理士電池
Leoch Battery

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 2023

FINANCIAL HIGHLIGHTS

	2023 ***RMB million***	2022 *RMB million* (Restated)	**Changes**
Turnover	**13,471.2**	12,845.9	**4.9%**
Gross profit	**1,943.7**	1,594.8	**21.9%**
Profit for the year	**567.8**	502.7	**12.9%**
Profit attributable to owners of the parent	**535.4**	481.1	**11.3%**
Basic earnings per share *(RMB)*	**0.39**	0.35	
Proposed final dividend per share *(HK cents)*	**7.0**	10.0	
Paid interim dividend per share *(HK cents)*	**4.0**	–	

ANNUAL RESULTS

The board of directors (the "**Board**") of the Leoch International Technology Limited ("**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2023 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 2023 prior to recommending them to the Board for approval.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000* (Restated)
REVENUE	*4*	**13,471,235**	12,845,859
Cost of sales		**(11,527,528)**	(11,251,085)
Gross profit		**1,943,707**	1,594,774
Other income and gains	*4*	**240,766**	292,494
Selling and distribution expenses		**(464,279)**	(389,151)
Administrative expenses		**(446,084)**	(333,676)
Research and development costs	*5*	**(371,868)**	(382,868)
Reversal of impairment/(impairment losses) on assets, net	*5*	**4,134**	(27,516)
Other expenses	*6*	**(38,968)**	(14,443)
Finance costs	*7*	**(223,554)**	(156,222)
PROFIT BEFORE TAX	*5*	**643,854**	583,392
Income tax expense	*8*	**(76,018)**	(80,648)
PROFIT FOR THE YEAR		**567,836**	502,744
Attributable to:			
Owners of the parent		**535,372**	481,075
Non-controlling interests		**32,464**	21,669
		567,836	502,744
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB0.39**	RMB0.35
Diluted		**RMB0.38**	RMB0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
PROFIT FOR THE YEAR		**567,836**	502,744
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income 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*	**(9)**	(835)
Income tax effect		**2**	209
		(7)	(626)
Exchange differences on translation of foreign operations		**(20,597)**	5,992
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(20,604)**	5,366
Other comprehensive (loss)/income 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		**(17)**	172
Income tax effect		**4**	16
		(13)	188
Exchange differences arising on translation of functional currency to presentation currency		**(4,987)**	(56,135)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(5,000)**	(55,947)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(25,604)**	(50,581)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**542,232**	452,163
Attributable to:			
Owners of the parent		**509,720**	430,634
Non-controlling interests		**32,512**	21,529
		542,232	452,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31st December, 2023 RMB'000**	31st December, 2022 RMB'000 (Restated)	1st January, 2022 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**2,963,936**	2,289,686	2,291,795
Investment property		**324**	334	345
Right-of-use assets		**472,511**	239,026	152,860
Goodwill		**2,405**	2,405	2,213
Other intangible assets		**822,674**	783,241	771,009
Equity investments designated at fair value through other comprehensive income		**11,967**	11,834	11,015
Financial assets at fair value through profit or loss	*15*	**303,219**	243,210	171,665
Deposits paid for purchase of items of property, plant and equipment		**78,534**	63,964	34,650
Deferred tax assets		**68,968**	71,213	66,263
Total non-current assets		**4,724,538**	3,704,913	3,501,815
CURRENT ASSETS				
Inventories	*11*	**2,748,720**	2,136,470	2,019,256
Trade receivables	*12*	**3,247,241**	2,736,224	2,725,702
Debt investments at fair value through other comprehensive income	*13*	**189,258**	161,405	106,349
Prepayments, other receivables and other assets	*14*	**631,017**	473,432	223,469
Financial assets at fair value through profit or loss	*15*	**25,360**	51,951	67,798
Pledged deposits	*16*	**965,767**	793,806	602,513
Cash and cash equivalents	*16*	**1,563,343**	436,194	349,229
Total current assets		**9,370,706**	6,789,482	6,094,316

	Notes	**31st December, 2023** *RMB'000*	31st December, 2022 *RMB'000* (Restated)	1st January, 2022 *RMB'000* (Restated)
CURRENT LIABILITIES				
Trade and bills payables	*17*	**3,003,992**	2,361,044	2,319,251
Other payables and accruals	*18*	**1,476,026**	1,052,461	1,077,303
Financial liabilities at fair value through profit or loss	*15*	**10,340**	13	851
Interest-bearing bank and other borrowings	*19*	**3,501,194**	2,641,654	2,042,493
Lease liabilities		**14,254**	6,504	4,046
Income tax payable		**204,241**	146,923	108,576
Total current liabilities		**8,210,047**	6,208,599	5,552,520
NET CURRENT ASSETS		**1,160,659**	580,883	541,796
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,885,197**	4,285,796	4,043,611
NON-CURRENT LIABILITIES				
Convertible bonds	*20*	**61,132**	–	–
Interest-bearing bank and other borrowings	*19*	**956,169**	68,433	329,713
Lease liabilities		**32,888**	22,667	16,422
Deferred tax liabilities		**99,739**	64,180	53,282
Deferred government grants		**146,629**	94,281	65,129
Total non-current liabilities		**1,296,557**	249,561	464,546
Net assets		**4,588,640**	4,036,235	3,579,065
EQUITY				
Equity attributable to owners of the parent				
Share capital		**116,971**	116,250	116,241
Equity component of convertible bonds		**26,623**	–	–
Reserves		**4,055,568**	3,706,028	3,270,396
		4,199,162	3,822,278	3,386,637
Non-controlling interests		**389,478**	213,957	192,428
Total equity		**4,588,640**	4,036,235	3,579,065

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 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. RESTATEMENT

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

In previous years, the Group classified certain investments as equity investments designated at fair value through other comprehensive income upon the first adoption of IFRS 9 "Financial Instruments" effected in 2018. During the year, the Group has reviewed the terms and condition of these investments and noted that these investments should have been classified as "Financial assets at fair value through profit or loss". Accordingly, adjustments have been made retrospectively to reclassify these investments from "Equity investments designated at fair value through other comprehensive income" to "Financial assets at fair value through profit or loss".

The impact of the prior year adjustments to the financial statements of the Group are set forth below.

	31 December 2022 *RMB$'000*	1 January 2022 *RMB$'000*
Consolidated statement of financial position:		
Decrease in equity investments designated at fair value through other comprehensive income	243,210	171,665
Increase in financial assets through profit or loss	243,210	171,665
Decrease in reserve-fair value reserve	72,848	34,545
Increase in reserve-retained profits	72,848	34,545

	Year ended 31 December 2022 *RMB$'000*
Consolidated statement of profit or loss and Consolidated statement of other comprehensive income:	
Increase in other income and gains	50,767
Increase in income tax expense	12,464
Decrease in other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	38,303

The adjustment has been applied as of the beginning of the earliest period presented and has been consistently applied throughout all relevant prior periods. The cumulative effect of the adjustment is reflected in the opening balances of equity for the earliest period presented.

Management believes that this change provides a more faithful representation of the consolidated financial position of the Group and of its consolidated financial performance. The impact on the comparative financial statements is disclosed for the benefit of stakeholders and to ensure transparency in our financial reporting. This adjustment does not impact the current year's consolidated financial statements.

The following tables disclose the adjustment that have been made by the directors of the Group to each of the line items in the consolidated statements of profit or loss, the consolidated statement of comprehensive income for the year ended 31 December 2022, and the consolidated statement of financial position as at 31 December 2022 and 1 January 2022.

