This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are set forth in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

OVERVIEW

We are a leading manufacturer and developer of lead-acid batteries in China. According to Asia Battery Association, we were the largest lead-acid battery exporter in China with a 5.8% market share based on export revenue in 2009. In addition, we were the third largest reserve power lead-acid battery manufacturer in China based on revenue in 2009, with a 3.7% market share in China's highly fragmented reserve power battery market. Reserve power batteries accounted for 28.4% of China's domestic lead-acid battery market in terms of sales volume in 2009. With more than 1,500 models of reserve power batteries, starting, lighting and ignition ("SLI") batteries and motive power batteries, and battery products ranging in capacity from 0.251 Ah to 4,025 Ah, we offer one of the broadest lines of lead-acid batteries among Chinese battery manufacturers, according to Asia Battery Association. Our products are used by a growing number of domestic and international customers in various applications, including telecommunications systems, UPS, automobiles, motorcycles and other vehicles, renewable energy storage systems, and other consumer and industrial products.

Since we commenced operations in 1999, we have established a proven track record of robust growth. We initially focused on the international market, quickly established our company as a leading lead-acid battery exporter, and in 2009 were China's largest exporter of lead-acid battery products. Competing in the international market has facilitated our efforts to improve our product quality, develop and deploy new technologies, build strong relationships with customers and establish our reputation as a manufacturer of high quality battery products. Following the successful development of our export business, we began to leverage the experience we had gained to increase our market share in China's domestic market. We have since become a major supplier to key customers in China's telecommunications industry such as China Mobile Communications Co., Ltd. ("China Mobile"), China United Network Communications Group Co., Ltd. ("China Unicom"), China Telecom Corp. ("China Telecom") and ZTE Corp. ("ZTE"), who were all among our top five customers in 2009 and in aggregate contributed 14.4%, 22.7%, 35.1% and 24.2% of our total revenue in the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively. Our domestic sales have increased rapidly in recent years, growing from RMB421.8 million in 2007 to RMB625.4 million in 2009, representing a compound annual growth rate, or CAGR, of 21.8%, and by 34.4% from RMB269.2 million for the six months ended June 30, 2009 to RMB361.8 million for the six months ended June 30, 2010.

To meet the increasing demand for our products, we have expanded our production capacity significantly during the Track Record Period, and operated five production facilities with a total of 46 production lines and an aggregate annual installed production capacity of approximately 5.1 million KVAh as of June 30, 2010. Our production facilities are strategically located in Guangdong, Jiangsu and Anhui provinces in China, in close proximity to many of our suppliers and customers, and are operated as one centralized production system. Our vertically integrated production process covers all major steps in the battery manufacturing process, from confection of lead alloy ingots to assembly of finished products. We also design and produce ourselves the molds that are required tools in the battery manufacturing process.

We believe we are a leader in developing and deploying lead-acid battery technologies in China. Our growing research and development team consists of more than 300 researchers and technicians, and we work closely with domestic and international battery experts and battery research institutions to develop new technologies. Our strong research and development capabilities have allowed us to produce a broad range of battery products employing most of the key lead-acid battery technologies, including advanced gel valve-regulated lead-acid ("VRLA") and thin plate pure lead ("TPPL") VRLA technologies, and enhanced our ability to deliver customized products in a short period of time. We continuously pursue technological advancement and innovation of our products, which is evidenced in part by the 38 patents we held in China and one patent in Hong Kong as of the Latest Practicable Date.

We have a global sales operation, and our products are sold throughout China and around the world. Our Shenzhen headquarters serves as the central coordinator for our more than 200-member sales team present in China and the United States and our distributors in 14 other countries. Our sales efforts have allowed us to generate sales in all provinces, municipalities and autonomous regions in China and in more than 100 countries. In China, our sales are primarily made under our own brand name and we have established an extensive sales and marketing network with presence in 29 locations across the country. Internationally, OEM sales, which during the Track Record Period constituted the majority of our international sales, are primarily coordinated by our Shenzhen headquarters. International sales under our brand name and our related marketing efforts are supported by our five international offices and warehouses, as well as our distributors. Our client focused sales and customer service teams have helped us to develop long-term relationships with key lead-acid battery customers, including major telecommunications companies in China. Internationally, our customers include leading international battery manufacturers, and our products are also used by BMW AG ("BMW") in its motorcycles, Jaguar Cars Ltd ("Jaguar") in its automobiles and Mattel Inc. ("Mattel") in its toys. Although they are not our direct customers, our batteries have passed the certification of BMW, Jaguar and Mattel after they visited our production facilities and reviewed our quality control functions and are imprinted with their trademarks.

For the years ended December 31, 2007, 2008 and 2009, our sales volumes were 1.9 million KVAh, 2.3 million KVAh and 2.7 million KVAh, respectively, representing a CAGR of 19.2%. For the same periods, our revenue was RMB1,129.1 million, RMB1,499.0 million and RMB1,391.5 million, respectively, representing a CAGR of 11.0%, and profit for the year was RMB51.6 million, RMB74.8 million and RMB145.3 million, respectively, representing a CAGR of 67.8%. For the six months ended June 30, 2010, our sales volume reached 1.8 million KVAh. Our revenue increased by 57.2% from RMB600.6 million for the six months ended June 30, 2009 to RMB944.4 million for the six months ended June 30, 2010, and our profit increased by 118.2% from RMB58.2 million for the six months ended June 30, 2009 to RMB127.0 million for the six months ended June 30, 2010.

