
HISTORY, REORGANIZATION AND GROUP STRUCTURE

Our Company was incorporated in the Cayman Islands on April 27, 2010 and, as a part of the Reorganization, became the ultimate holding company of our subsidiaries. Through certain holding companies and wholly foreign owned enterprises, we own 100% of our operating subsidiaries. As of the Latest Practicable Date, we were 100% owned by Mr. Dong, our founder, Chairman and chief executive officer, through his wholly-owned company, Master Alliance.

OUR BUSINESS MILESTONES

The following are important milestones in the history of our business development to date:

- In 1999, our founder, Mr. Dong, established Shenzhen Leoch and we commenced our operation.
- In 2000, we established our U.S. office, signifying our efforts to develop our presence in the international market.
- In 2001, we began to supply our products to the telecommunications industry.
- In 2003, we established our Jiangsu research and development center.
- In 2005, we began to increasingly focus on sales into China's domestic market.
- In 2008, we established our Zhaoqing research and development center.
- In 2008, we began to supply to the renewable energy industry.
- In 2010, we established Leoch Europe in the U.K.
- In 2010, we began the trial production of TPPL VRLA batteries.

OUR OPERATING HISTORY

The history of our operations began with the establishment of Shenzhen Leoch on April 26, 1999. Commencing its operations at the time of establishment, Shenzhen Leoch was initially engaged in the business of manufacturing and selling all types of lead-acid batteries, and was 50% owned by Mr. Dong, 30% owned by Mr. Xue Laiwu and 20% owned by Mr. Fu Yanshu. Both Mr. Xue Laiwu and Mr. Fu Yanshu are Independent Third Parties. Since then, Shenzhen Leoch experienced a number of changes in its shareholding structure. Mr. Fu Yanshu and Mr. Xue Laiwu decided to withdraw from their ownership in Shenzhen Leoch and transferred all their respective interests in Shenzhen Leoch to Mr. Dong and Mr. Qian Guanghong, our vice president of production and a member of our senior management, in July 2002 and December 2003 for considerations of RMB0.6 million and RMB1.8 million, respectively, determined by reference to the registered capitals of Shenzhen Leoch on such dates. Accordingly, Shenzhen Leoch was 70% held by Mr. Dong and 30% owned by Mr. Qian Guanghong at the end of 2003. The 30% shareholding interest in Shenzhen Leoch was held by Mr. Qian Guanghong for and on behalf of Mr. Dong.

On August 18, 2004, Leoch Power Supply was established in Hong Kong, and at its establishment, 90% of its issued share capital was held by Mr. Dong and the other 10% was held by Ms. Hong Yu. In November 2004, Mr. Dong and Mr. Qian Guanghong transferred all their respective interests in Shenzhen Leoch to Leoch Power Supply. On January 2006, Leoch Power Supply transferred 90% and 10% interests in Shenzhen Leoch to Mr. Dong and Ms. Hong Yu respectively, and Mr. Dong's and Ms. Hong Yu's shareholdings in Shenzhen Leoch were further changed to 97% and 3% respectively in August 2007. In May 2008, Mr. Dong and Ms. Hong Yu transferred their respective interests in Shenzhen Leoch to Jiangsu Leoch.

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We have expanded our business operations to other parts of the PRC by establishing other subsidiaries since 2002, four of which have production facilities:

- On November 27, 2002, Dongguan Leoch was established in Dongguan, Guangdong province. It was then 90% owned by Mr. Dong and 10% owned by Ms. Peng Hui. On April 23, 2008, Mr. Dong and Ms. Peng Hui transferred their respective interests in Dongguan Leoch to Jiangsu Leoch. Our Dongguan production facility commenced operation in the same year.
- On March 11, 2003, Jiangsu Leoch was established in Jinhua, Jiangsu province. It was then wholly owned by D&P, a U.S. corporation, which was 100% owned by Mr. Dong. Our Jiangsu production facility commenced operation in the same year.
- On May 9, 2005, Zhaoqing Leoch was established by Leoch Power Supply in Zhaoqing, Guangdong province. Our Zhaoqing production facility commenced operation in 2008. The three-year gap between the establishment and the commencement of production was due to the construction delay caused by a then-existing body of water on the construction site.
- On July 26, 2006, Anhui Leoch Battery was established in Huaibei, Anhui province. It was then held by Uplus, a U.S. corporation which was wholly owned by Mr. Dong. Our Anhui production facility commenced operation in 2008.
- We also established five sales companies located in Beijing, Nanjing, Kunming, Xining and Shenzhen, respectively. Our sales companies are principally engaged in the sale and marketing of our products, as well as providing technical support and after-sale services to our customers. Each of the sales companies is a wholly owned subsidiary of Shenzhen Leoch. Pursuant to two declarations and confirmations, both of which were dated April 28, 2010, Mr. Qian Guanghong held, on behalf of Mr. Dong, (i) 50% equity interest in Beijing Leoch from December 14, 2004 (the date of incorporation of Beijing Leoch) until August 16, 2007 and (ii) 30% equity interest in Shenzhen Leoch from December 29, 2003 until November 30, 2004.

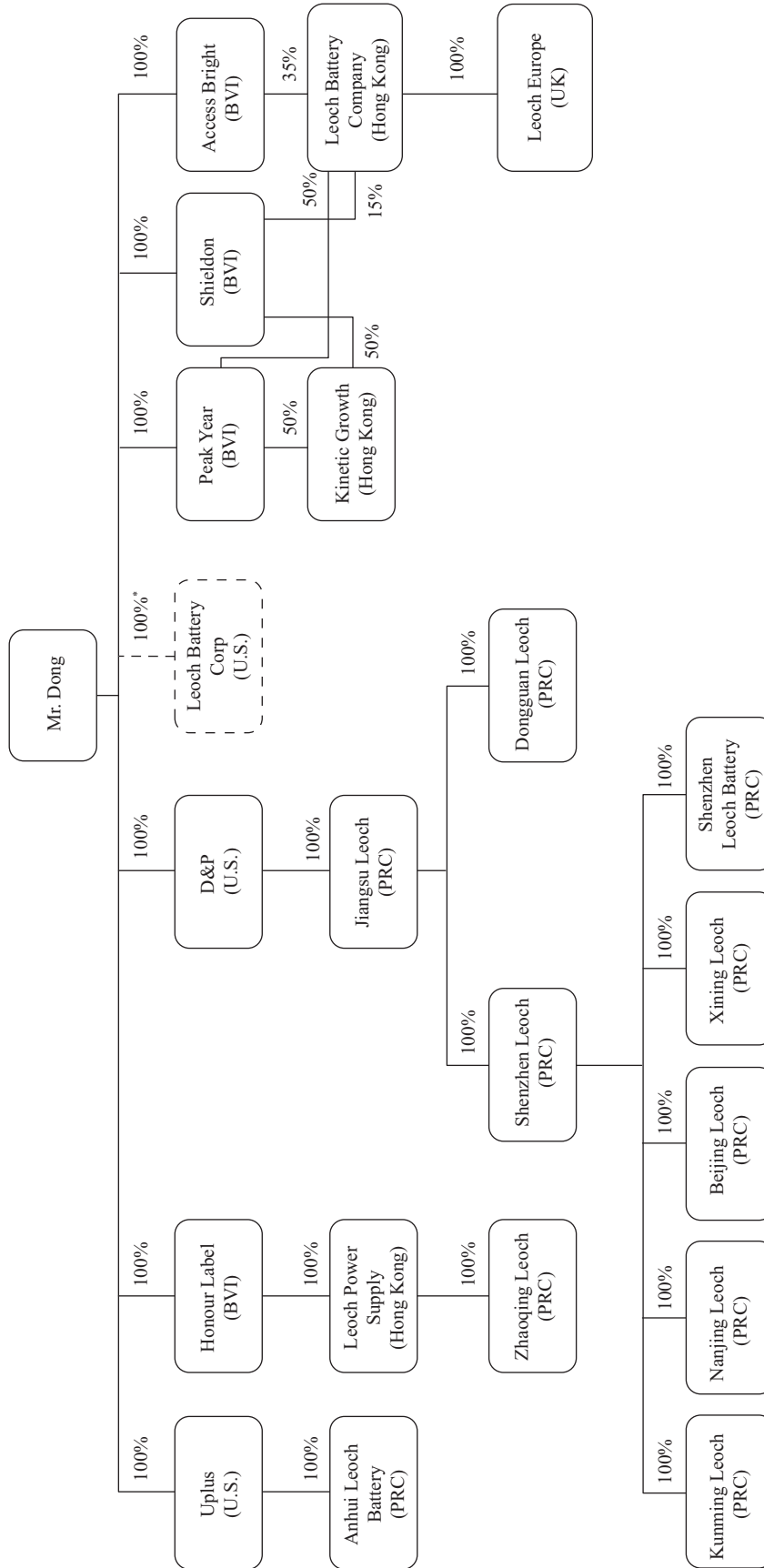
As advised by our PRC legal advisers, all the relevant approvals have been obtained from the competent PRC authorities with respect to the changes in the shareholding of our PRC subsidiaries.

