEES

As at 30 June 2024, the Group had 16,175 employees. Employee benefit expenses (including directors' remuneration), which comprise wages and salaries, bonuses, equity-settled share option expenses and pension scheme contributions, totaled RMB714.0 million for the Period (six months ended 30 June 2023: RMB533.1 million).

The Group has share option schemes in place 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 seek 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 team spirit. Staff are rewarded based on the overall performance of the Group as well as on individual performance and contribution.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK4 cents per share for the Period (six months ended 30 June 2023: HK4 cents per share).

The interim 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 Friday, 18 October 2024. The interim dividend will be paid to the Shareholders on or about Friday, 8 November 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 October 2024 to Friday, 18 October 2024 (both days inclusive), for the purpose of determining Shareholders' entitlement to receive the interim dividend, during which period no transfer of Shares will be registered. In order to qualify for receiving the interim 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 Tuesday, 15 October 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of shareholders and enhancing corporate value. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules during the Period.

EVENTS AFTER THE PERIOD

No material events occurred subsequent to 30 June 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee, which comprises the 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 unaudited condensed consolidated interim results of the Company for the Period and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal controls, risk management and financial reporting matters.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Period. As at 30 June 2024, there were no treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) held by the Company.

APPRECIATION

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

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

Hong Kong, 23 August 2024

As of 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.