OUR COMPETITIVE STRENGTHS

We believe our rapid growth and strong market position are largely attributable to the following competitive strengths, which distinguish us from our competitors.

- Leading market position in China with a track record of robust growth
- Strong research and development capabilities
- Vertically integrated production and centralized operations
- Broad range of high quality products
- Extensive global sales and service network
- Experienced and stable management team

OUR STRATEGIES

Our goal is to become a leading global lead-acid battery manufacturer and developer. To achieve our goal, we intend to pursue the following strategies.

- Further penetrate China's high-growth sectors
- Continue to expand in the international market
- Capitalize on our research and development expertise
- Expand our production capacity and optimize efficiency

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following summary historical consolidated statements of comprehensive income for the years ended December 31, 2007, 2008 and 2009 and the six-month periods ended June 30, 2009 and 2010 and the summary historical consolidated statements of financial position as of December 31, 2007, 2008 and 2009 and June 30, 2010 set forth below have been derived from the Accountants' Report issued by Ernst & Young, Certified Public Accountants, Hong Kong, and included in Appendix I to this prospectus. You should read the summary historical financial information below in conjunction with our consolidated financial statements included in "Appendix I—Accountants' Report", which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Summary Historical Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(RMB in millions)				
REVENUE	1,129.1	1,499.0	1,391.5	600.6	944.4
Cost of Sales	(989.0)	(1,301.4)	(1,112.9)	(484.3)	(707.6)
Gross profit	140.1	197.6	278.6	116.3	236.8
Other income and gains	5.9	10.2	20.6	11.6	5.5
Selling and distribution costs	(34.1)	(43.7)	(57.3)	(23.0)	(27.3)
Administrative expenses	(43.4)	(59.0)	(70.1)	(34.1)	(54.6)
Other operating expenses	(9.2)	(9.1)	(2.4)	(1.0)	(0.9)
Finance costs	(5.4)	(8.3)	(9.6)	(4.7)	(9.5)
PROFIT BEFORE TAX	53.9	87.7	159.8	65.1	150.0
Income tax expense	(2.3)	(12.9)	(14.5)	(6.9)	(23.0)
PROFIT FOR THE YEAR/PERIOD	51.6	74.8	145.3	58.2	127.0
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	2.4	1.5	(0.1)	–	(0.2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	54.0	76.3	145.2	58.2	126.8
Profit attributable to:					
Owners of the Company	50.6	74.7	145.3	58.2	127.0
Non-controlling interests	1.0	0.1	–	–	–
	51.6	74.8	145.3	58.2	127.0
Total comprehensive income attributable to:					
Owners of the Company	53.1	76.3	145.2	58.2	126.8
Non-controlling interests	0.9	–	–	–	–
	54.0	76.3	145.2	58.2	126.8

Summary Historical Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
NON-CURRENT ASSETS				
Property, plant and equipment	205.0	301.5	367.6	410.6
Prepaid land lease payments	38.8	39.8	42.4	56.5
Intangible assets	0.3	2.6	2.7	3.5
Long term portion of trade receivables	3.6	9.4	19.4	14.0
Deposits paid for purchase of items of property, plant and equipment	6.7	27.1	11.4	17.9
Deferred tax assets	1.9	1.8	1.6	1.4
Total non-current assets	256.3	382.2	445.1	503.9
CURRENT ASSETS				
Inventories	154.8	98.6	180.7	311.4
Trade and bills receivables	184.4	229.5	340.4	443.0
Prepayments, deposits and other receivables	7.8	12.8	28.5	40.9
Tax recoverable	–	0.1	0.3	–
Amounts due from related companies	21.0	19.6	34.2	22.1
Pledged deposits	8.7	15.1	18.8	53.9
Cash and bank balances	22.4	35.7	43.2	79.0
Total current assets	399.1	411.4	646.1	950.3
CURRENT LIABILITIES				
Trade and bills payables	100.3	141.6	163.1	292.5
Dividend payable	–	–	–	68.7
Other payables and accruals	112.8	118.3	130.6	146.2
Interest-bearing bank borrowings	65.2	63.6	173.3	295.3
Amount due to a director	15.2	59.8	58.5	70.2
Amounts due to related companies	42.6	45.3	54.4	65.1
Income tax payable	1.3	8.4	13.4	26.7
Total current liabilities	337.4	437.0	593.3	964.7
NET CURRENT ASSETS/(LIABILITIES)	61.7	(25.6)	52.8	(14.4)
TOTAL ASSETS LESS CURRENT LIABILITIES	318.0	356.6	497.9	489.5
NON-CURRENT LIABILITIES				
Deferred tax liabilities	0.8	0.3	0.7	1.8
Total non-current liabilities	0.8	0.3	0.7	1.8
Net assets	317.2	356.3	497.2	487.7
EQUITY				
Equity attributable to owners of the Company:				
Issued capital	–	–	–	–
Reserves	314.7	355.1	497.2	487.7
	314.7	355.1	497.2	487.7
Non-controlling interests	2.5	1.2	–	–
Total equity	317.2	356.3	497.2	487.7