Year ended 31 December 2022	**As previously reported** *RMB$'000*	**Prior year adjustment** *RMB$'000*	**Restated** *RMB$'000*
Other income and gains	241,727	50,767	292,494
Income tax expense	(68,184)	(12,464)	(80,648)
PROFIT FOR THE YEAR	464,441	38,303	502,744
Attributable to:			
Owners of the parent	442,772	38,303	481,075

Year ended 31 December 2022	**As previously reported** *RMB$'000*	**Prior year adjustment** *RMB$'000*	**Restated** *RMB$'000*
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	50,939	(50,767)	172
Income tax effect	(12,448)	12,464	16
	38,491	**(38,303)**	**188**
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(17,644)**	**(38,303)**	**(55,947)**
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(12,278)**	**(38,303)**	**(50,581)**

31 December 2022	As previously reported RMB$'000	Prior year adjustment RMB$'000	Restated RMB$'000
NON-CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income	255,044	(243,210)	11,834
Financial assets at fair value through profit or loss	–	243,210	243,210
Total non-current assets	**3,704,913**	**–**	**3,704,913**

1 January 2022	As previously reported RMB$'000	Prior year adjustment RMB$'000	Restated RMB$'000
NON-CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income	182,680	(171,665)	11,015
Financial assets at fair value through profit or loss	–	171,665	171,665
Total non-current assets	**3,501,815**	**–**	**3,501,815**

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively. Further disclosures are included in note 8 to the financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 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.

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 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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments are shall be applied retrospectively with earlier application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

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:

	2023	2022
	RMB'000	*RMB'000*
Power solutions business	**11,447,457**	10,432,834
Recycled lead business	**2,023,778**	2,413,025
	13,471,235	12,845,859

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**8,157,704**	7,550,180
Europe, the Middle East and Africa	**1,935,577**	1,892,764
Americas	**2,140,455**	2,199,121
Asia-Pacific (other than the Chinese Mainland)	**1,237,499**	1,203,794
Total revenue	**13,471,235**	12,845,859

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**3,925,553**	2,957,883
Other countries/areas	**414,831**	420,773
Total non-current assets	**4,340,384**	3,378,656

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

Revenue of approximately RMB1,316,042,000 was derived from sales to one customer, including sales to a group of entities which are known to be under common control with that customer, exceeding 10% of the Group's total revenue for the year 2022.

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**13,471,235**	12,845,859

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of goods		
Sale of industrial products	**13,471,235**	12,845,859
Timing of revenue recognition		
Goods transferred at a point in time	**13,471,235**	12,845,859

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**284,339**	194,424

(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.

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Other income and gains		
Bank interest income	**19,929**	16,451
Government grants*	**45,713**	85,711
Dividend income from financial assets at fair value through profit or loss	**8,288**	7,343
Sale of scrap materials	**17,174**	6,264
Foreign exchange gains, net	**42,687**	80,639
Other lease payments, including fixed payments	**3,290**	3,900
Gain on bargain purchase *(note 23)*	**75,835**	–
Fair value gains, net:		
Financial liability at fair value through profit or loss	**6,996**	36,600
Financial assets at fair value through profit or loss	**5,794**	50,767
Others	**15,060**	4,819
Total other income and gains	**240,766**	292,494

* *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	2023 RMB'000	2022 RMB'000 (Restated)
Cost of inventories sold		**10,112,627**	9,795,721
Employee benefit expense (including directors' remuneration):			
Wages and salaries		**1,209,759**	940,852
Equity-settled share option expenses		**5,008**	4,916
Pension scheme contributions		**116,220**	107,316
Total		**1,330,987**	1,053,084
Amortisation of other intangible assets except for deferred development costs		**12,654**	9,426
Research and development costs:			
Deferred development costs amortised*		**225,146**	191,447
Current year expenditure		**371,868**	382,868
Total		**597,014**	574,315
Auditor's remuneration		**3,400**	3,100
Financial liabilities at fair value through profit or loss:			
Unrealised (gain)/loss		**(1,074)**	13
Realised gain		**(5,922)**	(36,613)
Fair value gain from financial liabilities at fair value through profit or loss, net		**(6,996)**	(36,600)

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Financial assets at fair value through profit or loss:			
Unrealised gain		**(33,418)**	(63,196)
Depreciation of property, plant and equipment		**258,213**	351,048
Depreciation of investment property		**10**	11
Depreciation of right-of-use assets		**19,991**	9,610
(Reversal of impairment)/impairment of trade receivables, net	*12*	**(4,134)**	27,516
Write-down of inventories to net realisable value	*11*	**20,812**	5,553
Loss on disposal of items of property, plant and equipment, net	*6*	**14,079**	1,492
Foreign exchange differences, net		**(42,687)**	(80,639)
Lease payment not included in the measurement of lease liabilities		**33,662**	14,028
Bank interest income		**(19,929)**	(16,451)
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:

	2023 RMB'000	2022 RMB'000
Loss on disposal of items of property, plant and equipment, net	**14,079**	1,492
Fair value loss from financial assets at fair value through profit or loss, net	**17,986**	8,349
Others	**6,903**	4,602
Total	**38,968**	14,443

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans (including convertible bonds)	**184,192**	119,779
Interest arising from discounted bills	**36,618**	34,846
Interest on lease liabilities	**2,744**	1,597
Total	**223,554**	156,222

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, 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 21% (2022: 21%) on taxable income.

The provision for Hong Kong profits tax is based on the statutory rate of 16.5% (2022: 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 10% (2022: 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 New Energy Development 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 2023.

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:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current – PRC	**25,283**	29,428
Current – Hong Kong	**929**	716
Current – Singapore	**52,479**	37,963
Current – USA	**8,853**	2,824
Current – Vietnam	**(232)**	440
(Over)/under provision in prior years	**(9,924)**	3,583
Deferred tax	**(1,370)**	5,694
Total tax charge for the year	**76,018**	80,648

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 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:

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
			(Restated)	
Profit before tax	**643,854**		583,392	
Tax at the applicable tax rates	**115,620**	**18.0**	135,114	23.2
Tax concession for certain subsidiaries	**(42,291)**	**(6.6)**	(70,614)	(12.1)
Additional deductible research and development expenses	**(44,095)**	**(6.8)**	(41,339)	(7.1)
Income not subject to tax	**(18,959)**	**(2.9)**	–	–
Expenses not deductible for tax	**15,931**	**2.5**	8,049	1.4
Adjustments in respect of current tax of previous periods	**(9,924)**	**(1.5)**	3,583	0.6
Tax losses utilised from previous periods	**(3,627)**	**(0.6)**	(1,482)	(0.3)
Tax losses not recognised	**63,363**	**9.7**	47,337	8.1
Tax charge at the effective rate	**76,018**	**11.8**	80,648	13.8

Pillar Two income taxes

As stated in note 2.3(d), 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, and the legislation will be effective for the Group's financial year beginning 1 January 2024.

The Group is in scope of the new tax legislation. However, the legislation was enacted close to the reporting date. Therefore, the Group 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

	2023	2022
	RMB'000	*RMB'000*
Proposed final – HK7 cents (2022: HK10 cents) per share	**86,790**	121,302

The proposed final dividend for the year of 2023 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 1,362,202,493 (2022: 1,357,854,935) in issue 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 in issue 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:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculations	**535,372**	481,075
Interest on convertible bonds	**10,017**	–
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**545,389**	481,075

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,362,202,493**	1,357,854,935
Effect of dilution – weighted average number of ordinary shares:		
Share options	**30,971,108**	3,878,398
Convertible bonds	**60,000,000**	–
Total	**1,453,173,601**	1,361,733,333

11. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**765,176**	581,131
Work in progress	**895,422**	742,248
Finished goods	**1,088,122**	813,091
	2,748,720	2,136,470

The cost of inventories recognised as an expense during the year in respect of write down inventories to net realizable value was RMB20,812,000 (2022: RMB5,553,000).

