



(Incorporated in the Cayman Islands with limited liability)
Stock Code 股票代號

Interim Report



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B A D F D E C

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

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TML
33 C

HEAD A E CH A

18/F, Building 1, Huide Building
Beizhan Community, Minzhi Street
Longhua District
Shenzhen, PRC

1 18

C A v ' EB E

www.leoch.com

www.leoch.com

C C DE

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842

CA A A D C A
HA E EG A

Conyers Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111 Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111 Cayman Islands

H G G B A CH HA E
EG A A D A FE
FF CE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

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C A BA E

The Hongkong and Shanghai Banking Corporation Limited
Bank of China
China CITIC Bank International Limited
Rural Commercial Bank
Hang Seng Bank Limited
Industrial and Commercial Bank of China
China Construction Bank Corporation

Leoch International Technology Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the following financial highlights:

Six months ended 30 June

		2022 RMB'000	2021 二零二一年 RMB'000 人民幣千元	Change
Turnover	營業額	6,168,315	5,180,492	+19.1%
Gross profit	毛利	685,406	744,961	-8.0%
Profit for the Period	期內溢利	96,480	44,486	+116.9%
Profit attributable to owners of the parent	母公司擁有人應佔溢利	80,020	29,170	+174.3%
Basic earnings per share (RMB)	每股基本盈利 (人民幣元)	0.06	0.02	

For the six months ended 30 June 2022 (the "Period"), the Group's unaudited profit attributable to owners of the parent amounted to approximately RMB80.0 million.

80.0

Basic earnings per share was RMB0.06.

0.06

No dividend was proposed or paid for the Period.

E E

The Group is a global supplier of power solutions for telecommunications and data center industries. It provides highly reliable and innovative backup power solutions to the world's leading telecommunications operators, infrastructure service providers and equipment manufacturers, as well as major international data center solution providers.

The Group provides customers worldwide with a broad range of power solutions in various applications, including automobile, motorcycles and electric vehicles, renewable energy storage systems, and other consumer and industrial products. Also, the Group is engaged in recycled lead business in the People's Republic of China (the "PRC").

The Group serves battery customers in more than 100 countries through its over 80 sales offices and centers around the world, together with its eleven manufacturing facilities in the PRC, Vietnam, Malaysia, India and Sri Lanka.

80

100

The Group has two primary businesses: Power Solutions and Recycled Lead. The Power Solutions business is classified into three major categories based on applications, defined as follows:

- Reserve power batteries: including Telecom and UPS batteries which are widely used in communication networks and data centers at all levels to provide a key guarantee for the normal operation of communication networks and other reserve power batteries.
- SLI batteries: used for the starting, lightening and ignition (SLI) of automobiles, motorcycles and ships.
- Motive power batteries: mainly used in electric bicycles, electric tricycles, low-speed electric cars, golf carts and sightseeing carts.

UPS

B E E E

Prior to the conflict in Ukraine, the world economy was unevenly recovering from COVID-19. The war triggered a cost-of-living crisis by surging the price of energy and food. It has quashed hopes for a quick end to rising inflation across the global economy during 2021 and early 2022 caused by supply bottlenecks since the outbreak of pandemic. With stringent COVID-19 prevention and control measures continue in China followed by multiple cities implementing some form of lockdown since March 2022, it has put significant downward pressure to China's economic performance during the Period, resulting in production process being disrupted and supply chain being distressed around the world. Q2 2022 economic data recorded a decline on almost all major economic indicators, with April hitting China's economy the worst. Despite these adverse factors, the Group's strong PRC manufacturing capacity and capability provided strong support in fulfilling global customers' requirement; achieving encouraging overseas business growth which helped offset the abnormal performance in China. However, the escalating shipping rates for containers and delivery charges and distribution expenses did not show any downward trend, which affected our gross profit margin and suppressed our profit growth during the Period.

			COVID-19
	COVID-19		
		6,168.3	
		5,180.5	19.1%

For the Period, the Group's revenue amounted to RMB6,168.3 million, representing an increase of 19.1% from RMB5,180.5 million for the corresponding period in 2021.

The Group achieved solid performance in its Power Solutions business during the Period and revenue from Power Solutions business amounted to RMB4,911.2 million, representing an increase of 15.6% from RMB4,248.0 million for the corresponding period in 2021 while revenue from Recycled Lead business amounted to RMB1,257.1 million, representing an increase of 34.8% from RMB932.5 million for the corresponding period in 2021. Battery delivery in terms of ton grew in small single digit while higher revenue growth was contributed by higher overseas battery sales and selling price per tons but lower gross profit margin due to surging freight-in cost.

		4,911.2	
		4,248.0	
15.6%			1,257.1
			932.5
34.8%			

B

Reserve Power Battery

As the major revenue contributor to the Group, the reserve power battery business accounted for 47.7% of total sales during the Period. Sales revenue during the Period amounted to RMB2,945.4 million (six months ended 30 June 2021: RMB2,028.1 million), representing an increase of 45.2% compared to the corresponding period last year. Battery delivery in terms of ton grew by more than 10 percent in the Period compared to the same period of last year. PRC was the major contribution region with shipment rose by around 20 percent while overseas shipment rose by 6 percent from a year earlier. The increased volume of shipment was mainly contributed by PRC business as one of the growth engines in China since 2020, as 5G infrastructure had been rapidly developed and the “fast forward button” had been pressed. However, overseas growth was suppressed by the war and rising inflation.

	47.7%	
2,945.4		2,028.1
45.2%		
10%		
20%		6%
		5G

SLI Battery

SLI battery business is the second largest revenue contributor to the Group. It contributed 22.8% of total sales in the Period. Sales revenue during the Period amounted to RMB1,406.9 million (six months ended 30 June 2021: RMB1,425.9 million), representing a decrease of 1.3% compared to the corresponding period last year. During the Period, the Group’s overseas SLI battery business enjoyed more than 35% growth in product delivery while PRC market was shrunk by more than 25% due to the lockdown since March, pushing the demand peak season backward which used to start in second quarter of each year.

	22.8%
1,406.9	1,425.9
1.3%	
	35%
	25%

Motive Power Battery

Motive power battery contributed to 8.7% of total sales in the Period. Sales revenue during the Period amounted to RMB534.6 million (six months ended 30 June 2021: RMB547.9 million), representing a decrease of 2.4% compared to the corresponding period last year. During the Period, the Group's motive power battery export quantity in terms of tons was doubled when compared to corresponding period in 2021, reflecting overseas customers continue to rely on the Group's high-quality products, and stable and strong supplying capability. However, PRC market suffered a 35% decline since lockdown suppressed demand from equipment manufacturers and aftermarket replacement.