BREAKDOWN OF REVENUE

The following table sets forth our revenue based on the end use of our products during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)
Revenue										
Reserve power	1,084.5	96.0	1,430.1	95.5	1,246.7	89.5	539.8	89.9	821.0	86.9
of which:										
UPS	641.3	56.8	828.5	55.3	564.0	40.5	251.9	41.9	443.1	46.9
Telecommunications	203.4	18.0	335.9	22.4	486.3	34.9	196.8	32.8	210.1	22.2
Renewable energy storage	8.0	0.7	14.4	1.0	32.3	2.3	5.5	0.9	11.9	1.3
Other consumer and industrial products	231.8	20.5	251.3	16.8	164.1	11.8	85.6	14.3	155.9	16.5
SLI	27.2	2.4	48.3	3.2	90.8	6.5	41.9	7.0	76.3	8.1
Motive power	3.1	0.3	6.1	0.4	2.8	0.2	1.4	0.2	7.1	0.8
Other[1]	14.3	1.3	14.5	0.9	51.2	3.8	17.5	2.9	40.0	4.2
TOTAL	1,129.1	100.0	1,499.0	100.0	1,391.5	100.0	600.6	100.0	944.4	100.0

Note:

(1) Other includes sale of battery components and electric vehicles. As of the Latest Practicable Date, we have ceased sales of electric vehicles.

Our results of operations have been and are expected to be substantially affected by the types of products we sell and our product mix. The continued growth in our profit during the Track Record Period, despite the decline in our revenue in the year ended December 31, 2009, was principally due to an increase in the sale of batteries to telecommunications customers, as well as increases in the sale of renewable energy storage and SLI batteries. As telecommunications batteries generally have a higher profit margin, they have been and will continue to be key drivers in our growth. However, in accordance with industry practice, we extend a longer credit period to our telecommunications customers than our other customers. Payments are made by telecommunications customers in installments as specified in the framework agreements and purchase orders. We normally receive approximately 70% to 80% of the total order amount within 60 days of signing the purchase order, and receive a subsequent installment half a year to one year after the integration of our products into the telecommunications equipment which is usually completed within two months after signing the purchase order. We then normally receive a final installment of approximately 5% to 10% of the total order amount after the final inspection, which is usually carried out one year after integration.

The following table sets forth our revenue by geographic location during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)
Geographic Location										
China	421.8	37.4	557.3	37.2	625.4	44.9	269.2	44.8	361.8	38.3
European Union	277.0	24.5	332.9	22.2	248.4	17.9	112.5	18.7	192.9	20.4
United States	204.0	18.1	333.8	22.3	256.2	18.4	117.8	19.6	167.2	17.7
Other Asian countries/areas	159.9	14.2	209.7	14.0	202.2	14.5	78.3	13.0	182.7	19.3
Other countries	66.4	5.8	65.3	4.3	59.3	4.3	22.8	3.9	39.8	4.3
TOTAL	1,129.1	100.0	1,499.0	100.0	1,391.5	100.0	600.6	100.0	944.4	100.0

The following table sets forth our revenue by OEM and non-OEM sales during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)	Revenue (RMB in millions)	Share (%)
Domestic – OEM(1)	12.3	1.1	26.1	1.7	13.2	0.9	10.7	1.8	28.0	3.0
Domestic – non-OEM(1)	409.5	36.3	531.2	35.5	612.2	44.0	258.5	43.0	333.8	35.3
International – OEM(1)(2)	653.6	57.9	824.1	55.0	683.6	49.1	282.6	47.1	525.6	55.7
International – non-OEM(1)(2)	53.7	4.7	117.6	7.8	82.5	6.0	48.8	8.1	57.0	6.0
TOTAL	1,129.1	100.0	1,499.0	100.0	1,391.5	100.0	600.6	100.0	944.4	100.0

Notes:

(1) OEM sales represent sales of products under our customers' trademarks or brand names, while non-OEM sales principally include sales of products under our own brand.

(2) Each of International-OEM and International-non-OEM includes our sales to distributors. Sales to distributors in aggregate accounted for less than 5.0% of our revenue during the Track Record Period.

The following table sets forth our gross profit, gross profit margin and gross profit per KVAh by product category during the Track Record Period:

	Year ended December 31,									Six months ended June 30,					
	2007			2008			2009			2009			2010		
	Gross Profit (RMB in millions)	Gross Profit Margin (%)	Gross Profit per KVAh (RMB)	Gross Profit (RMB in millions)	Gross Profit Margin (%)	Gross Profit per KVAh (RMB)	Gross Profit (RMB in millions)	Gross Profit Margin (%)	Gross Profit per KVAh (RMB)	Gross Profit (RMB in millions)	Gross Profit Margin (%)	Gross Profit per KVAh (RMB)	Gross Profit (RMB in millions)	Gross Profit Margin (%)	Gross Profit per KVAh (RMB)
Gross Profit															
Reserve power	136.8	12.6	73.6	192.8	13.5	87.6	253.1	20.3	104.4	106.4	19.7	99.9	209.7	25.5	131.3
of which:															
UPS	54.2	8.5	45.4	94.3	11.4	64.5	88.8	15.7	66.4	45.1	17.9	80.2	92.8	20.9	97.1
Telecommunications	52.6	25.9	171.1	70.6	21.0	190.7	127.3	26.2	176.8	46.9	23.9	138.2	74.3	35.4	205.8
Renewable energy storage	3.4	42.5	400.3	5.7	39.3	383.5	13.0	40.2	245.2	2.4	44.5	250.7	7.9	66.1	483.5
Other consumer and industrial products	26.6	11.5	76.3	22.2	8.9	62.7	24.0	14.6	76.1	12.0	13.7	77.5	34.7	22.3	131.4
SLI	2.5	9.3	33.7	3.1	6.4	29.2	20.7	22.8	89.0	8.2	19.6	81.1	16.9	22.2	98.5
Motive power	0.3	9.3	29.5	0.8	12.4	48.6	0.3	9.2	32.9	0.1	9.0	31.8	2.6	36.4	189.7
Other	0.5	3.5	N/A	0.9	6.4	N/A	4.5	8.7	N/A	1.6	9.3	N/A	7.6	19.0	N/A
TOTAL	140.1	12.4	N/A	197.6	13.2	N/A	278.6	20.0	N/A	116.3	19.4	N/A	236.8	25.1	N/A