At 31 December 2023, certain of the Group's inventories with a net carrying amount of approximately RMB100,000,000 (2022: RMB100,000,000) were pledged to secure general banking facilities granted to the Group. For details of the pledged inventories, please refer to note 21.

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**3,320,369**	2,817,996
Impairment	**(73,128)**	(81,772)
Net carrying amount	**3,247,241**	2,736,224

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 RMB995,565,000 (2022: RMB424,787,000) were under short term credit insurance and RMB59,352,000 (2022: RMB81,857,000) 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 2023, the Group pledged certain trade receivables amounting to RMB410,880,000 (2022: RMB407,147,000) to banks with recourse in exchange for cash (note 21). The proceeds from pledging the trade receivables of RMB327,160,000 (2022: RMB300,102,000) 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 2023 and 2022 based on the invoice date, net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**2,569,245**	1,991,360
3 to 6 months	**469,362**	392,070
6 to 12 months	**164,491**	222,677
1 to 2 years	**30,152**	81,352
Over 2 years	**13,991**	48,765
Total	**3,247,241**	2,736,224

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**81,772**	55,703
(Reversal of impairment)/impairment losses, net *(note 5)*	**(4,134)**	27,516
Amount written off as uncollectible	**(4,510)**	(1,447)
At end of year	**73,128**	81,772

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 geographical region, product type, 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 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**

As at 31 December 2022

	Current		Past due		Total
	Customers with credit enhancement	Ordinary customers	Customers with credit enhancement	Ordinary customers	
Expected credit loss rate	0.59%	0.93%	9.97%	100.00%	2.90%
Gross carrying amount *(RMB'000)*	2,028,030	595,551	144,532	49,883	2,817,996
Expected credit losses *(RMB'000)*	11,924	5,550	14,415	49,883	81,772

13. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The balances as at 31 December 2023 and 31 December 2022 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 2023 and 31 December 2022 is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**148,854**	143,465
3 to 6 months	**32,368**	12,589
6 to 12 months	**8,036**	5,351
Total	**189,258**	161,405

The net loss on changes in the fair value of the debt investments at fair value through other comprehensive income amounting to RMB9,000 (2022: RMB835,000) was recognised in the consolidated statement of other comprehensive income during the year.

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023	2022
	RMB'000	*RMB'000*
Prepayments	**341,296**	342,207
Deposits and other receivables	**279,255**	121,143
Interest receivables	**6,066**	5,738
Loans to employees	**4,400**	4,344
	631,017	473,432

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 2023 and 2022, the loss allowance was assessed to be minimal.

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

	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		
Non listed investments, at fair value	**303,219**	**–**

	2022	
	Assets	Liabilities
	RMB'000	*RMB'000*
	(Restated)	
CURRENT		
Listed equity investments, at fair value	136	–
Commodity future and option contracts, at fair value	–	13
Other unlisted investment, at fair value	51,815	–
Total	51,951	13
NON-CURRENT		
Non listed investments, at fair value	**243,210**	**–**

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 non listed investments were fund investments that have defined investment period and there is contractual obligation to distribute.

16. CASH AND BANK BALANCES AND TIME DEPOSITS

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,563,343**	436,194
Time deposits	**965,767**	793,806
Subtotal	**2,529,110**	1,230,000
Less: Pledged for interest-bearing bank borrowings	**25,766**	(5,397)
Pledged for bills payable	**597,220**	(415,947)
Pledged for letters of credit	**(342,781)**	(372,462)
Subtotal	**(965,767)**	(793,806)
Cash and cash equivalents	**1,563,343**	436,194
Denominated in RMB	**1,825,346**	1,015,042
Denominated in HK$	**382,622**	31,583
Denominated in US$	**205,911**	134,421
Denominated in Euro ("**EUR**")	**56,371**	13,278
Denominated in Australian Dollar ("**AU$**")	**11,881**	13,990
Denominated in Indian Rupee	**11,324**	8,090
Denominated in GBP	**9,070**	–
Denominated in Malaysian Dollar ("**MYR**")	**8,594**	3,485
Denominated in THB	**7,646**	–
Denominated in Sri Lankan Rupee	**5,190**	2,958
Denominated in Vietnam Dollar	**3,991**	6,076
Denominated in Singapore Dollar ("**SG$**")	**1,082**	1,077
Denominated in JPY	**82**	–
	2,529,110	1,230,000

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**1,054,764**	782,273
Bills payable	**1,949,228**	1,578,771
Total	**3,003,992**	2,361,044

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**1,624,793**	833,140
3 to 6 months	**784,223**	608,572
6 to 12 months	**572,495**	906,326
1 to 2 years	**13,628**	8,092
2 to 3 years	**5,937**	2,247
Over 3 years	**2,916**	2,667
Total	**3,003,992**	2,361,044

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 2023, bills payable amounting to RMB698,900,000 (2022: RMB684,236,000) were issued on intercompany sales transactions within the Group and these bills were discounted to banks for short term financing.

As at 31 December 2023, certain of the Group's bills payable were secured by the pledge of certain of the Group's time deposits amounting to RMB597,220,000 (2022: RMB415,947,000) (note 21).

18. OTHER PAYABLES AND ACCRUALS

	Notes	**2023** **RMB'000**	2022 RMB'000
Provision for social insurance and retirement benefits		**203,559**	191,124
Contract liabilities	*(a)*	**303,500**	284,339
Accrued expenses		**120,758**	86,192
Accrued payroll		**152,332**	51,128
Payables for purchase of items of property, plant and equipment		**151,573**	114,382
Provision for product warranties		**23,486**	22,891
Tax payables other than current income tax liabilities		**76,404**	94,087
Payables to non-controlling shareholders		**98,500**	72,371
Payables for acquisition of subsidiaries		**131,824**	–
Provision	*(b)*	**73,882**	–
Others	*(c)*	**140,208**	135,947
Total		**1,476,026**	1,052,461

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2023 **RMB'000**	31 December 2022 RMB'000	1 January 2022 RMB'000
Short-term advances received from customers			
Sale of goods	**303,500**	284,339	194,424

Contract liabilities are short-term advances received to deliver industrial products.

(b) The provision of RMB81,012,000 was recognised at the acquisition date of the acquiree Tianjin GS Battery Company Limited 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 RMB7,130,000. At the end of the reporting period, it has been decreased to RMB73,882,000.

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

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2023			31 December 2022		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current						
Interest-bearing bank borrowings, secured	**2.56 to 8.45 HIBOR+2.75**	**2024**	**1,061,986**	1.88 to 8.17, HIBOR+2.76 to HIBOR+5.17	2023	998,295
Collateralised bank advances, secured	**2.32 to 5.00**	**2024**	**327,160**	2.00 to 4.57 LIBOR+2	2023	300,102
Interest-bearing bank borrowings, guaranteed	**2.00 to 8.37 HIBOR+3**	**2024**	**2,005,625**	2.00 to 7.26 HIBOR+2.5 LIBOR+2	2023	1,066,414
Current portion of long term bank borrowings, guaranteed	**HIBOR +Applicable margin**	**2024**	**106,423**	LIBOR+2.70	2023	276,843
Total – current			**3,501,194**			2,641,654
Non-current						
Interest-bearing bank borrowings, secured	**3.30 to 8.30**	**2025-2038**	**283,266**	1.88 to 6.00	2024-2028	28,626
Interest-bearing bank borrowings, guaranteed	**2.00 to 9.60**	**2025-2026**	**69,840**	3.00 to 4.60	2024-2025	39,807
Interest-bearing bank borrowings, guaranteed	**HIBOR +Applicable margin**	**2025-2026**	**603,063**	LIBOR+2.70	2024	–
Subtotal – non-current			**956,169**			68,433
Convertible bonds	**18.11**	**2025-2026**	**61,132**	–	–	–
Total – non-current			**1,017,301**			68,433
Total			**4,518,495**			2,710,087
Denominated in RMB			**3,035,419**			1,730,454
Denominated in US$			**809,511**			600,530
Denominated in HK$			**602,634**			338,494
Denominated in SG$			**9,694**			24,962
Denominated in MYR			**43,134**			13,938
Denominated in EUR			**897**			1,709
Denominated in THB			**34**			–
Denominated in JPY			**17,172**			–
			4,518,495			2,710,087