		8.7%
	534.6	
		547.9
2.4%		
		35%

B

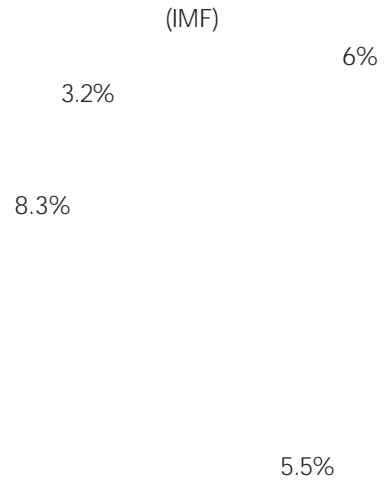
Sales revenue of recycled lead products amounted to RMB1,257.1 million (six months ended 30 June 2021: RMB932.5 million) during the Period, representing an increase of 34.8% compared to the corresponding period last year. The Group's recycled lead business was in full operation and contributed to 20.4% of total sales in the Period. However, cost of scrap battery, the material cost of recycling business, was rising. This was caused by the adverse factors in China which resulted in lower gross profit margin during the Period and temporarily affected the profitability of this business segment.

		1,257.1	
			932.5
		34.8%	
20.4%			

F E EC

Downside risks are overwhelming among future economic forecast worldwide due to unanchored inflation, tightening global financial conditions, worsening debt distress in emerging markets and developing economies. According to the July 2022 report released by the International Monetary Fund (IMF), the baseline forecast is for global growth to slow from around 6 percent last year to 3.2 percent in 2022 and Europe on significant downgrades. Global inflation has been revised up due to soaring food and energy prices as well as lingering supply-demand imbalances. The baseline projection is pessimistic and was revised up to 8.3 percent in 2022, reflecting spillovers from the war in Ukraine and tighter monetary policy.

In late July, the PRC government quietly walked back on its 2022 GDP growth target of “around 5.5 percent” in a meeting about the economy, indicating it did not foresee reaching this figure by the end of 2022. Instead, it advocated for stabilizing employment and prices and keeping the economy operating within a reasonable range but provinces with potential should strive to achieve the expected economic and social development goals.



Infrastructure investment has traditionally been a core driver of China's economic growth, and it appears the government will continue to rely on it to prop up the economy in the coming months. In July 2022, fixed asset investment remained strong with high-tech manufacturing increased by 22.9 percent year-on-year, slowing down slightly from 23.8 percent in June. Among the high-tech manufacturing sectors, investment in electronics and communications equipment manufacturing grew by 27.5 percent. This matches with our reserve power batteries delivery record in July where China's reserve power batteries shipment in terms of ton grew by more than 30% when compared to the same period in 2021. The Group believes reserve power battery business will be one of the key growth drivers in 2022 and China's market will be the major revenue generator in this category due to the unchanged and strong support by the PRC government in the new 5G investment and development. Overseas market business growth could be hindered by the adverse factors like inflation, debt distress and foreseeable energy crisis in some advanced and emerging countries, making our reserve power battery business growth rate remain in small single digit.

	22.9%	23.8%
	27.5%	
	30%	
5G		

The PRC government has been ramping up stimulus measures to boost its economy, including urging the country's financial system to support the private sector, implementing preferential tax policies and fee cuts, and increasing government spending and investment to indirectly support the real economy. The stimulus policies have created a positive impact and the first half of 2022 economic indicators show signs of recovery to some extent. The Group's SLI and motive power battery business in China has been gradually improving but negative growth rate continues. Our PRC team will put extra efforts, aiming to narrow the gap as much as possible.

It is expected for mild recessions to occur in the US and Europe later in 2022 and early 2023, but China will at best experience only a modest recovery as it is rebounding from lockdowns earlier in the year. On the other hands, GDP reports elsewhere beat expectations especially in the Middle East and some Asia Pacific countries. Global production capacity has been interrupted when production cost is ramping up due to high and inadequate energy supply and soaring logistic cost, resulting in supply chain imbalance. The world, including the Group's overseas customers, heavily depends on Chinese suppliers' high quality, stable supply and reasonable pricing. Matched with China's more than 13% export growth, the Group achieved solid improvement in export quantity and the trend continued in July 2022. We expected in general overseas business growth will continue but could be slower than the first half of 2022.

13%

The operation of the lead recycling facility in China is in full gear, providing a solid growth in the first half of 2022. However, due to high logistic cost and scrap battery price, the gross profit contribution reduced significantly during the Period. The Group is working hard on adopting suitable measures to improve the performance in the second half of 2022 and making sure the performance of the lead recycling business can outplay last year's.

Although weakening growth prospects are expected across multiple economies and unstable and unpredictable crisis is continuously bothering the whole world, the Group's short term profitability will be affected but the Group's confidence in its future prospects is strong and solid. The Group is committed to continuous investment in power solution in view of serving and providing the best solution to our global renowned customers in the 5G, automobile, electric car and equipment industries. Our professional global sales team and business partners create a promising base for our future sustainable growth with a clear vision to generate greater long-term value for our shareholders.

5G

F A C T S

During the Period, the Group's revenue amounted to RMB6,168.3 million, representing an increase of 19.1% compared to the corresponding period in 2021. The profit for the Period amounted to RMB96.5 million, representing an increase of 116.9% compared to the corresponding period in 2021, of which the profit attributable to owners of the parent amounted to RMB80.0 million, representing an increase of 174.3% compared to the corresponding period in 2021. Basic and diluted earnings per share for the Period were RMB0.06.

6,168.3	19.1%	96.5
		116.9%
80.0	174.3%	
0.06		

The Group's revenue increased by 19.1% from RMB5,180.5 million for the six months ended 30 June 2021 to RMB6,168.3 million for the Period, of which the Group's revenue from the Power Solutions business increased by 15.6% from RMB4,248.0 million for the six months ended 30 June 2021 to RMB4,911.2 million for the Period, while the Group's revenue from the Recycled Lead business increased by 34.8% from RMB932.5 million for the six months ended 30 June 2021 to RMB1,257.1 million for the Period.

5,180.5	19.1%
6,168.3	
4,248.0	15.6%
4,911.2	
932.5	34.8%
1,257.1	

Details of the Group's revenue for the six months ended 30 June 2022 and 2021 by product are set out below:

		Six months ended 30 June				
		2022			2021	
Product		Revenue	Percentage increase/ (decrease)		Revenue	
		RMB'000	%		RMB'000	%
					人民幣千元	
Reserve power batteries	備用電池	2,945,366	47.7%	45.2%	2,028,065	39.1%
SLI batteries	起動電池	1,406,872	22.8%	(1.3%)	1,425,901	27.5%
Motive power batteries	動力電池	534,604	8.7%	(2.4%)	547,855	10.6%
Others	其他	24,346	0.4%	(90.1%)	246,215	4.8%
Sub-total	小計	4,911,188	79.6%	15.6%	4,248,036	82.0%
Recycled lead products	回收鉛產品	1,257,127	20.4%	34.8%	932,456	18.0%
Total	總計	6,168,315	100%	19.1%	5,180,492	100%

Geographically, the Group's customers are principally located in Mainland China, Europe, Middle East and Africa ("EMEA"), Americas and Asia-Pacific (other than Mainland China). The Group recorded different degrees of growth in its sales in Mainland China, Americas and Asia-Pacific (other than Mainland China) while sales in EMEA decreased.