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

Forecast consolidated profit attributable to owners of the Company(1)	not less than RMB253.6 million (equivalent to approximately HK$290.7 million)
Unaudited pro forma forecast earnings per Share(2)	not less than RMB19.0 cents (equivalent to approximately HK$21.8 cents)

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the forecast earnings per Share on an unaudited pro forma basis is based on the forecast consolidated profit attributable to owners of the Company for the year ending December 31, 2010, assuming that we had been listed since January 1, 2010 and a total of 1,333,334,000 Shares had been issued and outstanding during the entire year.

(3) The unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 is converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.8724 to HK$1.00 prevailing on June 30, 2010.

OFFER STATISTICS

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised and no options are granted under the Pre-IPO Share Option Scheme or the Share Option Scheme.

	Based on an Offer Price of HK$3.75 per Share	Based on an Offer Price of HK$5.35 per Share
Market capitalization(1)	HK$5,000.0 million	HK$7,133.3 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$1.28	HK$1.67

Notes:

(1) The calculation of market capitalization is based on 1,333,334,000 Shares expected to be issued and outstanding following the Global Offering but takes no account of the Over-allotment Option, options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section entitled "Financial Information—Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" in this prospectus and on the basis of 1,333,334,000 Shares in issue at the respective Offer Prices of HK$3.75 per Share and HK$5.35 per Share and that the Over-allotment Option is not exercised.

OUR PRODUCTION FACILITIES

We have five production facilities in China. As of June 30, 2010, we operated a total of 46 production lines. In 2007, 2008, 2009 and the six months ended June 30, 2010, the aggregate lead-acid battery production of all of our production facilities was 1.9 million KVAh, 2.2 million KVAh, 2.7 million KVAh and 1.9 million KVAh, respectively.

The following table sets forth our actual production volume compared to our estimated production capacity as well as our utilization rate during the Track Record Period.

	For the year ended December 31,									For the six months ended June 30,		
	2007			2008			2009			2010		
	Installed Capacity (KVAh in thousands) (1)	Production (KVAh in thousands)	Utilization Rate (%)	Installed Capacity (KVAh in thousands) (1)	Production (KVAh in thousands)	Utilization Rate (%)	Installed Capacity (KVAh in thousands) (1)	Production (KVAh in thousands)	Utilization Rate (%)	Installed Capacity (KVAh in thousands) (1)	Production (KVAh in thousands)	Utilization Rate (%)
Production facility												
Jiangsu	1,200.0	1,120.0	93.3	1,350.0	1,160.0	85.9	1,350.0	1,180.0	87.4	800.0	770.3	96.3
Zhaoqing	–	–	–	250.0	230.0	92.0	600.0	520.0	86.7	520.0	469.1	90.2
Anhui	–	–	–	120.0	100.0	83.3	300.0	260.0	86.7	330.0	233.2	70.7
Dongguan	400.0	400.0	100.0	400.0	360.0	90.0	400.0	380.0	95.0	200.0	195.6	97.8
Shenzhen	400.0	400.0	100.0	350.0(2)	350.0	100.0	350.0	350.0	100.0	175.0	208.0	118.9(3)
TOTAL	2,000.0	1,920.0	96.0	2,470.0	2,200.0	89.1	3,000.0	2,690.0	89.7	2,025.0(4)	1,876.2	92.7

Notes:

(1) Installed capacity at each production facility equals the sum of the production capacity of all of its production lines. The production capacity of each production line for a period is calculated as its daily production capacity multiplied by the number of days in such period since its commissioning. For example, a 300 KVAh production line commissioned on May 15, 2008 had an installed annual capacity of 69,300 KVAh (300 KVAh x 231 days) in 2008 and an annual production capacity of 109,500 KVAh (300 KVAh x 365 days) in 2009.

(2) Shenzhen's installed capacity decreased in 2008 because one of the production lines was moved to our Zhaoqing production facility.

(3) Shenzhen's utilization rate exceeded 100% due to overtime work.

(4) As of June 30, 2010, our aggregate annual installed capacity was approximately 5.1 million KVAh, calculated as our aggregate daily installed capacity on June 30, 2010 multiplied by 365 days.

ENVIRONMENT, HEALTH AND SAFETY

We are subject to extensive and changing environmental, health and safety laws and regulations in the PRC. Details of the laws and regulations are set out in "Regulatory Overview—Environmental Laws" and "Regulatory Overview—Work Safety and Occupational Disease Prevention and Treatment" in this prospectus. The main pollutants generated by our production processes are lead dust and particles and waste water containing lead and sulphuric acid. Based on our representations and confirmations from relevant governmental authorities, our PRC legal advisers, Zhong Lun Law Firm, advised that during the Track Record Period, we did not receive any material claims, or administrative actions or penalties by the relevant PRC authorities, in relation to environmental and occupational health and safety issues.