Analysed into:

	2023	2022
	RMB'000	*RMB'000*
Bank loans and advances repayable:		
Within one year	**3,501,194**	2,641,654
In the second year	**405,190**	22,620
In the third to fifth years, inclusive	**438,111**	44,547
Beyond five years	**174,000**	1,266
Total	**4,518,495**	2,710,087

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 RMB1,177,741,000 (2022: RMB1,293,367,000) for the bank borrowings as disclosed in note 21.

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

During the year, The Group renewed a three-year term loan facility agreement (the "**Facility Agreement**") amounting to US$70,375,000 and HK$231,075,000.

Under the Facility Agreement, 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 2023, 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 2023, the outstanding term loan balance under the Facility Agreement amounting to US$70,375,000 and HKD231,075,000 (total equivalent to RMB709,486,000), which is repayable within three year. The term loan bears interest at HIBOR+Applicable margin per annum.

20. CONVERTIBLE BONDS

On 9 January 2023, the Company issued unlisted convertible notes (the "Convertible Notes") in principal amount of HK$91,800,000, carrying interest at the rate of 5.5% per annum, payable semi-annually in arrears, and will mature in 2026. The offering price was at 100% of the principal amount of the Convertible Notes.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2023
	RMB'000
Nominal value of convertible bonds issued during the year	**80,262**
Equity component	**(26,623)**
Liability component at the issuance date	**53,639**
Interest expense	**10,055**
Interest paid	**(4,581)**
Exchange realignment	**2,019**
Liability component at 31 December (*note 19*)	**61,132**

21. PLEDGE OF ASSETS

	Prepaid land lease payments	**Property, plant and equipment**	**Pledged deposits**	**Inventories**	**Trade receivables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note 16)	*(note 11)*	*(note 12)*	
31 December 2023						
Interest-bearing bank borrowings *(note 19)*	**106,835**	**534,260**	**25,766**	**100,000**	**410,880**	**1,177,741**
Bills payable *(note 17)*	**–**	**–**	**597,220**	**–**	**–**	**597,220**
Issue of letters of credit	**–**	**–**	**342,781**	**–**	**–**	**342,781**
	106,835	**534,260**	**965,767**	**100,000**	**410,880**	**2,117,742**

	Prepaid land lease payments	Property, plant and equipment	Pledged deposits	Inventories	Trade receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note 16)	*(note 11)*	*(note 12)*	
31 December 2022						
Interest-bearing bank borrowings *(note 19)*	45,859	734,964	5,397	100,000	407,147	1,293,367
Bills payable *(note 17)*	–	–	415,947	–	–	415,947
Issue of letters of credit	–	–	372,462	–	–	372,462
	45,859	734,964	793,806	100,000	407,147	2,081,776

22. COMMITMENTS

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

	2023	2022
	RMB'000	*RMB'000*
Land and buildings	**277**	2,866
Capital contribution for financial assests at fair value through profit or loss	**72,500**	2,500
Total	**72,777**	5,366

23. BUSINESS COMBINATION

The acquisition of Tianjin GS and Shunde Yuasa (the "first acquisition")

On 25 July 2023, Leoch Battery Company Limited (the "**Buyer**"), a wholly-owned subsidiary of the Company, entered into an agreement (the "**Equity Transfer Agreement**") with independent third parties (the "**Sellers**") in relation to the proposed acquisition of 70% of the registered capital of Tianjin GS and Shunde Yuasa (which together with Tianjin GS are collectively referred to as the "**Target Companies**"). On 25 September 2023, the Sellers and the Buyer entered into a Supplemental Agreement, and the consideration was adjusted to an amount equal to 70% of the total net asset value of the Target Companies as at 31 October 2023.

The consideration for the first acquisition shall be paid in installments, with RMB60.0 million shall be paid at completion, RMB60.0 million shall be paid on or before the end of the first month following the date of Completion; and the remaining consideration shall be paid on or before the first anniversary of the date of completion. In addition, after the third anniversary of completion, the Sellers may exercise a put option and require the Buyer to purchase an additional 10% of the registered capital of the two or any of the Target Companies. The purchase price of such additional equity interests shall be prorated based on the audited net assets of the two or any of the Target Companies (as the case may be) as of 31 October 2023 or the consideration for the transaction.

As a result of the above transactions, the Buyer obtained control over Target Companies, which then became subsidiaries of the Company on 31 October 2023.

The fair values of the identifiable assets and liabilities of Target Companies as at the date of acquisition were as follows:

	Fair value recognised on acquisition (Tianjin GS) *RMB'000*	**Fair value recognised on acquisition (Shunde Yuasa)** *RMB'000*
Total non-current assets	380,761	169,543
Total current assets	291,923	160,431
Total current liabilities	(422,952)	(61,936)
Total non-current liabilities	(23,758)	(18,082)
Total identifiable net assets at fair value	225,974	249,956
Non-controlling interests	(67,792)	(74,987)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(39,127)	(31,435)
Satisfied by:		
Cash	114,174	137,650
Contingent consideration	4,881	5,884
Total consideration	119,055	143,534

Since the acquisition, the Target Companies contributed RMB281,909,000 to the Group's turnover and net profit of RMB2,103,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the period, the revenue and the profit before tax of the Group for the period would have been RMB14,289,686,000 and RMB508,230,000 respectively.

The acquisition of Tianjin Juli Material Technology Co., Ltd. (the "second acquisition")

On 10 November 2023, Anhui Uplus New Energy, a subsidiary of the Company, entered into an agreement with three independent third parties, Toho Zinc Co., LTD., GS Yuasa International Limited and Hakua Trading Co., LTD. (hereinafter referred to as "**Seller 1**", "**Seller 2**" and "**Seller 3**" respectively) to acquire a total of 93.2973% equity interest of Tianjin TOHO LEAD Recycling Co., Ltd. (later renamed to Tianjin JuLi Material Technology Co., LTD., "**Tianjin JuLi**"), with a consideration of RMB3 and RMB1 for each of the three sellers. The agreement also stipulates that Tianjin JuLi will be exempted from repaying the debts owed to Seller 1 and Seller 2, totaling about RMB140 million, after the signing date. The group will be responsible for the handling of Tianjin JuLi's employees.

	Fair value recognised on acquisition
	RMB'000
Total non-current assets	86,675
Total current assets	33,117
Total current liabilities	(114,288)
Total identifiable net assets at fair value	5,504
Non-controlling interests	(231)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(5,273)
Satisfied by:	
Cash	–

Since the acquisition, Tianjin JuLi contributed Nil to the Group's turnover and net loss of RMB3,957,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the period, the revenue and the profit before tax of the Group for the period would have been RMB13,606,421,000 and RMB418,530,000 respectively.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	RMB'000
Cash consideration	(251,824)
Cash consideration not paid yet	131,824
Cash and bank balances acquired	182,776
Net inflow of cash and cash equivalents included in cash flows from investing activities	62,776

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2023 (the "Period"), the Group's revenue amounted to RMB13,471.2 million, representing an increase of 4.9% from RMB12,845.9 million for the corresponding period in 2022.