We also expanded our business operation to other countries and regions by establishing several subsidiaries overseas:

- On February 28, 2005, Honour Label was established in the BVI by Mr. Dong. On July 27, 2009, Mr. Dong and Ms. Hong Yu transferred their respective interests in Leoch Power Supply to Honour Label.
- On April 25, 2007, Leoch Battery Company was established in Hong Kong. It is engaged in trading.
- On January 11, 2008, Kinetic Growth was established in Hong Kong. It is engaged in the sale of lead-acid batteries.
- On January 5, 2010, Leoch Europe was established in the United Kingdom. It currently has no operations and plans to be engaged in trading of battery products.
- On April 5, 2010, Leoch Battery Pte was established in Singapore. It currently has no operations and plans to be engaged in general wholesale trading, research and development, general warehousing, logistics and moving services.

OUR REORGANIZATION

Immediately prior to our Reorganization, our shareholding structure was as follows:



* Prior to the Reorganization, Leoch Battery Corp was 100% owned by Ms. Peng Hui, Mr. Dong's spouse. Its results of operations during the Track Record Period were consolidated into our results of operations.

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Reorganization

Pursuant to our Reorganization, our Company was incorporated in the Cayman Islands on April 27, 2010. Our initial authorized share capital was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each. Upon incorporation, we were wholly-owned by Master Alliance, which is in turn wholly owned by Mr. Dong. In preparation for the Listing and as part of our Reorganization, we established Catherine Holdings and acquired the present subsidiaries in our Group.

(a) Restructuring of Peak Year, Sheldon, Access Bright, Leoch Battery Company and Leoch Europe

On March 16, 2010, Access Bright transferred its 350,000 shares of Leoch Battery Company (representing 35% of the total issued share capital of Leoch Battery Company) to Peak Year at par value of HK\$1.00 per share.

On March 16, 2010, Sheldon transferred its 150,000 shares of Leoch Battery Company (representing 15% of the total issued share capital of Leoch Battery Company) to Peak Year at par value of HK\$1.00 per share.

After the above share transfers, Leoch Battery Company became a wholly owned subsidiary of Peak Year, and Leoch Europe became an indirect wholly owned subsidiary of Peak Year.

(b) Incorporation of Leoch Battery Pte

On April 5, 2010, Leoch Battery Pte was incorporated and is wholly owned by Leoch Power Supply with Mr. Dong as the director.

(c) Incorporation of Catherine Holdings

On May 3, 2010, Catherine Holdings was incorporated in the BVI with an authorized share capital of US\$50,000 and is wholly owned by our Company.

(d) Transfer of Anhui Leoch Battery from Uplus to Leoch Power Supply

Pursuant to a share transfer agreement dated April 15, 2010, Leoch Power Supply purchased the entire issued share capital of Anhui Leoch Battery from Uplus, at a fair value of US\$11,943,000. The consideration for the purchase was satisfied by a promissory note in the amount of US\$11,943,000 issued by Leoch Power Supply to Uplus. After the acquisition, Anhui Leoch Battery became a wholly owned subsidiary of Leoch Power Supply and an indirect wholly owned subsidiary of our Company. On April 15, 2010, Uplus declared dividend in specie and the promissory note was distributed to Mr. Dong. On April 15, 2010, Mr. Dong transferred the promissory note to Master Alliance for a consideration of HK\$1.0, Master Alliance transferred the promissory note to our Company for a consideration of HK\$1.0 and our Company transferred the promissory note to Catherine Holdings for a consideration of HK\$1.0.