According to MWH Environmental Engineering (Shanghai) Co., Ltd. ("MWH"), an independent environmental consulting company who performed an environmental protection assessment of our five production facilities in the PRC, no major non-compliance issues were identified with respect to applicable PRC regulations, and our production facilities generally display adequate pollution prevention facilities to treat air emissions and wastewater discharge. MWH, however, identified certain issues, including (a) inadequate filings and approvals, (b) inadequate testing and evaluation, and (c) inadequate waste management in relation to Shenzhen Leoch, Dongguan Leoch and Zhaoqing Leoch.

With respect to filings and approvals, MWH noted that Dongguan Leoch had not updated its EIA to include three additional battery assembly lines at its production facility in August 2006 and Zhaoqing Leoch had not updated its EIA to include the battery shelf manufacturing process located at one of its newly implemented workshops in January 2010, and therefore both of them had not obtained relevant approvals from local environmental protection bureaus ("EPBs"). Dongguan Leoch and Zhaoqing Leoch have rectified their respective situations by updating their EIAs and obtaining the outstanding approvals on September 30, 2010 and August 31, 2010, respectively.

With respect to testing and evaluation, MWH noted that sewage emission levels at Shenzhen Leoch had not been evaluated on an annual basis by a qualified environmental inspection institution against local emission standards since May 2008, and paint dust emission levels from our battery shelf manufacturing process at Zhaoqing Leoch had not been evaluated on an annual basis by a qualified environmental inspection institution against local emission standards since January 2010. Shenzhen Leoch and Zhaoqing Leoch have rectified their respective situations by engaging qualified environmental inspection institutions, namely Guangzhou Two Light System Environment Inspection Station and Environmental Protection Inspection Station of Hitech Industry Development Zone of Zhaoqing City in July 2010 and August 2010, respectively, to conduct annual evaluations. These qualified environmental inspection institutions completed their evaluations of Shenzhen Leoch and Zhaoqing Leoch for 2010 and did not identify any non-compliance.

With respect to waste management, MWH noted that Shenzhen Leoch, Dongguan Leoch and Zhaoqing Leoch had not engaged qualified waste disposal service providers for the disposal of hazardous waste since December 2007, December 2007 and April 2009, respectively. For Shenzhen Leoch and Dongguan Leoch, while we had previously engaged qualified waste disposal service providers for disposal of hazardous waste upon their respective commencements of operations, in December 2007, our operational staff, due to their inadvertence, failed to enter into formal agreements with qualified waste disposal providers because the amount of waste to be disposed was not substantial and qualified waste disposal service providers provided disposal services for our waste despite the absence of any formal agreement. All of Shenzhen Leoch, Dongguan Leoch and Zhaoqing Leoch have rectified their respective situations by engaging relevant qualified waste disposal service provider, namely Shenzhen Hazardous Wastes Handling Station Company Limited (深圳市危險廢物處理站有限公司) on August 14, 2010 for a term of one year. Upon expiry of the term, we intend to renew the engagement or engage new qualified waste disposal service provider for disposal of our hazardous wastes.

As confirmed by our Directors, these historical issues arose primarily because (i) PRC regulations and administrative measures with regard to environmental protection were in the process of development and (ii) local implementations of relevant regulations varied from place to place. As a result it was sometimes difficult for PRC enterprises such as our PRC subsidiaries and relevant administrative authorities to fully understand all the administrative procedures required. Specifically, while we had completed the EIA procedures as required by law for the production facilities of Dongguan Leoch and Zhaoqing Leoch, we subsequently expanded the production capacity of Dongguan Leoch and added battery shelf manufacturing lines at Zhaoqing Leoch in 2006 and 2010, respectively. As the regulations on conducting additional EIA for expanded production lines were inexplicit, we believed that the original EIA would cover such expansions, and did not carry out additional EIA procedures. We have acted on MWH's recommendations and have rectified all the issues identified by MWH. See Appendix V to this prospectus for the MWH report. Given that we have acted on the recommendations of MWH and enhanced our environment protection measures as well as regulatory compliance as set out below, we believe that sufficient on-going measures have been adopted to ensure our internal control in environmental protection. Our PRC legal advisers advised us that in connection with the rectified issues, the risk that local environmental protection bureaus would take actions against us, such as imposition of penalties or fines, is low. Our PRC legal advisers also advised us that as of the Latest Practicable Date, we comply with relevant environmental laws in the PRC in all material aspects.

In order to enhance our environmental protection measures, we have set up an environmental protection department responsible for all environmental protection matters upon commencing our operations. Our environmental protection department is currently headed by our vice president of production and comprises approximately 30 staff members with relevant degrees, such as environmental science, environmental engineering, and environmental monitoring and management, and experience in areas of environmental protection and occupational health and safety. Our environmental protection staff are located at the headquarters and at all of our production facilities to monitor our regulatory compliance and implement environmental protection systems and guidelines. Since March 2010, environmental protection staff at our production facilities are required to report to our environmental protection unit on a weekly basis to and seek approvals from the environmental protection unit at our headquarters prior to making any significant decisions on our environment protection procedures. The environmental protection unit reports quarterly to our vice president of production. Upon identifying any material environmental protection issues, our vice president of production will report to our chairman.

To ensure on-going compliance, we have further strengthened our staff training on environmental protection. In addition to internal training sessions, we invite environmental experts and legal advisers to provide training on best practices and PRC environmental laws and regulations. Furthermore, our staff attend training provided by industry associations and participate in exchange programs with similar enterprises overseas to gain knowledge and practical experience in the practice of environmental protection in our industry. To ensure regulatory compliance in general, since March 2010, all material changes, including the implementation of new production lines, must be reported to our legal and administrative team which includes (i) one of our executive Directors, (ii) our vice president of production, who is also in charge of our environmental protection unit at the headquarters, has over ten years of experience in implementing regulatory compliance relating to battery production and has been responsible for the construction and expansion projects of our production facilities including the obtaining of relevant necessary approvals and permits, and (iii) a manager and three other staff who have obtained PRC law degrees. Our legal and administrative team, which reports directly to the chairman, attends training on PRC laws and regulations relevant to our operations conducted by external legal advisers and industry groups, and is responsible for updating our management of and ensuring compliance with the latest regulatory development.

We have implemented strict health and safety guidelines for our employees. Notwithstanding these guidelines, it may not be possible to completely eliminate the effect of lead exposure on our employees. According to China's Diagnostic Criteria of Occupational Chronic Lead Poisoning (《職業性慢性鉛中毒診斷標準》) (GBZ37-2002) (the "Lead Poisoning Criteria"), blood lead levels equal to or more than 600 μg/L are considered to indicate chronic lead poisoning. Under our internal guidelines, which follow the Lead Poisoning Criteria, we consider employees having a blood lead level above 400 μg/L as having elevated blood lead levels, and take measures to reduce their exposure. Although none of our employees has been found to have lead poisoning, there were 15, 23, 16 and seven different employees in the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively, who were found to have elevated blood lead levels, accounting for 0.4%, 0.5%, 0.3% and 0.1%, respectively, of our total number of employees as of the end of such year or period. We have obtained confirmation from the local disease control and prevention centers (疾病預防控制中心) or disease prevention and health care institutes (預防保健所), which are non-profit organizations established and authorized by the relevant bureaus of health (衛生局) to conduct routine occupational health tests required by the PRC law, that the blood lead levels of the affected employees have subsequently dropped to below the level set forth in our internal guidelines upon treatment and none of them was diagnosed with occupational chronic lead poisoning. As advised by our PRC legal advisers, pursuant to applicable PRC laws, the statutory limitation period for compensation lawsuits is normally one year from the date of the occurrence of the injuries. As to the seven employees that were found to have elevated blood lead levels in the six months ended June 30, 2010, although they could still file a civil claim for compensation against us within the statutory limitation period, our PRC legal advisers advised that the likelihood that such claim would be successful and that we would be ordered to pay compensation to them is low because those employees have been satisfactorily treated and transferred to different posts as required by relevant PRC regulations. To minimize future occurrences of elevated blood lead levels, starting in March 2008, our designated safety personnel monitor our employees' compliance with our health and safety procedures on a daily basis. In addition, we have separated the production zone at our production facilities and implemented the requirement that staff must be fully sanitized before entering or leaving the production zone to reduce the risk of contamination. We have also further strengthened the education and training of our employees on occupational health and safety.

DIVIDEND AND DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends requires the approval of the Board and will be at its discretion. In addition, any final dividend for a financial year is subject to shareholders' approval. The Board reviews dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- the payment by our subsidiaries of cash dividends to us;
- our results of operations;
- our cash flows and liquidity position;
- statutory and regulatory restrictions;
- our shareholders' interests;
- general business conditions and strategies;
- our capital requirements; and
- other factors the Board may deem relevant.

Our Company was incorporated on April 27, 2010 and no dividend has been declared or paid by our Company as of the Latest Practicable Date.

On April 6, 2010, Anhui Leoch Battery, based on its distributable profit as of March 31, 2010, declared a dividend of RMB36.3 million to its then shareholder, Uplus. On April 20, 2010, Jiangsu Leoch, based on its distributable profit as of March 31, 2010, declared a dividend of RMB111.4 million to its then shareholder, D&P. In determining the amount of these dividends, we took into consideration the cash flow and operational needs of Anhui Leoch Battery and Jiangsu Leoch, and believed they were sufficient to support these dividends. On the dates such dividends were declared, Anhui Leoch Battery and Jiangsu Leoch were owned and controlled by Mr. Dong through his ownership and control of Uplus and D&P. Therefore, the interests of our Company with respect to these two subsidiaries were aligned before and after Reorganization, and we believe the dividend distribution was in the interests of our Controlling Shareholders and the development of our Company. As of the Latest Practicable Date, total dividends of RMB147.7 million were fully paid by Anhui Leoch Battery and Jiangsu Leoch with their internal resources. Our Directors believe that these dividends were designated to distribute to Mr. Dong a reasonable return on the fruits of his investment in and contribution to our Company over the last 10 years. Taking into consideration the financial resources presently available to us, including cash generated from operations, available loans and banking facilities, and the estimated net proceeds of the Global Offering, our Directors are of the opinion that we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

As a holding company, our ability to pay dividends depends substantially on the payment of dividends to us by our subsidiaries in China. In particular, our PRC subsidiaries may pay dividends only out of their accumulated distributable profits, if any, determined in accordance with their articles of association, and the accounting standards and regulations in China. Moreover, pursuant to relevant PRC laws and regulations applicable to our subsidiaries in the PRC, our PRC subsidiaries are required to set aside a certain amount of their accumulated after tax profits each year, if any, to fund statutory reserves. These reserves may not be distributed as cash dividends. Certain of our subsidiaries have incurred debt in their own name and may do so again in the future. The instruments governing the debt may require the lenders' consent prior to the subsidiaries declaring dividends, or otherwise restrict dividends or other distributions by such subsidiaries to us.