During the Period, revenue from batteries (and related items) business amounted to RMB11,447.5 million, representing an increase of 9.7% from RMB10,432.8 million for the corresponding period in 2022. The increase in revenue from batteries was contributed by the 19.4% growth rate in the PRC market and 0.3% in overseas market.

Comparing the revenue of RMB6,440.6 million from batteries (and related items) during the second half of 2023 with that of RMB5,006.9 million in the first half of the Period, sales increased by 28.6%. Both the PRC and overseas markets were catching up in which sales increased by 30.1% and 27.0% respectively when comparing the results for the second half and the first half of the Period. Besides seasonal factor, the spread of battery sales in the first half and second half of 2023 were 43.7% vs 56.3% (2022: 47.1% vs 52.9%) and similar ratio applied in both the PRC and overseas markets during the Period, reflecting that demand was steadily recovering in the battery industry globally.

Reserve power battery remained the top revenue contributor during the Period but the pace of growth in SLI battery was expediting. Different from last two years when overseas business was the major contributor to the growth of battery business, the high growth rate in the PRC market covered the flat performance from overseas market. The Group believes that the recovery of overseas economy may be slow but with its continued efforts, it would achieve better performance in 2024. Nevertheless, three categories of battery business had different levels of performance during the Period.

Reserve power batteries

The Group's sales of reserve power batteries during the Period amounted to RMB6,284.4 million (2022: RMB6,006.1 million), representing an increase of 4.6% as compared to the same period of last year. This accounted for approximately 54.9% of the total revenue from batteries sales for the Period as compared to 57.6% in 2022. The increment in sales revenue of reserve power batteries amounted to RMB278.3 million (2022: RMB1,247.2 million increment) during the Period.

The Group managed to turn around the decrement in sales of RMB92.2 million during the first half of 2023 in the second half of 2023. This was contributed by more than 17% and close to 10% increase in shipping ton of lead-acid battery in the PRC and overseas market respectively during the second half of 2023 when compared to the first half of the Period and the sales growth of lithium battery products. On the other hand, the overseas project business was slowly recovering and the growth in PRC market was slowing down. Nevertheless, the continue recovery of global economy and expected stimulation in the PRC high-tech sector provide a strong support to the continuous growth momentum of the Group's reserve power business in 2024.

SLI batteries

Sales of SLI batteries for the Group during the Period amounted to RMB3,687.0 million (2022: RMB2,860.1 million), representing an increase of 28.9% as compared to the same period last year. This accounted for approximately 32.2% of the total revenue from batteries sales for the Period as compared to 27.4% in 2022. The increment in sales revenue of SLI batteries amounted to RMB826.9 million (2022: RMB145.9 million decrement) during the Period.

In 2023, the Group continued expanding its market share in the PRC and achieved satisfying result. Year to year growth in terms of shipping ton reached more than 30%. Although the overseas market recorded a negative growth rate during the first half of 2023, market demand rebounded significantly and shipping ton in the second half of the Period was close to two times higher than in the first half of the Period, resulting in more than 40% growth when compared with the corresponding period of last year. On the other hand, shipment to the PRC in the second half of 2023 grew by 40% when compared with the first half of 2023.

The acquisition of 70% shareholding of two SLI factories in 2023 will further strengthen our product range and expand our market share in the PRC market. With more than RMB280 million turnover contribution to the Group's consolidated revenue in the last two months of 2023 by these two SLI factories, the Group's competitiveness in the PRC SLI batteries market is expected to remain on the rise in 2024.

Being one of the major suppliers of domestic new energy automobile lead-acid batteries, the Group has confidence to enlarge our market share in the PRC, extend our customer bases in car manufacturers and expand after-market sales volume in the future. The Group will continue to deploy resources to capture the opportunity ahead in the era of autonomous driving of smart cars.

Motive power batteries

During the Period, motive power batteries business (which includes but is not limited to applications in electric vehicles, electric forklifts and other battery-driven products) of the Group recorded sales revenue of RMB1,209.4 million (2022: RMB1,258.3 million), representing a decrease of 3.9% as compared to last year. This accounted for approximately 10.6% of the total revenue from batteries sales for the Period as compared to 12.1% in 2022. The decrement in sales revenue of motive power batteries amounted to RMB48.9 million (2022: RMB35.2 million increment) during the Period.

Overseas weak demand for motive power battery dragged down the overall performance in 2023 even though the Group recorded more than 20% shipping ton growth in the PRC market. After experiencing 30% drop in demand for motive power battery in term of shipping ton during the first half of the Period in the overseas market compared with the corresponding period of last year, the decreasing rate in shipping ton in the second half of 2023 narrowed to 10%. Accordingly, the overall performance of the Group's motive power business in 2023 slightly deteriorated. Stabilized overseas performance in the second half of 2023 hinted that the market was bottoming and recovery is forthcoming.

Recycled lead

Revenue from the sales of recycled lead products amounted to RMB2,023.8 million (2022: RMB2,413.0 million) during the Period, representing a decrease of 16.1% as compared to last year. Before elimination of intercompany sales between recycling and battery business within the Group, total sales of recycling business was more or less the same during the Period when compared with 2022. Since the consolidated results reflected only sales to third parties, the decrease of RMB389.2 million turnover was mainly due to increased intercompany transactions.

Sales network

The Group maintained its widespread sales network to distribute its products to more than 100 countries and regions across the world and has established regional sales offices in Beijing, Shenzhen, Zhaoqing, Nanjing, Hong Kong, Singapore, Malaysia, Australia and other ASEAN countries, India, Sri Lanka, the United States , the European Union countries and the United Kingdom. Together with the domestic sales centers in the PRC, the Group has more than 80 sales offices and centers around the world. During the Period, the Group has newly established a wholly owned trading subsidiary in Indonesia. Indonesia is one of the emerging market economies in the world and the largest in Southeast Asia. As an upper-middle income country and a member of the G20, Indonesia is classified as a newly industrialized country and in 2023, it is a vital emerging economy that is taking big strides to achieve long-term growth. It is projected to become one of the world's seven largest economies by 2030 and the Group believes it is the right time to invest and grow our global footprint.

Research and development ("R&D")

During the Period, the Group continued to research and develop new models of lead-acid batteries, lithium-ion batteries and new power management systems. We have strong, rich and comprehensive R&D capabilities in various models of lead-acid batteries for use in the network energy, automotive and power sectors. In addition, energy storage and smart manufacturing are the current industry trends. Our advanced lithium-ion battery R&D centre in Anhui province is already in operation, with a wide range of applications including large-scale energy storage, industrial and commercial energy storage, household energy storage, battery cells, lithium-ion communication products, and uninterruptible power supply systems, which are the core of the Company's future incremental capacity in the new energy wave. Our innovation centre in Singapore is engaged in R&D of new technologies such as battery management systems and energy management systems to provide customers with energy solutions for various scenarios. The Group will continue to invest in its R&D team and work closely with professional organisations and universities to conduct further research and develop battery technologies for different scenarios and functions.

The Group has invested in and will continue to increase the production capacity of each model of batteries and enhance the overall operational efficiency to achieve higher cost competitiveness. As at 31 December 2023, the Group's battery R&D team consisted of over 380 R&D personnel and related development and sampling technicians.

Production Base

During the Period, in view of expected future business growth, the Group conducted detailed analysis and taken strategic steps for its plan of expanding production capacity both in the PRC and overseas. As disclosed in the last annual report, a battery assembly plant will be established in Mexico to strengthen the Company's competitiveness in the American region dominated by the United States. It is expected operation will be started within a few months. Furthermore, another battery production plant in Mexico is under construction planning and is targeted to do a test run in the second quarter of 2025. The Group is prepared to further expand our market share in the Americas besides the United States to Mexico and other Latin America countries.

Back to APAC, the Group is working on establishing another SLI battery manufacturing plant in Malaysia in view of supporting the fast growing automotive industry. Production testing can start as early as in December 2024 or in early 2025.

During the Period, the Group's SLI battery business enjoyed satisfying growth. The Group's SLI battery turnover increased by 28.9% in 2023 as compared to 2022 and sales amount increased to around 59% of reserve power battery business in 2023 from around 48% in 2022. 70% equity interests of two SLI battery plants equipped with advanced technology were acquired in 2023 in view of expanding the Group's business scales and market share in the PRC market. The Group expects SLI business in the PRC will achieve a high growth rate in 2024.

Finally, the Group acquired a recycling lead plant in December 2023 aiming to expand and secure its lead supply and build a sustainable future. We are working on the re-opening plan currently.

Trend of lead price

Lead is the main raw material of lead-acid batteries and accounts for a major part of the product cost for the Group's battery production. According to Shanghai Metals Market ("SMM"), the monthly average lead price per ton fluctuated in the range of RMB15,108 to RMB16,522 during the Period, representing a change in the range of -2.9% to 6.1% as compared with SMM monthly average of RMB15,566 per ton in December 2022.

The monthly average SMM lead price per ton from January to June 2023 was RMB15,167, which has decreased by 2.5% as compared with SMM monthly average in December 2022, reflecting weak recovery momentum for battery demand in the PRC and overseas market during the first half of 2023. The monthly average SMM lead price per ton from July to December 2023 was RMB16,020, representing an increase by 2.9% as compared with SMM monthly average in December 2022, reflecting that the pace of recovery speeded up in the second half of 2023. This was in line with the Group's performance in which battery turnover growth rate was only around 2% in the first half of the Period but increased to over 16% during the second half of the Period when compared with the corresponding period last year.

To cope with the potential pricing risk associated with the fluctuation in future lead price, the Group has adopted a price-linked pricing mechanism to minimise lead price fluctuation exposure. In addition, the Group's centralised procurement of raw materials enables it to trim down costs of raw materials through favorable negotiations on bulk purchase contracts.

FUTURE PROSPECTS

Macro Environment

With the declining inflation rate and gradual economic recovery, the likelihood of a hard landing has diminished, and the risk of hindering global growth has been largely offset or balanced out. It is expected that a relatively loose monetary policy will better stimulate economic activities and investments. The International Monetary Fund has revised up its global economic growth forecast by 0.2 percentage point to 3.1% in 2024 based on the global economic recovery and the expected resilience of growth in major economies including the United States and China. Specifically, the overall economic growth rate of emerging economies in Asia is expected to reach 5.2%, representing an increase of 0.4 percentage point as compared with the forecast in last October; China's economic growth has been adjusted upward by 0.4 percentage point to 4.6% as compared with the forecast in October 2023; the economic growth rate of the United States is expected to be 2.1% in 2024, being 0.6 percentage point higher than the previous forecast.

In the face of the growing confidence in economic growth, the Group will leverage its favorable advantages of years of deep cultivation in the global market, its ever-expanding and improved global supply chain system, as well as the increasingly mature global marketing network. Riding on the global economic growth in 2024, the Group will vigorously expand its share in the rapid incremental markets of emerging economies on the basis of steady growth in the major global business markets.

At the same time, the global economy will also be in an extremely fragile state in 2024 under the influence of global uncertainties such as the Russia-Ukraine conflict, the Israeli-Palestinian war, the Red Sea crisis and the restructuring of the industrial chain and supply chain. While strengthening the risk management of the whole system, the Group will respond to the risks posed by the such adverse factors through strategic measures such as expanding global production capacity, strengthening diversification of operations and improving technological innovation capabilities.

Digital Infrastructure Construction Will Driving the Growth of UPS Battery Market

With the rising demand for cloud services and data storage, as well as the demand for the development of fundamental advanced technologies such as artificial intelligence and machine learning, the global data centre market size is expected to reach US$340,000,000,000 in 2024 and climb to over US$438,700,000,000 in 2028 at a compound annual growth rate of 6.56%, according to a study by relevant professional institutions. Meanwhile, the Ministry of Industry and Information Technology of China has also clearly stated in the 14th Five-Year Plan for the Development of the Information and Communication Industry that it is necessary to accelerate the construction of digital infrastructure and promote the development of data centres in China. It is expected that the policies and development trends of various countries will continue to benefit the data centre industry in the future, and the development of the UPS battery industry supported by it will also continue to grow rapidly with broad market prospects. Secondly, as the Internet + UPS battery industry, big data and intelligent applications have all entered the stage of substantial implementation, the complexity of the system has increased significantly. As a supplier of reserve power battery equipments for major data centres in the world, the Group, as a leading enterprise, will highlight its integrated business advantages in terms of products, services and management systems, which is expected to further increase its market share. However, at the same time, we also see that although the market demand for UPS batteries has reached a new high in 2023, the rapid growth in production capacity of major manufacturers has also intensified the competition in the industry. The Group will further optimise its product technology, management methods and business philosophy to capture the replacement demand and potential opportunities in its existing market while actively striving for more incremental project contracts, and believes that it will be able to leverage its industry strengths to continuously strengthen its advantages in this business field.

Seize New Opportunities in the Transformation and Upgrading of Communications Industry

The global communication industry has been developing rapidly with the changes in fundamental underlying communication technologies and the continuous expansion of entertainment, media, transportation, health and other application scenarios based on such technologies, including artificial intelligence, autonomous driving, smart home, and the Internet of Things. It is expected that the battery market size of the telecommunications industry will grow at a compound annual growth rate of 15.76% by US$9,240,000,000 from 2023 to 2028. It is worth mentioning that the recent 5G-A (mid-cycle refresh of 5G) proposed by Chinese communications services enterprises will help global operators to enter a new race track of industrial digitalization, creating a chain reaction with the booming intelligent technology. As a core supplier of energy storage batteries for equipment of the world's top ten communication operators, the Group will seize the once-in-a-century opportunity brought about by the digital transformation of the global economy and society, and help operators to build their networks on a large scale to consolidate their own industry competitiveness and strive for greater market share.

Promote Product Diversification by Deploying the Household Energy Storage Business

Household energy storage has become a development track with high demand against the backdrops of the increasingly emphasized environmental protection issues and the increasingly fierce geopolitics. According to Bloomberg New Energy Finance, in 2023, more than 70% of residential solar systems in Germany and Italy, 20% of residential solar systems in Australia and 13% of residential solar systems in the United States installed batteries, and it is expected that the global residential battery installation capacity will reach 12GWh in 2023 alone. The global market size of household energy storage products is projected to increase from approximately US$4,380,000,000 in 2023 to US$16,750,000,000 in 2029 at a compound annual growth rate of 24.4%, according to market forecasts. Specifically, China holds a leading position in the global shipment of energy storage batteries, accounting for approximately 87% of the global shipment. Targeting the new opportunities arising from the development of the household energy storage industry, the Group has launched a variety of lightweight and high-efficiency household energy storage battery products suitable for household use, thereby expanding the scale of the end-consumer market and promoting product diversification.

SLI Battery Opportunities under the Automotive Industry Transformation

In 2023, according to a report by The German Association of the Automotive Industry (VDA), the global sales volume of new vehicles was approximately 75,000,000 units, representing a year-on-year growth rate of approximately 10%, while the sales growth rates of new vehicles in Europe, the United States and China were approximately 14%, 12% and 11%, respectively. Specifically, the sales volume of vehicles in China reached a record high of 25,800,000 units, and Mexico became the fastest-growing market in the world with a growth rate of 25%. In addition, driven by the trend of green transformation, the global sales volume of new energy vehicles in 2023 achieved a significant increase of 37% year-on-year. Meanwhile, according to Automotive News Europe, China's automobile production in 2023 was nearly 30 million units, accounting for more than one-third of the global automobile manufacturing market. According to the news from the Information Office of the State Council of the PRC became the world's largest automobile exporter for the first time in 2023, with the number of automobile exports reaching approximately 4,910,000 units. China's ability to achieve these results is mainly due to the growing global demand for new energy vehicles. According to statistics, one out of three vehicles exported by China is new energy vehicle. The "Roadmap for Green and Low-Carbon Development of the Automobile Industry 1.0" released by China in December 2023 clarifies the expenditure, and the target market penetration rate of new energy vehicles is 45% and 60% in 2025 and 2030, respectively. The growth of the global automobile consumption market has undoubtedly boosted the sales volume of major SLI battery manufacturers in China.

It is expected that the global automobile consumption market will continue to maintain rapid growth in 2024. In addition to the continuous growth of new car consumption in major economies, the sales volume of emerging economies, such as India, Thailand and Malaysia, will increase significantly. Among them, the new energy vehicle market will show a better growth trend driven by various factors including policy promotion, technological innovation and price reduction.

Based on the above development expectations, as a core supplier of batteries for global automobile SLI battery business, the Group is confident in the SLI battery business of the second largest business segment, and will proactively carry out strategic deployment. While continuously increasing investment in the research and development of relevant product technologies, the Group will accelerate the integration of the production capacity and brand resources of Tianjin GS and Shunde Yuasa, which were acquired by the Group earlier, to seize the incremental business opportunities brought about by the global sales of new energy vehicles, and the existing market demand arising from the replacement of SLI battery, so as to further strengthen the Group's dominant position in the SLI battery market.

Keep up with the Global Trend of Green Energy Development and Expand Our Global Presence

Looking ahead, green energy transformation will be an important means to achieve the goal of net-zero emissions, in which charging and discharging batteries with high capacity, high reliability and high recycling rate are key configurations to realise green energy power storage. According to the latest research report issued by Ember, an energy think tank, energy emissions in the European Union decreased by 19% in 2023. Wind and solar power generation continued to grow, with total power generation accounting for 27% of the total power generation in the European Union, hitting a record high. Wind power generation may exceed natural gas for the first time. With more than 100 countries around the world announcing carbon neutrality goals, it has become an international consensus to respond to climate change and promote sustainable development. According to the "Clean Energy Market Monitoring" released by the International Energy Agency (IEA), China continues to take a significant lead in deploying clean energy technologies, with developed economies and China accounting for 90% of the world's new solar photovoltaic and wind power stations in 2023. As the co-construction of the "Belt and Road Initiative" has entered a new stage of high-quality development, the cumulative production capacity of photovoltaic and wind power projects funded by China has exceeded 25GW, including exploring the potential of solar energy resources to invest in photovoltaic power stations in Southeast Asia, Middle East and North Africa, focusing on the development of wind power in regions with rich wind energy resources such as South America and Europe, and building hydropower projects in Pakistan, Cambodia and other places according to local conditions to help local governments promote the universal service of energy and electricity. Deloitte Insights estimated that the deployment of renewable energy would increase by 17% to 42GW by 2024. In order to keep up with the development trend of global green energy, the Group will continue to improve its own technology and production process of green energy storage products, keep up with the policy benefits, expand its global layout, and establish a long-term diversified source of supplemental income.

Keep Pace with the Times and Promote Stability with Progress

The year 2024 is a critical year for the world to implement green transformation in response to climate change, and the development of the battery industry is also a key factor in promoting global green transformation, such as renewable energy and electric vehicles. According to the "Clean Energy Market Monitoring" report released by the International Energy Agency (IEA), from 2019 to 2023, clean energy investment increased by nearly 50%, reaching US$1.8 trillion in 2023, representing an annual growth rate of approximately 10%. Meanwhile, a McKinsey research report shows that in order to achieve net-zero emissions by 2050, it is expected that the global annual investment in tangible assets will reach US$9.2 trillion, representing an increase of 60% from the current level, of which US$6.5 trillion will be used for low-carbon emission assets and infrastructure construction.

As a booster in the global green transformation of the energy industry, the Group firmly believes that, in the face of such a huge potential market, it is key to increase its market share by continuing to deeply cultivate its main business areas, leading technological innovation in the industry, enriching and optimising its product portfolio and expanding its global business footprint. It is worth mentioning that the Group's lithium battery production lines in Anhui, China and Vietnam will start to accelerate the expansion of production capacity in 2024, which will help the Group to expand its presence in the application fields of lithium battery products such as UPS batteries and energy storage batteries. In addition, the Group's battery assembly plant in Mexico is also expected to commence production in 2024, which will enhance the Group's ability to provide quality products and services to customers in the Americas and explore more potential market and business development opportunities. At the same time, the Group is also aware of the challenges and uncertainties brought about by the complex and volatile geopolitics to the business environment. Therefore, the Group maintains a prudent and optimistic attitude towards the development of its business and the industry, and will adjust its business strategies in a timely manner to cope with market changes.

In the face of fierce competition in the industry, the Group will always gain insight into the trend of industrial policies, keep abreast of the development trend in the industry, and meet the new ideas, new development and new needs of the global market through relentless pursuit of more new achievements, new products and new technologies, and continue to improve its global production and sales scale, so as to consolidate and strengthen its market position. As always, the Group will continue to fully play to its comparative advantages, expand and optimise the supply chain, formulate future development policies and strategies based on the expected growth of the industry, drive its own growth or take advantage of mergers and acquisitions to seize opportunities, especially in the fields of industrial battery reuse, maintenance and recycling business.

As one of the leading energy solutions providers in the market, the Group will continue to provide high-quality products and services to customers in the fields of global communications, data centres, automobiles and green energy, and reward shareholders with better performance.

FINANCIAL REVIEW

For the Period, the Group's revenue amounted to RMB13,471.2 million, representing an increase of 4.9% from RMB12,845.9 million for the corresponding period in 2022. The profit for the Period amounted to RMB567.8 million as compared to RM502.7 million for the year ended 31 December 2022, of which the profit attributable to the owners of the parent amounted to RMB535.4 million as compared to RMB481.1 million for the corresponding period in 2022. Basic earnings per share for the Period was RMB0.39 (2022: RMB0.35).

Revenue

The Group's revenue from the power solutions business increased by 9.7% from RMB10,432.8 million for the year ended 31 December 2022 to RMB11,447.5 million for the Period, while the Group's revenue from the recycled lead business decreased by 16.1% from RMB2,413.0 million for the year ended 31 December 2022 to RMB2,023.8 million for the Period.