EMEA

EMEA

The following table sets forth details of the Group's revenue during the six months ended 30 June 2022 and 2021 based on customer location:

	Six months ended 30 June	
	2022	2021
Revenue	4,435.5	5,482.9
		23.6%

The Group's gross profit decreased by 8.0% from RMB745.0 million for the six months ended 30 June 2021 to RMB685.4 million for the Period. The gross profit margin also decreased from 14.4% for the six months ended 30 June 2021 to 11.1% for the Period. This decrease is primarily attributable to the increase in distribution costs in the business operations of the Group, including escalating shipping rates for containers and delivery charges, distribution expenses and other supply chain costs and expenses, which have increased considerably during the Period due to the lingering impact of the COVID-19 pandemic around the world which was worsened by the Russia-Ukraine War and the temporary lockdown since March 2022 in multiple cities of China.

745.0	8.0%
685.4	11.1%
	COVID-19
	14.4%

Other income and gains increased by 617.0% from RMB16.0 million for the six months ended 30 June 2021 to RMB114.5 million for the Period mainly due to the significant increase in exchange gains and government grants for the Period.

16.0	617.0%
114.5	

The Group's selling and distribution expenses increased by 21.9% from RMB247.5 million for the six months ended 30 June 2021 to RMB301.7 million for the Period, mainly due to the increase in freight charges and export related expenses and insurance.

247.5	21.9%
301.7	

A

The Group's administrative expenses increased by 5.6% from RMB144.0 million for the six months ended 30 June 2021 to RMB152.1 million for the Period, mainly due to the increase in overseas rental expenses and staff costs as a result of inflation.

144.0	5.6%
152.1	

C

The research and development expenditure of the Group decreased by 29.1% from RMB172.4 million for the six months ended 30 June 2021 to RMB122.2 million for the Period. The decrease was mainly due to the completion in the part relating to the recycling skill improvement of the Recycled Lead business during the Period.

172.4	29.1%
122.2	

The Group's other expenses decreased by 95.4% from RMB71.9 million for the six months ended 30 June 2021 to RMB3.3 million for the Period, mainly due to the decrease of fair value loss from financial liabilities at fair value through profit or loss and no foreign exchange loss during the Period.

71.9	95.4%
3.3	

C

The Group's finance costs increased by 5.6% from RMB70.2 million for the six months ended 30 June 2021 to RMB74.1 million for the Period as a result of higher average interest rate during the Period.

70.2	5.6%
74.1	

As a result of the foregoing factors, the Group recorded profit before tax of RMB144.5 million for the Period (six months ended 30 June 2021: RMB55.5 million).

144.5	
55.5	

Income tax expenses increased by 335.4% from RMB11.0 million for the six months ended 30 June 2021 to RMB48.1 million for the Period, mainly due to the increase in assessable profit of the Group during the Period.

11.0	335.4%
48.1	

96.5

As a result of the foregoing factors, the Group recorded profit for the Period of RMB96.5 million (six months ended 30 June 2021: RMB44.5 million), of which the Group recorded profit attributable to owners of the parent of RMB80.0 million (six months ended 30 June 2021: RMB29.2 million).

44.5
80.0
29.2

As at 30 June 2022, the Group's net current assets amounted to RMB351.7 million (31 December 2021: RMB541.8 million), among which cash and bank deposit amounted to RMB1,118.8 million (31 December 2021: RMB951.7 million).

351.7
541.8
1,118.8
951.7

As at 30 June 2022, the Group had bank borrowings of RMB2,514.5 million (31 December 2021: RMB2,372.2 million), all of which are interest-bearing. Except for borrowings of RMB81.3 million which have a maturity of over one year, all of the Group's bank borrowings are repayable within one year. The Group's borrowings are denominated in RMB, US dollars, HK dollars and other currencies, and the effective interest rates of which as of 30 June 2022 were in the range of 1.88% to 7.09% (31 December 2021: 1.80% to 7.09%).

2,514.5
2,372.2
81.3

1.88% 7.09%
1.80% 7.09%

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

As at 30 June 2022, the Group's gearing ratio was 24.8% (31 December 2021: 24.7%), which was calculated by dividing total borrowings by total assets as at the end of each respective period, multiplied by 100%.

24.8%
24.7%
100%



Employee

As at 30 June 2022, the Group had 13,390 employees. Employee benefit expenses (including directors' remuneration), which comprise wages and salaries, bonuses, equity-settled share option expenses and pension scheme contributions, totaled RMB488.0 million for the Period (six months ended 30 June 2021: RMB468.9 million).

13,390

488.0

468.9

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

Dividend

The Board did not recommend the payment of an interim dividend for the Period (six months ended 30 June 2021: Nil).

Notes:

(1) Dr. DONG Li beneficially owns the entire issued share capital of Master Alliance Investment Limited. By virtue of the SFO, Dr. DONG Li is deemed to be interested in 1,009,513,000 Shares held by Master Alliance Investment Limited.	(1)	Master Alliance Investment Limited Master Alliance Investment Limited	1,009,513,000
(2) Ms. YIN Haiyan has been granted options for 1,500,000 Shares and 1,000,000 Shares under the 2010 Share Option Scheme and the New Share Option Scheme respectively. Please see the section headed "Share Option" below for further details of the Share Option Schemes.	(2)	1,500,000	1,000,000
(3) Mr. CAO Yixiong Alan has been granted options for 800,000 Shares under the 2010 Share Option Scheme. Please see the section headed "Share Option" below for further details of the Share Option Scheme.	(3)	800,000	
(4) Mr. LAU Chi Kit has been granted options for 800,000 Shares under the 2010 Share Option Scheme. Please see the section headed "Share Option" below for further details of the Share Option Scheme.	(4)	800,000	
(5) This is based on 1,357,854,666 Shares in issue as at 30 June 2022.	(5)		1,357,854,666

Except for the persons disclosed above, as at 30 June 2022, none of the directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

XV

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HA E

A. -

Pursuant to the resolutions in writing passed by all shareholders of the Company on 25 May 2010, the Company approved and adopted a share option scheme (the “**Pre-IPO Share Option Scheme**”) for the purpose of providing incentive or reward to selected participants for their contribution to, and continuing efforts to promote the interests of, the Company and enabling the Group to recruit and retain high-calibre employees. As at 30 June 2022, all outstanding share options which have been granted but not yet exercised under the Pre-IPO Share Option Scheme have lapsed and no further options can be granted under the Pre-IPO Share Option Scheme.

Details of the Pre-IPO Share Option Scheme are disclosed in note 17 to the interim condensed consolidated financial statements.

A.

17

B.

(i). Pursuant to the resolutions in writing passed by all shareholders of the Company on 14 October 2010 (as amended at the Annual General Meeting of the Company held on 18 May 2018), the Company approved and adopted a share option scheme (the “**2010 Share Option Scheme**”) for the purpose of providing incentive or reward to selected participants for their contribution to, and continuing efforts to promote the interests of, the Company and for such other purposes as the Board may approve from time to time.

B.

(i).

to r n r m i n

The mandate limit of the New Share Option Scheme was approved at the extraordinary general meeting of the Company on 30 October 2020. The Company is thus entitled to issue a maximum of 135,764,466 shares upon exercise of the share options to be granted under the scheme mandate limit, representing 10% of the issued shares as at the date of that meeting.

135,764,466
10%

The number of shares which may be issued pursuant to the outstanding share options (i.e. options which have been granted but not yet lapsed or exercised) under the New Share Option Scheme as at 30 June 2022 was 18,850,000 shares (representing approximately 1.39% of the issued share capital of the Company as at that date).

18,850,000
1.39%

Details of the 2010 Share Option Scheme and the New Share Option Scheme are disclosed in note 17 to the interim condensed consolidated financial statements.

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B A A H A E H D E
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H A E

As at 30 June 2022, the following person (other than the directors and chief executives of the Company) had, or was deemed to have, interests and short positions of 5% or more in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO:

XV 2 3

336
5%

Name of Shareholder	Nature of Interest	Number and class of securities*	Approximate percentage of shareholding ⁽²⁾
Master Alliance Investment Limited	Beneficial Owner 實益擁有人	1,009,513,000 ⁽¹⁾ (L)	74.35

* The Letter "L" denotes long position of the shareholder in the shares of the Company.

* L

Notes:

(1) Master Alliance Investment Limited, a company wholly owned by Dr. DONG Li, beneficially owned 1,009,513,000 Shares.

(1) Master Alliance Investment Limited
1,009,513,000

(2) This is based on 1,357,854,666 Shares in issue as at 30 June 2022.

(2) 1,357,854,666

Except for the person disclosed above, as at 30 June 2022, no person, other than the directors and chief executives of the Company whose interests and short positions are set out in the section headed "Directors' Interests and Short Positions in Securities of the Company and its associated corporation" above, had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

XV 2 3

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C A CE H HE DE
C DE F HE G E

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by directors. All directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the Period.

C A E G E A CE C DE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of shareholders and enhancing corporate value. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules during the Period.

A D C EE

The Audit Committee, which comprises the three independent non-executive Directors, namely, Mr. CAO Yixiong Alan (chairman of the Audit Committee), Mr. LAU Chi Kit and Mr. LU Zhiqiang, has reviewed the unaudited financial statements of the Company for the Period and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group and internal control, risk management and financial reporting matters.

CHA E, EDE
A E F HE C A v' ED
EC E

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.



Ernst & Young
 27/F, One Taikoo Place
 979 King's Road
 Quarry Bay, Hong Kong

Tel : +852 2846 9888
 Fax : +852 2868 4432
 ey.com

Independent review report
To the shareholders of
Leoch International Technology Limited
(Incorporated in the Cayman Islands with limited liability)

D C

We have reviewed the interim financial information set out on pages 30 to 104, which comprises the condensed consolidated statement of financial position of Leoch International Technology Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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C E F E E

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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Certified Public Accountants
Hong Kong
26 August 2022

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	4	6,168,315	5,180,492
Cost of sales		(5,482,909)	(4,435,531)
Gross profit		685,406	744,961
Other income and gains	4	114,534	15,973
Selling and distribution expenses		(301,673)	(247,484)
Administrative expenses		(152,066)	(143,971)
Research and development costs		(122,172)	(172,357)
(Impairment losses)/reversal of impairment on financial assets		(2,065)	545
Other expenses	6	(3,304)	(71,937)
Finance costs	7	(74,120)	(70,207)
PROFIT BEFORE TAX	5	144,540	55,523
Income tax expense	8	(48,060)	(11,037)
PROFIT FOR THE PERIOD		96,480	44,486
Attributable to:			
Owners of the parent		80,020	29,170
Non-controlling interests		16,460	15,316
		96,480	44,486
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		RMB 0.06	RMB 0.02
Diluted		RMB 0.06	RMB 0.02

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	96,480	44,486
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(282)	1,081
Income tax effect	70	(270)
	(212)	811
Exchange differences on translation of foreign operations	11,570	(4,580)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	11,358	(3,769)
Other comprehensive 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	32,336	11,594
Income tax effect	(7,879)	(2,766)

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	24,457	8,828
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	35,815	5,059
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	132,295	49,545
Attributable to:		
Owners of the parent	115,835	34,072
Non-controlling interests	16,460	15,473
	132,295	49,545

30 June 2022

		30 June 2022	31 December 2021
		(Unaudited)	(Audited)
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,257,764	2,291,795
Investment property		340	345
Right-of-use assets		175,424	152,860
Goodwill		2,405	2,213
Other intangible assets		788,773	771,009
Equity investments designated at fair value through other comprehensive income		235,579	182,680
Deposits paid for purchase of items of property, plant and equipment		68,575	34,650
Deferred tax assets		76,949	66,263
Total non-current assets		3,605,809	3,501,815
CURRENT ASSETS			
Inventories	11	2,234,079	2,019,256
Trade receivables	12	2,769,766	2,725,702
Debt investments at fair value through other comprehensive income		105,334	106,349
Prepayments, other receivables and other assets		232,798	223,469
Financial assets at fair value through profit or loss		67,779	67,798
Pledged deposits	13	690,175	602,513
Cash and cash equivalents	13	428,641	349,229
Total current assets		6,528,572	6,094,316

		30 June 2022	31 December 2021
		(Unaudited)	(Audited)
	Notes	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and bills payables	14	2,556,496	2,319,251
Other payables and accruals		1,003,558	1,077,303
Lease liabilities		10,585	4,046
Financial liabilities at fair value through profit or loss		23,680	851
Interest-bearing bank borrowings	15	2,433,198	2,042,493
Income tax payable		149,380	108,576
Total current liabilities		6,176,897	5,552,520
NET CURRENT ASSETS		351,675	541,796
TOTAL ASSETS LESS CURRENT LIABILITIES		3,957,484	4,043,611
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	81,264	329,713
Deferred tax liabilities		59,443	53,282
Deferred government grants		68,855	65,129
Lease liabilities		34,473	16,422
Total non-current liabilities		244,035	464,546
Net assets		3,713,449	3,579,065

		30 June 2022	31 December 2021
		(Unaudited)	(Audited)
	Notes	RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	116,241	116,241
Reserves		3,388,320	3,270,396
		3,504,561	3,386,637
Non-controlling interests		208,888	192,428
Total equity		3,713,449	3,579,065

For the six months ended 30 June 2022

	Attributable to owners of the parent										
	Share capital	Share premium account	Merger reserve	Share option reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	116,224	1,149,092	281,301	35,167	26,741	170,838	26,151	1,432,821	3,238,335	161,601	3,399,936
Profit for the period	-	-	-	-	-	-	-	29,170	29,170	15,316	44,486
Other comprehensive income for the period:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	8,828	-	-	-	8,828	-	8,828
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	811	-	-	-	811	-	811
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(4,737)	-	(4,737)	157	(4,580)
Total comprehensive income for the period	-	-	-	-	9,639	-	(4,737)	29,170	34,072	15,473	49,545
Exercise of the share option	17	273	-	(167)	-	-	-	-	123	-	123
Transfer of fair value reserve of equity investments at fair value through other comprehensive income	-	-	-	-	(530)	-	-	530	-	-	-
Equity-settled share option arrangements	-	-	-	681	-	-	-	-	681	-	681
At 30 June 2021 (unaudited)	116,241	1,149,365	281,301	35,681	35,850	170,838	21,414	1,462,521	3,273,211	177,074	3,450,285

	Attributable to owners of the parent										
	Share capital	Share premium account	Merger reserve	Share option reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	116,241	1,149,365	281,301	37,932	33,029	183,520	24,615	1,560,634	3,386,637	192,428	3,579,065
Profit for the period	-	-	-	-	-	-	-	80,020	80,020	16,460	96,480
Other comprehensive income for the period:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	24,457	-	-	-	24,457	-	24,457
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	(212)	-	-	-	(212)	-	(212)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	11,570	-	11,570	-	11,570
Total comprehensive income for the period	-	-	-	-	24,245	-	11,570	80,020	115,835	16,460	132,295
Lapse of share options	-	-	-	25,745	-	-	-	25,745	-	-	-
Transfer of fair value reserve of equity investments at fair value through other comprehensive income	-	-	-	-	(227)	-	-	227	-	-	-
Equity-settled share option arrangements	-	-	-	2,089	-	-	-	-	2,089	-	2,089
At 30 June 2022 (unaudited)	116,241	1,149,365*	281,301*	14,276*	57,047*	183,520*	36,185*	1,666,626*	3,504,561	208,888	3,713,449

* These reserve accounts comprise the consolidated reserves of RMB3,388,320,000 (31 December 2021: RMB3,270,396,000) in the interim condensed consolidated statement of financial position.

3,388,320,000
3,270,396,000

For the six months ended 30 June 2022

Six months ended 30 June

	2022	2021
	(Unaudited)	(Unaudited)
Notes	RMB'000	RMB'000

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Notes	RMB'000	RMB'000
Increase in inventories	(216,590)	(269,369)
Increase in trade receivables	(35,980)	(86,518)
Decrease in debt investments at fair value through other comprehensive income	733	82,659
(Increase)/decrease in prepayments, other receivables and other assets	(9,281)	36,036
Increase/(decrease) in financial liabilities at fair value through profit or loss	40	(2,697)
Increase in trade and bills payables	231,485	110,343
(Decrease)/increase in other payables and accruals	(73,745)	17,201
Cash from operations	404,174	312,496
Income tax paid	(28,113)	(20,591)
Net cash flows from operating activities	376,061	291,905

Six months ended 30 June

	2022	2021
	(Unaudited)	(Unaudited)
Notes	RMB'000	RMB'000

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares, net of issuance expenses		–	123
New bank borrowings		1,908,310	2,538,997
Repayment of bank borrowings		(1,797,958)	(2,477,534)
Interest paid		(74,120)	(72,716)
Principal portion of lease payments		(3,661)	(3,109)
Net cash flows used in financing activities		32,571	(14,239)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		349,229	387,148
Effect of foreign exchange rate changes, net		44,123	(45,067)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	428,641	306,586
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	428,641	306,586

1. COMPANY INFORMATION

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

22 3

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins
Drive, PO Box 2681, Grand Cayman, KY1-1111,
Cayman Islands

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

Master Alliance Investment Limited

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standards ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**").

34

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information is unaudited, but has been reviewed by the Audit Committee of the Company.

2.2 CHANGES TO ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>	3		
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>		16	
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>		37	
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41			1 9
			16	
				41

2.2 CHANGE ACCOUNTING (FINANCIAL)

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the

2.2 CHANGES TO ACCOUNTING POLICIES (Financial Instruments)

<p>(d) <i>Annual Improvements to IFRSs 2018-2020</i> sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:</p> <ul style="list-style-type: none"> • IFRS 9 <i>Financial Instruments</i>: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group. • IFRS 16 <i>Leases</i>: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. 	<p>(d)</p> <p>1</p> <p>16</p> <p>41</p> <p>9</p> <p>16</p> <p>16</p> <p>16</p>	<p>9</p> <p>9</p> <p>16</p> <p>16</p>
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3. SEGMENTS

3.

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

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

8

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

An analysis of revenue by products is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Power solutions business	4,911,188	4,248,036
Recycled lead business	1,257,127	932,456
	6,168,315	5,180,492

3. E A G E E 3.
F A (F .n.u)

(a) Revenue from external customers

(a)

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Mainland China*	3,347,229	3,157,461
Europe, the Middle East and Africa	995,876	1,071,093
Americas	1,179,691	559,353
Asia-Pacific (other than Mainland China)	645,519	392,585
	6,168,315	5,180,492

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

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

3. E A G E E 3.
 F A (F .n.u)
 ()

(b) Non-current assets

(b)

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Mainland China	2,871,926	2,715,069
Other countries/areas	421,355	537,803
	3,293,281	3,252,872

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

Revenue of approximately RMB721,307,000 (six months ended 30 June 2021: RMB581,884,000) 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 six months ended 30 June 2022.

721,307,000

581,884,000

10%

4. ANALYSIS OF REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue from contracts with customers	6,168,315	5,180,492

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Type of goods		
Sale of industrial products	6,168,315	5,180,492
Timing of revenue recognition		
Goods transferred at a point in time	6,168,315	5,180,492

5. Profit before tax

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

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cost of inventories sold	4,767,743	3,781,412
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	454,858	441,667
Equity-settled share option expenses	2,089	681
Pension scheme contributions	31,047	26,560
	487,994	468,908
Amortisation of other intangible assets except for deferred development costs	9,077	8,769
Research and development costs:		
Deferred development costs amortised*	101,828	92,215
Current period expenditure	122,172	172,357
	224,000	264,572
Financial liabilities at fair value through profit or loss:		
Unrealised loss	22,789	29,787
Realised (gain)/loss	(26,846)	9,854

5. Financial Assets
(Financial)

5.

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Fair value (gain)/loss from financial liabilities at fair value through profit or loss, net	(4,057)	39,641
Financial assets at fair value through profit or loss: Unrealised loss	19	8,126
Depreciation of property, plant and equipment	156,490	154,547
Depreciation of investment property	5	5
Depreciation of right-of-use assets	7,045	4,625
Impairment/(Reversal of impairment) of trade receivables	2,065	(545)
(Reversal of impairment)/impairment of inventories*	(1,538)	5,799
Loss on disposal of items of property, plant and equipment, net	1,291	1,938
Foreign exchange (gain)/loss, net	(54,159)	21,583
Lease payment not included in the measurement of lease liabilities	7,307	2,458

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

6. HE E E E

6.

An analysis of other expenses is as follows:

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Foreign exchange loss	–	21,583
Loss on disposal of items of property, plant and equipment	1,291	1,938
Fair value loss from financial assets at fair value through profit or loss	19	8,126
Fair value loss from financial liabilities at fair value through profit or loss	–	39,641
Others	1,994	649
	3,304	71,937

7. F A C E C

7.

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest on bank borrowings	52,143	50,966
Interest arising from discounted bills	18,304	19,026
Interest on lease liabilities	3,673	215
	74,120	70,207

8. C E A

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current:		
Mainland China	13,690	8,104
Hong Kong	204	(4,970)
Singapore	40,534	14,974
United States of America	5,759	5,202
Vietnam	484	424
Deferred	(12,611)	(12,697)
Total tax charged for the period	48,060	11,037

9. D D E D

No dividend is proposed by the Directors for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. Earnings per share

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,357,854,666 (six months ended 30 June 2021: 1,357,788,138) in issue during the period.

1,357,854,666
1,357,788,138

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	80,020	29,170

10. EA GE HA E 10.
 A B AB E D A ✓
 E ✓ H DE F HE
 A E (F .n.n.u)

	Number of shares	
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	1,357,854,666	1,357,788,138
Effect of dilution – weighted average number of ordinary shares:		
Share options	1,155,752	3,167,165
	1,359,010,418	1,360,955,303

12. TRADE RECEIVABLES

12.

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Trade receivables	2,826,273	2,781,405
Less: Impairment provision	(56,507)	(55,703)
	2,769,766	2,725,702

The Group grants different credit periods to customers. The credit period of individual customers is considered on a case-by-case basis. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables of RMB470,537,000 (31 December 2021: RMB405,033,000) were under short term credit insurance and RMB69,208,000 (31 December 2021: RMB69,434,000) were under letters of credit. Trade receivables are non-interest-bearing.

470,537,000
405,033,000
69,208,000

69,434,000

As at 30 June 2022, the Group had pledged certain trade receivables amounting to RMB451,374,000 (31 December 2021: RMB365,908,000) to banks with recourse in exchange for cash. The proceeds from pledging the trade receivables of RMB312,001,000 (31 December 2021: RMB303,376,000) were accounted for as collateralised bank advances until the trade receivables were collected or the Group made good of any losses incurred by the banks (note 15(iii)).

451,374,000
365,908,000

312,001,000
303,376,000

15(iii)

13. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash and bank balances	428,641	349,229
Time deposits	690,175	602,513
	1,118,816	951,742
Less: Pledged for interest-bearing bank borrowings	15(iv)	(4,269)
(note 15(iv))	(12,465)	(4,269)
Pledged for bills payable	14	(440,448)
(note 14)	(547,265)	(440,448)
Pledged for letters of credit	(130,445)	(157,796)
	(690,175)	(602,513)
Cash and cash equivalents	428,641	349,229
Denominated in RMB	907,125	794,299
Denominated in US\$	131,059	63,627
Denominated in HK\$	52,408	48,508
Denominated in Euro	10,876	9,582
Denominated in Indian Rupee	6,516	3,002
Denominated in Malaysian Ringgit	5,564	7,526
Denominated in Australian Dollar	3,392	2,919
Denominated in Vietnamese Dong	1,246	16,252
Denominated in Sri Lankan Rupee	611	1,953
Denominated in Singapore Dollar	19	4,074
	1,118,816	951,742

14. **TRADE PAYABLES** (F.11.1)

The trade payables are non-interest-bearing and are normally settled on 90-day terms. All the bills payable bear maturity dates within 365 days. As at 30 June 2022, bills payable amounting to RMB662,480,000 (31 December 2021: RMB637,180,000) were issued on intercompany sales transactions within Group companies and such bills were discounted to banks for short term financing.

As at 30 June 2022, certain bills payable of the Group were secured by pledge of certain time deposits of the Group amounting to RMB547,265,000 (31 December 2021: RMB440,448,000) (note 13).

	365	90
	662,480,000	
	637,180,000	
		547,265,000
	440,448,000	
	13	

15. **BEARING BANK** 15.

	30 June 2022 (unaudited)			31 December 2021 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Interest-bearing bank borrowings, secured	1.88 to 7.09, HIBOR+2.76 to HIBOR+3.25, LIBOR+2.5	2022-2023	1,087,886	1.88 to 7.09, HIBOR+2.76 to HIBOR+3.25, LIBOR+2.5	2022	1,001,485
Collateralised bank advances, secured	2.00 to 4.57, LIBOR+2	2022-2023	312,001	2.00 to 4.79, LIBOR+2	2022	303,376
Interest-bearing bank borrowings, guaranteed	2.20 to 5.80, HIBOR+2.5, LIBOR+2	2022-2023	668,379	1.80 to 6.00, HIBOR+2.5, LIBOR+2	2022	549,093
Current portion of long term bank borrowings, guaranteed	LIBOR+2.70	2022-2023	364,932	LIBOR+2.70	2022	188,539
			2,433,198			2,042,493
Non-current						
Interest-bearing bank borrowings, secured	1.88 to 6.10	2023-2028	37,497	1.88 to 6.10	2023-2028	65,883
Interest-bearing bank borrowings, guaranteed	3.00 to 4.60	2023-2025	43,767	3.00	2023-2025	12,445
Interest-bearing bank borrowings, guaranteed	LIBOR+2.70	2023	-	LIBOR+2.70	2023	251,385
			81,264			329,713
			2,514,462			2,372,206

15. 非流动金融资产 (非衍生金融资产) 15.

Analysed into:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Bank loans and advances repayable:		
Within one year	2,433,198	2,042,493
In the second year	28,797	297,719
In the third to fifth years, inclusive	51,289	29,971
Beyond five years	1,178	2,023
	2,514,462	2,372,206

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

- | | | | |
|---|------|-------------|-------------|
| (i) a charge over certain property, plant and equipment of the Group with a net carrying amount of approximately RMB731,058,000 (31 December 2021: RMB800,281,000) as at the end of the reporting period. | (i) | 731,058,000 | 800,281,000 |
| (ii) a charge over certain leasehold lands of the Group with a net carrying amount of approximately RMB38,826,000 (31 December 2021: RMB38,998,000) as at the end of the reporting period. | (ii) | 38,826,000 | 38,998,000 |

15. **BEA G BA** (Facility) 15.

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 30 June 2022, the outstanding term loan balance amounted to US\$55,000,000 (equivalent to RMB364,932,000) is repayable within one year under the terms of the Facility Agreement. The term loan bears interest at LIBOR+2.7% per annum.

55,000,000	
364,932,000	LIBOR+2.7%

16. **HA E CA A** 16.

		30 June 2022	31 December 2021
Authorized:			
10,000,000,000 (31 December 2021: 10,000,000,000) ordinary shares of HK\$0.1 each (HK\$'000)	10,000,000,000		
	10,000,000,000 0.1	1,000,000	1,000,000
Issued and fully paid:			
1,357,854,666 (31 December 2021: 1,357,854,666) ordinary shares of HK\$0.1 each (HK\$'000)	1,357,854,666		
	1,357,854,666 0.1	135,785	135,785
Equivalent to RMB'000		116,241	116,241

17. SHARE OPTION SCHEME

(Financial Information)

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The Pre-IPO Share Option Scheme is available to the directors and employees (whether full time or part time) of any member of the Group.

The maximum number of the shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall be 60,000,000 shares representing approximately 4.5% of the total issued share capital of the Company immediately after completion of the global offering, taking no account of the exercise of the over-allotment option.

60,000,000

4.5%

The subscription price in respect of each share under the Pre-IPO Share Option Scheme is determined by the board of directors at its discretion and set out in the relevant offer letters provided that it should not be less than the nominal value of the shares.

After 28 October 2010, no further options will be offered or granted under the Pre-IPO Share Option Scheme but in other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme, and options which are granted on or before 28 October 2010 may continue to be exercisable in accordance with their terms of issue.

17. SHARE OPTION SCHEME

(Financial Information)

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Any exercise of an option granted under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") is subject to conditions as may be specified in the offer letter in respect of the grant of options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the period:

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	HK\$ per share	'000	HK\$ per share	'000
At 1 January	1.19	5,942	1.17	6,490
Exercised during the period	-	-	0.20	(80)
Lapsed during the period	1.26	(5,692)	-	-
Forfeited during the period	1.93	(250)	1.28	(250)
At 30 June	-	-	1.18	6,160

17. SHARE OPTIONS

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Movements in the Company's share options under the Pre-IPO Share Option Scheme during the period are as follows:

Name or category of participant	Number of share options			At 30 June 2022	Date of grant of share options	Exercise period of share options	Exercise price of share option HK\$ per share	Vesting period
	At 1 January 2022	Lapsed during the period	Forfeited during the period					
Director								
Ms. Yin Haiyan	150,000	(150,000)	-	-	1 June 2010	1 June 2012 to 31 May 2022	1,200	(i) a grantee is entitled to exercise 25% of the total number of options granted at any time during the 10 years after the second anniversary of the date of offer (the 'Offer Date') of the options with the relevant vesting period from the Offer Date up to the date immediately before the second anniversary of the Offer Date;
Other employees in aggregate								
	5,792,000	(5,542,000)	(250,000)	-	1 June 2010	1 June 2012 to 31 May 2022	0.400 – 2,000	(i) 25%
								(ii) a grantee is entitled to exercise an additional 25% of the total number of Options granted at any time during the 9 years after the third anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the third anniversary of the Offer Date;
								(ii) 25%
								(iii) a grantee is entitled to exercise a further additional 25% of the total number of Options granted at any time during the 8 years after the fourth anniversary of the Offer Date with the relevant vesting period from the Offer Date up to the date immediately before the fourth anniversary of the Offer Date; and
								(iii) 25%
								(iv) a grantee is entitled to exercise the remaining 25% of the total number of Options granted at any time during the 7 years after the fifth anniversary of the Offer Date, with the relevant vesting period from the Offer Date up to the date immediately before the fifth anniversary of the Offer Date.
								(iv) 25%
	5,942,000	(5,692,000)	(250,000)	-				



17. SHARE OPTION SCHEMES (F. 17.1)

The Company adopted a new share option scheme (the "New Share Option Scheme") which was approved and adopted by the written resolutions of all the shareholders of the Company passed on 30 October 2020 for the purpose of providing incentives or rewards to eligible persons for their contribution to or potential contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group, and for such other purposes as the board of directors may approve from time to time. Eligible persons of the New Share Option Scheme include any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group, any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group, any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group, any provider of goods and/or services to the Group who the Board considers, in its sole discretion, has contributed to the Group.

The 2010 Share Option Scheme and the New Share Option Scheme are available to the directors and employees (whether full time or part time) of any member of the Group.



17.

0.1% 5

30%

1%

17. SHARE OPTION SCHEMES (F. 17.)

The following share options were outstanding under the 2010 Share Option Scheme and the New Share Option Scheme during the period:

		Six months ended 30 June 2022		Six months ended 30 June 2021 截至二零二一年 六月三十日止六個月	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		HK\$ per share	'000	加權平均 行使價 HK\$ per share 每股港元	購股權數目 '000 千份
At 1 January	於一月一日	1.09	53,030	1.27	38,080
Granted during the period	期內授出	-	-	0.56	5,000
Exercised during the period	期內行使	-	-	1.02	(130)
Forfeited during the period	期內沒收	1.01	(3,650)	1.29	(2,720)
At 30 June	於六月三十日	1.10	49,380	1.18	40,230

17. SHARE CHEQUE 17.
(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Mr. Cao Yixiong Alan	200,000	-	200,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020; (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021; and (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610

17. 17. 17.

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Mr. Cao Yixiong Alan	300,000	-	300,000	3 April 2020	16 April 2021 to 2 April 2030	0.600	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2021; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2022; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 April 2023. (iii)	0.480



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17. SHARE CHEQUE 17.

(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Mr. Lau Chi Kit	200,000	-	200,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022. (iii)	0.610

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					

17. SHARE CHEESE 17.

(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Ms. Yin Haiyan	150,000	-	150,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 December 2017; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 December 2018; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 December 2019. (iii)	1.020

17. SHARE CHEQUE 17.
(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Ms. Yin Haiyan	150,000	-	150,000	4 December 2017	16 December 2018 to 3 December 2027	1.442	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 December 2018; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 December 2019; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 December 2020. (iii)	1.430

17. 17. 17.

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Ms. Yin Haiyan	900,000	-	900,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022. (iii)	0.610

17. SHARE CHEQUE 17.

(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Ms. Yin Haiyan	300,000	-	300,000	3 April 2020	16 April 2021 to 2 April 2030	0.600	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2021; (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2022; and (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 April 2023.	0.480

17. SHARE CHEQUE 17.

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Directors								
Ms. Yin Haiyan	1,000,000	-	1,000,000	13 January 2021	16 January 2022 to 12 January 2031	0.560	(i) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2022; (i) (ii) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2023; (ii) (iii) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2024; (iii) (iv) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2025; and (iv) (v) The remaining one-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2026. (v)	0.560
	4,100,000	-	4,100,000					

17. SHARE CHE E 17.
(Financial)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	5,030,000	-	5,030,000	22 November 2016	1 December 2017 to 21 November 2026	1.020	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 December 2017; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 December 2018; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 December 2019. (iii)	1.020

17. SHARE OPTION SCHEMES

(continued)

Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	1,500,000	-	1,500,000	16 May 2017	1 June 2018 to 15 May 2027	1.822	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 June 2018; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 June 2019; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 June 2020. (iii)	1.840

17. SHARE (FINANCIAL)

SHARE

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	2,100,000	(400,000)	1,700,000	25 May 2017	1 June 2018 to 24 May 2027	1.760	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 June 2018; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 June 2019; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 June 2020. (iii)	1.690

17. SHARE OPTION SCHEMES

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	4,050,000	(450,000)	3,600,000	4 December 2017	16 December 2018 to 3 December 2027	1.442	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 December 2018; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 December 2019; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 December 2020. (iii)	1.430

17. SHARE (FINANCIAL)

SHARE

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	15,300,000	(900,000)	14,400,000	19 July 2019	1 August 2020 to 18 July 2029	1.280	(i) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2020; (ii) One-third of the total number of the share options granted are exercisable at any time on or after 1 August 2021; and (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 1 August 2022.	0.610