USE OF PROCEEDS

We estimate that we will receive net proceeds of the Global Offering (after deduction of underwriting fees and estimated expenses payable in relation to the Global Offering, assuming an Offer Price of HK$4.55 per Share, which is the mid-point of the proposed Offer Price range of HK$3.75 to HK$5.35 per Share) of approximately HK$1,413.6 million assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 60% of net proceeds to us (approximately HK$848.2 million) for expansion of our production capacity. We have recently acquired a parcel of land near our Anhui production facility for which we intend to use for the production of our battery products. We also plan to add, in 2011 and 2012, more production lines at our Zhaoqing, Anhui and Jiangsu production facilities. We plan our capacity additions based on our business expansion plans and estimated market demand;
- approximately 10% of net proceeds to us (approximately HK$141.4 million) for research and development of new products using new technologies, particularly spiral pure lead technology, and for improving existing products and technologies, such as TPPL and tubular gel technologies. We plan to use approximately HK$35.0 million to build a new research facility by 2012, and the rest of the net proceeds to hire more research personnel, and purchase research-related equipment and materials;

- approximately 10% of net proceeds to us (approximately HK$141.4 million) for expansion of our sales channels in China and internationally. We intend to increase the size of our sales team, expand our sales operations to new locations in China and the United States, and develop our sales operations in the U.K. and Singapore in the next two years. We also plan to set up sales offices and/or warehouses in strategic locations in South America, Africa and other Asian regions;
- approximately 10% of net proceeds to us (approximately HK$141.4 million) for potential acquisitions that expand our sales channels or provide access to new technology. As of the Latest Practicable Date, we have not identified any targets nor entered into any letters of intent or agreements in relation to any potential acquisitions; and
- approximately 10% of the net proceeds to us (approximately HK$141.4 million) for working capital and other general corporate purposes.

If the Offer Price is set at the high end of the proposed Offer Price range, we estimate that we will receive an aggregate net proceeds of approximately HK$1,670.9 million. If the Offer Price is set at the low end of the proposed Offer Price range, we estimate that we will receive an aggregate net proceeds of approximately HK$1,156.3 million. In the event that the Over-allotment Option is exercised in full, we will receive an aggregate net proceeds ranging from approximately HK$1,337.2 million (assuming an Offer Price of HK$3.75 per Share, being the low end of the proposed Offer Price range) to HK$1,929.1 million (assuming an Offer Price of HK$5.35 per Share, being the high end of the proposed Offer Price range). The above allocation of the net proceeds will be adjusted on a pro rata basis, in the event the Offer Price is fixed at a higher or lower level compared to the mid-point of the proposed Offer Price range.

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to deposit the proceeds in interest-bearing bank accounts with banks and/or other authorized financial institutions or to hold the proceeds in money-market instruments such as treasury bills, commercial paper and bankers' acceptances with authorized financial institutions.

We will issue an announcement if there is any material change in the above proposed uses of proceeds.

RISK FACTORS

There are certain risks relating to an investment in our Shares. These can be categorized into (i) risks relating to our business and our industry; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering and our Shares. A detailed discussion of the risk factors is set forth in the section entitled "Risk Factors".

Risks Relating to Our Business and Our Industry

- We face intense competition in our major markets and continuing pressure to reduce our production costs to remain price competitive.
- We derive a significant portion of our income from our major customers, particularly UPS and telecommunications customers, and we have no long-term sales contracts with our customers. Our results of operations could be adversely affected if we lose these customers.
- Our international sales and marketing plans and strategies may not yield the desired results.
- A key part of our strategy involves continuing to grow our sales in China; however, we depend on the continuing growth of China's economy for this strategy to succeed.
- Fluctuations in the prices of raw materials, such as lead, could materially and adversely affect our results of operations.
- We rely on our major suppliers for our primary raw materials.