(e) Transfer of Jiangsu Leoch from D&P to Leoch Power Supply

Pursuant to a share transfer agreement dated May 13, 2010, Leoch Power Supply purchased the entire issued share capital of Jiangsu Leoch from D&P, at a fair value of US\$37,658,000. The consideration for the purchase was satisfied by a promissory note in the amount of US\$37,658,000 issued by Leoch Power Supply to D&P. After the acquisition, Jiangsu Leoch became a wholly-owned subsidiary of Leoch Power Supply and an indirect wholly owned subsidiary of our Company. Accordingly, each of Shenzhen Leoch, Dongguan Leoch, Kunming Leoch, Nanjing Leoch, Beijing Leoch, Xining Leoch and

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Shenzhen Leoch Battery became an indirect wholly owned subsidiary of our Company. On May 13, 2010, D&P declared dividend in specie and the promissory note was distributed to Mr. Dong. On May 13, 2010, Mr. Dong transferred the promissory note to Master Alliance for a consideration of HK\$1.0, Master Alliance transferred the promissory note to our Company for a consideration of HK\$1.0 and our Company transferred the promissory note to Catherine Holdings for a consideration of HK\$1.0.

(f) The incorporation of Anhui Leoch Power

On October 26, 2010, Anhui Leoch Power was incorporated in Anhui province, PRC, with a registered capital of HK\$150,000,000 and a total investment amount of HK\$230,000,000. Anhui Leoch Power is wholly owned by Leoch Power Supply.

(g) Acquisition of Honour Label

On May 24, 2010, Catherine Holdings acquired the entire issued share capital of Honour Label from Mr. Dong. The consideration for the acquisition was satisfied by Catherine Holdings allotting and issuing, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong. After the share transfer, Honour Label became a wholly owned subsidiary of Catherine Holdings and an indirect wholly owned subsidiary of our Company.

(h) Acquisition of Peak Year

On May 24, 2010, Catherine Holdings acquired the entire issued share capital of Peak Year from Mr. Dong. The consideration for the acquisition was satisfied by Catherine Holdings allotting and issuing, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong. After the share transfer, Peak Year became a wholly owned subsidiary of Catherine Holdings and an indirect wholly owned subsidiary of our Company.