17. SHARE OPTION SCHEMES

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	1,800,000	(600,000)	1,200,000	3 April 2020	16 April 2021 to 2 April 2030	0.600	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2021; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 April 2022; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 April 2023. (iii)	0.480

17. SHARE (FINANCIAL)

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Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	4,000,000	-	4,000,000	13 January 2021	16 January 2022 to 12 January 2031	0.560	(i) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2022; (i)	0.560
							(ii) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2023; (ii)	
							(iii) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2024; (iii)	
							(iv) One-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2025; and (iv)	
							(v) The remaining one-fifth of the total number of the share options granted are exercisable at any time on or after 16 January 2026. (v)	

17. SHARE OPTION SCHEMES

(continued)

Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Vesting period	Closing price of the shares of the Company immediately before the date on which options were granted
	At 1 January 2022	Forfeited during the period	At 30 June 2022					
Other employees in aggregate	15,150,000	(1,300,000)	13,850,000	2 September 2021	16 September 2022 to 1 September 2031	0.910	(i) One-third of the total number of the share options granted are exercisable at any time on or after 16 July 2021; (i) (ii) One-third of the total number of the share options granted are exercisable at any time on or after 16 July 2022; and (ii) (iii) The remaining one-third of the total number of the share options granted are exercisable at any time on or after 16 July 2023. (iii)	0.840
	48,930,000	(3,650,000)	45,280,000					
	53,030,000	(3,650,000)	49,380,000					

17. SHARE OPTION SCHEMES (Financial Information)

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The exercise prices and exercise periods of the share options outstanding under the 2010 Share Option Scheme and the New Share Option Scheme at 30 June 2022 are as follows:

Number of options	Exercise price per share	Exercise period
5,780,000	HK\$1.020 1.020港元	1 December 2017 to 21 November 2026 二零一七年十二月一日至 二零二六年十一月二十一日
1,500,000	HK\$1.822 1.822港元	1 June 2018 to 15 May 2027 二零一八年六月一日至二零二七年五月十五日
1,700,000	HK\$1.760 1.760港元	1 June 2018 to 24 May 2027 二零一八年六月一日至二零二七年五月二十四日
3,750,000	HK\$1.442 1.442港元	16 December 2018 to 3 December 2027 二零一八年十二月十六日至二零二七年十二月三日
15,700,000	HK\$1.280 1.280港元	1 August 2020 to 18 July 2029 二零二零年八月一日至二零二九年七月十八日
2,100,000	HK\$0.600 0.600港元	16 April 2021 to 2 April 2030 二零二一年四月十六日至二零三零年四月二日
5,000,000	HK\$0.560 0.560港元	16 January 2022 to 12 January 2031 二零二二年一月十六日至二零三一年一月十二日
13,850,000	HK\$0.910 0.910港元	16 September 2022 to 1 September 2031 二零二二年九月十六日至二零三一年九月一日
49,380,000		

18.AC B D A ✓ F A

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On 31 December 2020, Leoch International Holding Pte. Ltd. ("**Leoch International Holding**"), a wholly-owned subsidiary of the Company, entered into an agreement with three independent individual shareholders to acquire a company called Material Electric I Bateries, S.L in Spain, the name of which was changed to Leoch Iberia SL. ("**Iberia**") on 15 April 2022. The consideration for acquiring the Iberia is four times average EBITDA from FY2021 to FY2023. Leoch International Holding paid the first cash consideration of EUR499,000 (equivalent to RMB3,467,000) on 7 March 2022. As at the date of acquisition and as at 30 June 2022, the fair values of contingent consideration were both nil. Leoch International Holding acquired 100% of the equity interest. As a result of the above transactions, Leoch International Holding obtained control over Iberia, which then became a subsidiary of the Company on 15 April 2022.

	Leoch International Holding
Pte. Ltd.	Leoch International Holding
	Material Electric I Bateries, S.L
	Leoch Iberia SL. Iberia Iberia
EBITDA	Leoch International Holding
499,000	3,467,000
	Leoch International
Holding	100%
Leoch International Holding	Iberia
Iberia	

18. ACQUISITION OF CONTINENTAL COMMERCIAL FINANCE LIMITED
 (Fair value of identifiable intangible assets)

The fair values of the identifiable assets and liabilities of Continental Commercial Finance Limited as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment	671
Customer relationship	2,384
Inventories	2,441
Trade and bills receivables	4,403
Prepayments, deposits and other receivables	1,373
Cash and cash equivalents	147
Trade and bills payables	(5,760)
Interest-bearing bank borrowings	(1,740)
Deferred tax liabilities	(644)
Total identifiable net assets at fair value	3,275
Goodwill on acquisition	192
	3,467
Satisfied by:	
Cash	3,467

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An analysis of the cash flows for the period ended 30 June 2022 in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(3,467)
Cash and bank balances acquired	147
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,320)

Since the acquisition, Iberia contributed RMB3,318,000 to the Group's turnover and net profit of RMB120,000 to the consolidated profit for the period ended 30 June 2022.

Iberia	
3,318,000	120,000

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 RMB6,173,060,000 and RMB143,931,000, respectively.

6,173,060,000
143,931,000

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The Group had the following capital commitments:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Contracted, but not provided for:		
Land and buildings	4,235	999
Capital contribution for investments in equity investments designated at fair value through other comprehensive income	2,500	22,500
	6,735	23,499

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	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Purchases of raw materials from related companies			
Related companies owned by Dr. Dong Li and his associates	(i)	16,511	5,814
Sales of products to related companies			
Related companies owned by Dr. Dong Li and his associates	(i)	39,775	42,821
Interest expense to related parties			
Non-controlling shareholders of a subsidiary	b(i)	86	86

Note:

(i) The purchases of raw materials and sales of products with the related companies were made according to prices mutually agreed between the two parties on terms not less favourable to the Group than terms available to or from (as appropriate) independent third parties.

The related party transactions in respect of the purchases of raw materials and sales of products above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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20. 應收賬款 (Financial Information)

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	Notes 附註	Due from related companies		Due to related companies	
		30 June 2022 (Unaudited) RMB'000	31 December 2021 二零二一年 十二月 三十一日 (Audited) (經審核) RMB'000 人民幣千元	30 June 2022 (Unaudited) RMB'000	31 December 2021 二零二一年 十二月 三十一日 (Audited) (經審核) RMB'000 人民幣千元
Current:					
Non-controlling shareholders of a subsidiary	(i)	-	-	52,150	52,064
Related companies owned by Dr. Dong Li and his associates					

(i)

4,000,000
4.35%

47,200,000

12,400,000

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Notes: (continued)

(ii) As at 30 June 2022 and 31 December 2021 all (ii)
 balances with the related companies owned by Dr.
 Dong Li and his associates were trade in nature,
 unsecured, interest-free and have no fixed terms of
 repayment.

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	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Basic salaries and other benefits	5,328	4,680
Equity-settled share option expenses	461	326
Pension scheme contributions	91	80
	5,880	5,086

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The interim condensed consolidated financial
 information was approved and authorised for issue by
 the board of directors on 26 August 2022.