- If our OEM customers come to view products sold under our brand as competing with their products, they may reduce or cease their purchases from us, and our business may be adversely affected.
- Significant order cancellations, reductions or delays by our customers could materially adversely affect our business.
- Any economic downturn could have a material adverse impact on our business, results of operations and financial condition.
- If we are unable to successfully develop new technology or new products, our business, results of operations and prospects may be adversely and materially affected.
- Spending patterns in the industries we serve could adversely affect our results of operations.
- Our sales may be subject to the seasonality of the industries we serve.
- Our capacity expansion plans are subject to risks and uncertainties, and may be difficult or expensive to manage.
- We may undertake acquisitions, investments, joint ventures or other strategic alliances, which may have a material adverse effect on our ability to manage our business, and such undertakings may be unsuccessful.
- Our operations and financial performance may be materially and adversely affected if we experience any major disruptions, damage or destruction at our production facilities.
- Insufficient electricity supply or an increase in electricity prices could adversely affect our business, financial condition and results of operations.
- Failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect those rights may be costly and may not be resolved in our favor.
- We may be exposed to infringement or misappropriation claims, which, if determined adversely against us, could require us to pay significant damage awards.
- Any problems with product quality or performance could result in a loss of customers and sales and decrease in market share and may subject us to products liability claims.
- We may experience difficulty in collecting our receivables from our customers and our liquidity and financial condition would be negatively impacted.
- We recorded net current liabilities as of December 31, 2008 and June 30, 2010, and we cannot assure you that we will not experience a net liability position again in the future.
- We had negative operating cash flow in the year ended December 31, 2009, and we cannot guarantee that we will be able to generate sufficient net cash inflow from our operations in the future.
- Our future success depends on the continuing services of our senior management team and other key personnel, as well as our ability to attract and retain personnel.
- We may be subject to civil claims or administrative sanctions for our operations or potential harm to employees caused by our operations and may not be able to meet the increasingly stringent environment protection requirements imposed by the PRC government.
- The lead-acid battery industry may be adversely affected by the introduction of laws, regulations and policies that govern the recycling and disposal of battery products.
- We may face accidents in our production process, which could result in significant production interruption, delays or liability claims for substantial damages.
- Our insurance coverage may be inadequate to protect us from potential losses.
- Failure to develop appropriate internal control and management structures in line with our rapid growth could result in a material adverse effect on our business, prospects, financial condition and results of operations.

- We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.
- Our non-compliance with certain housing fund and social security contributions regulations in the PRC could lead to the imposition of fines or penalties.
- Labor disputes could significantly affect our business.
- We may not successfully obtain and maintain the necessary regulatory permits or approvals for the manufacture and sale of our products in certain markets.
- If we cannot renew our certifications of battery products and production systems, our business and results of operations may be materially and adversely affected.
- If the application of Shenzhen Kukeng Central Cooperative Joint Stock Company for collective construction land use right is not approved, we may not be able to continue to use the relevant property and may incur relocation costs and losses that could affect our results of operations.
- We have not obtained formal title certificates to some of the properties we occupy and some of our landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our rights to use such properties.
- Substantially all of our revenue is derived from batteries using lead-acid technology. If the lead-acid battery market does not grow at the rate we expect or at all, or if lead-acid technology is replaced by another technology, our business, profitability and future prospects may be materially and adversely affected.
- The decrease or unavailability of government grants may adversely affect our results of operations.

Risks Relating to the PRC

- Changes in the economic, political and social conditions in the PRC may have a material and adverse effect on our business, financial condition, results of operations and prospects.
- A slowdown of China's economy may adversely affect our business, results of operations and financial condition.
- We may be deemed a PRC resident enterprise under the New Enterprise Income Tax Law and be subject to the PRC taxation on our worldwide income.
- Our Hong Kong subsidiary is subject to PRC withholding tax under the New Enterprise Income Tax Law and we may not be able to enjoy the preferential tax rate of 5%.
- We may not continue to receive preferential tax treatment currently available to us, and the increase in enterprise income tax could decrease our net income and materially and adversely affect our financial condition and results of operations.
- Our future restructuring may face uncertainties under the Notice on Strengthening Enterprise Income Taxation on Non-resident Enterprises with respect to Gains from Equity Transfer ("Notice 698") released in December 2009 by the State Administration of Taxation.
- Fluctuation in the exchange rates of the Renminbi may affect the amount of our export revenue and have a material adverse effect on your investment.
- The PRC's legal system is still evolving and the uncertainties as to the interpretation and enforcement of PRC laws could have a material adverse effect on us.

- You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us and our directors and senior management.
- PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds we receive from this offering to make loans or additional capital contributions to our PRC operating subsidiaries.
- PRC regulations relating to the establishment of offshore special purpose companies by PRC nationals may subject our PRC resident shareholders to personal liability, limit our ability to inject capital into our consolidated PRC subsidiaries, limit the ability of our consolidated PRC entities to distribute profits to us, or otherwise adversely affect us.
- Governmental control over the conversion of foreign exchange may affect the value of your investment and limit our ability to utilize our cash effectively.
- Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options and restricted share units may subject such employees or us to fines and legal or administrative sanctions.
- China Securities Regulatory Commission ("CSRC") or other relevant PRC government authorities may have a different interpretation of the New M&A Rules and may determine that its approval is required with respect to this offering.
- New Labor Laws in the PRC may adversely affect our results of operations.
- Our business may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as influenza A (H1N1) and avian flu (H5N1), and natural disasters.

Risks Relating to the Global Offering and Our Shares

- After the Global Offering, the price of our Shares may be volatile, and you may be unable to resell your Shares at or above the Offer Price, or at all.
- Volatility in the global financial markets could cause significant fluctuations in the prices of our shares.
- We will continue to be controlled by our Controlling Shareholders, whose interests may not align with those of our other shareholders.
- Any future issuance of Shares by us may dilute your shareholding and future sales of a substantial number of our Shares may adversely affect the price of our Shares.
- Our historical dividend payments should not be taken as an indication of our future dividend policy or our payment of dividends in the future.
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to taxes under PRC tax laws.
- Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law, and Cayman Islands law may provide different remedies to minority shareholders when compared with the laws of Hong Kong and other jurisdictions.
- Forward-looking information may prove inaccurate.