Details of the Group's revenue for the years ended 31 December 2023 and 2022 by product category are set out below:

	2023			2022	
Product category	**Revenue**	**Percentage share**	**Percentage increase/ (decrease)**	Revenue	Percentage share
	RMB'000			*RMB'000*	
Reserve power batteries	**6,284,398**	**46.6%**	**4.6%**	6,006,115	46.8%
SLI batteries	**3,686,988**	**27.4%**	**28.9%**	2,860,088	22.3%
Motive power batteries	**1,209,365**	**9.0%**	**(3.9%)**	1,258,319	9.8%
Others	**266,706**	**2.0%**	**(13.5%)**	308,312	2.4%
Sub-total	**11,447,457**	**85.0%**	**9.7%**	10,432,834	81.3%
Recycled lead products	**2,023,778**	**15.0%**	**(16.1%)**	2,413,025	18.7%
Total	**13,471,235**	**100%**	**4.9%**	12,845,859	100%

Geographically, the Group's customers are principally located in the Chinese Mainland, Europe, Middle East and Africa ("**EMEA**"), Americas and Asia-Pacific (other than the Chinese Mainland). Except for Americas, 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 2023 and 2022:

	2023			2022	
	Revenue	**Percentage share**	**Percentage increase/ (decrease)**	Revenue	Percentage share
	RMB'000			*RMB'000*	
Chinese Mainland	**8,157,704**	**60.5%**	**8.0%**	7,550,180	58.8%
EMEA	**1,935,577**	**14.4%**	**2.3%**	1,892,764	14.7%
Americas	**2,140,455**	**15.9%**	**(2.7%)**	2,199,121	17.1%
Asia-Pacific (other than PRC)	**1,237,499**	**9.2%**	**2.8%**	1,203,794	9.4%
Total	**13,471,235**	**100%**	**4.9%**	12,845,859	100%

Cost of Sales

The Group's cost of sales increased by 2.5% from RMB11,251.1 million for the year ended 31 December 2022 to RMB11,527.5 million for the Period, mainly because of the increased sales volume.

Gross Profit

The Group's gross profit increased by 21.9% from RMB1,594.8 million for the year ended 31 December 2022 to RMB1,943.7 million for the Period, mainly due to the strong demand from the reserve power batteries and SLI batteries business as a result of post-pandemic economy recovery globally. The gross profit margin increased steadily for the power solutions business while increased slightly for the recycled lead business, resulting in the increase of overall gross profit margin from 12.4% for the year ended 31 December 2022 to 14.4% for the Period. The increase in gross profit margin for the power solutions business was primarily a result of better control of manufacturing costs compounded by the drastically decreased transportation cost of the products.

Other Income and Gains

Other income and gains decreased by 17.7% from RMB292.5 million for the year ended 31 December 2022 to RMB240.8 million for the Period, mainly because the gain on bargain purchase cannot compensate for the decrease in foreign exchange gains, fair value gains on financial instruments at fair value through profit or loss and government grants during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 19.3% from RMB389.2 million for the year ended 31 December 2022 to RMB464.3 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 33.7% from RMB333.7 million for the year ended 31 December 2022 to RMB446.1 million for the Period. The increase was mainly due to the increase in salaries and depreciation as a result of further expansion in the PRC and overseas.

R&D Costs

R&D costs of the Group slightly decreased by 2.9% from RMB382.9 million for the year ended 31 December 2022 to RMB371.9 million for the Period.

Other Expenses

The Group's other expenses increased from RMB14.4 million for the year ended 31 December 2022 to RMB39.0 million for the Period mainly due to the increase in fair value loss from financial assets at fair value through profit or loss and loss on disposal of items of property, plant and equipment during the Period.

Finance Costs

The Group's finance costs increased by 43.1% from RMB156.2 million for the year ended 31 December 2022 to RMB223.6 million for the Period mainly due to the increased bank borrowings and a higher average interest rate during the Period.

Profit before Tax

As a result of the foregoing factors, the Group recorded profit before tax of RMB643.9 million for the Period as compared to RMB583.4 million for the year ended 31 December 2022.

Income Tax Expense

Income tax expense slightly decreased by 5.7% from RMB80.6 million for the year ended 31 December 2022 to RMB76.0 million for the Period, mainly because assessable profits from the power solutions business decreased 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 RMB567.8 million (2022: RMB502.7 million) and profit attributable to the owners of the parent of RMB535.4 million (2022: RMB481.1 million) for the Period.

Net Current Assets

As at 31 December 2023, the Group had net current assets of RMB1,160.7 million (2022: RMB580.9 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 2023, the Group had inventories of RMB2,748.7 million (2022: RMB2,136.5 million), representing an increase by 28.7% compared with last year. Increase in inventories was partly because of the acquisition of subsidiaries during the Period and partly because of the strong demand from the power solutions business.

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 2023, the Group had trade receivables of RMB3,247.2 million (2022: RMB2,736.2 million), representing an increase by 18.7% compared with last year. The increase in trade receivables was caused partly by the acquisition of subsidiaries and partly by the increased sales from the power solutions business during the Period.

Prepayments, Other Receivables and Other Assets

The Group's prepayments mostly relate to the purchase of raw materials. As at 31 December 2023, the Group had prepayments, other receivables and other assets of RMB631.0 million (2022: RMB473.4 million), representing an increase by 33.3% compared with last year. The increase was mainly due to the increase in the recoverable value added tax and prepayment for transportation fees.

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 2023, the Group had trade and bills payables of RMB3,004.0 million (2022: RMB2,361.0 million), representing an increase by 27.2% compared with last year. The increase in trade and bills payables was caused partly by the acquisition of subsidiaries and partly by the increase in bills payables for short term financing. Such bills were issued on intercompany sales transactions within the Group and discounted to banks for short term financing.

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 2023, the Group had other payables and accruals of RMB1,476.0 million (2022: RMB1,052.5 million), representing an increase by 40.2% compared with last year. The increase was caused partly by the acquisition of subsidiaries during the Period and partly by the increase in the accrued payroll.

Capital Expenditures

During the Period, the Group invested RMB537.6 million (2022: RMB339.6 million) in property, plant and equipment for its new production facilities.

Liquidity and Financial Resources

As at 31 December 2023, the Group's net current assets amounted to RMB1,160.7 million (2022: RMB580.9 million), among which cash and bank deposits amounted to RMB2,529.1 million (2022: RMB1,230.0 million). As at 31 December 2023, the Group had bank borrowings of RMB4,457.4 million (2022: RMB2,710.1 million), all of which are interest-bearing. Except for borrowings of RMB956.2 million (2022: RMB68.4 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, Japanese Yen and Malaysian ringgits, and the effective interest rates of which as of 31 December 2023 were 2.00% to 9.60% (2022: 1.88% to 8.17%).

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 2023, the Group's gearing ratio was 31.6% (2022: 25.8%), 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 2023 (2022: 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

On 25 July 2023, Leoch Battery Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement (as supplemented on 25 September 2023) with independent third parties in relation to the proposed acquisition (the "Acquisition") of 70% of the registered capital of Tianjin GS and Shunde Yuasa. The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Details of the Acquisition were set out in the note 23 of the financial statements and the announcements of the Company dated 25 July 2023 and 25 September 2023, respectively.

Save as disclosed above, 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 2023, the Group had no significant investment with a value of 5% or more of the Group's total assets.

EMPLOYEES

As at 31 December 2023, the Group had 14,364 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 RMB1,331.0 million for the Period (2022: RMB1,053.1 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 cents per share for the year ended 31 December 2023 (2022: HK10 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, 5 June 2024. 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, 12 July 2024.

References are made to the interim results announcement of the Company dated 22 August 2023 and the interim report of the Company for the six months ended 30 June 2023. The Board also recommended the payment of an interim dividend of HK4 cents per share (2022: Nil) during the Period which was paid on 22 September 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed:

(i) from Friday, 10 May 2024, to Thursday, 16 May 2024, (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 Thursday, 9 May 2024; and

(ii) from Monday, 3 June 2024 to Wednesday, 5 June 2024 (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, 31 May 2024.

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.

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 2023 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 2023 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 during the Period.

ANNUAL GENERAL MEETING

The AGM will be held on or about Thursday, 16 May 2024. 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, 26 March 2024

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