(i) Acquisition of Sheldon

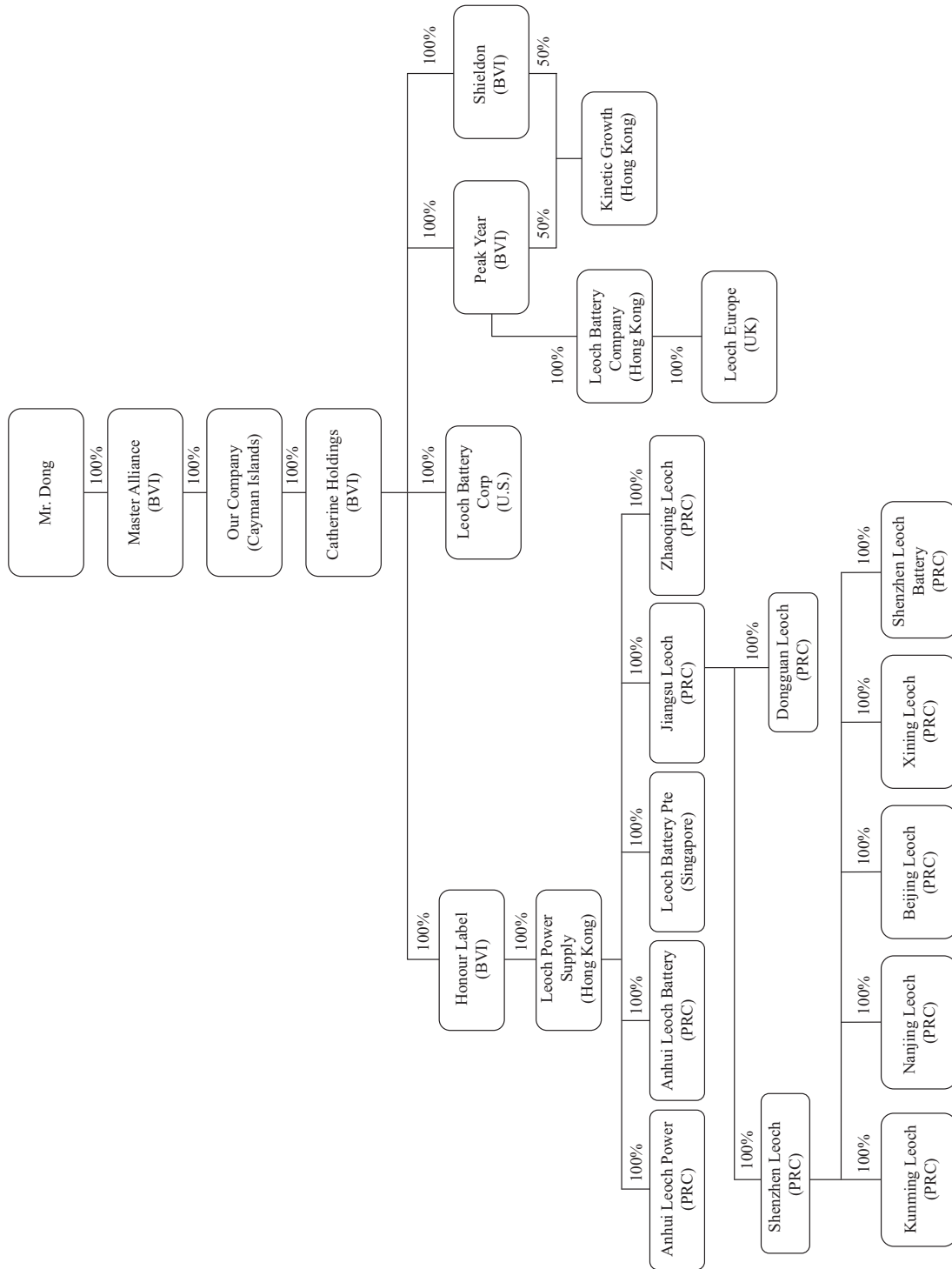
On May 24, 2010, Catherine Holdings acquired the entire issued share capital of Sheldon from Mr. Dong. The consideration for the acquisition was satisfied by Catherine Holdings allotting and issuing, credited as fully paid, one ordinary share of US\$1.00 to our Company as directed by Mr. Dong. After the share transfer, Sheldon became a wholly owned subsidiary of Catherine Holdings and an indirect wholly owned subsidiary of our Company.

(j) Acquisition of Leoch Battery Corp

On May 31, 2010, Catherine Holdings acquired the entire issued share capital of Leoch Battery Corp, a company established in the State of California principally engaged in the trading of battery products in the United States from Peng Hui, the spouse of Mr. Dong, at a consideration of US\$300,000. The consideration for the acquisition was satisfied by cash. After the share transfer, Leoch Battery Corp became a wholly owned subsidiary of Catherine Holdings and an indirect wholly owned subsidiary of our Company. The results of operations of Leoch Battery Corp during the Track Record Period were consolidated into our results of operations by merger accounting because Peng Hui and Mr. Dong, our Controlling Shareholder, are husband and wife and generally considered to be under common control under IFRS 3. The results of operations of Leoch Battery Corp constituted less than 2.5% of our results of operations during the Track Record Period.

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Immediately following the completion of the Reorganization and before the Global Offering and the Capitalization Issue, the shareholding structure of our Company was as follows:



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CAPITALIZATION ISSUE

On October 14, 2010, our authorized share capital was further increased from HK\$380,000 divided into 3,800,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares through the creation of 9,996,200,000 additional Shares. Conditional upon the crediting of our share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of HK\$99,999,999.90 standing to the credit of our share premium account by applying such sum towards the paying up in full at par a total of 999,999,999 Shares for allotment and issue to our sole Shareholder as of October 14, 2010.

GROUP STRUCTURE

The following chart sets forth our corporate and shareholding structure upon completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), without taking into account the Shares which may be issued upon the exercise of any options under the Pre-IPO Share Option Scheme and the Share Option Scheme:

