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Chaowei Power Holdings Limited

超威動力控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 951)

INSIDE INFORMATION

FRAMEWORK INVESTMENT AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09(2) of Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

FRAMEWORK INVESTMENT AGREEMENT

The Board is pleased to announce that, on 17 April 2014, the Company entered into the Framework Investment Agreement with Moll and Moll Partners, pursuant to which the Company, through its subsidiary, Henan Chaowei, agreed to cooperate with Moll in the manufacturing of automotive batteries for start and stop systems through the Proposed Investments.

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- Date:** 17 April 2014
- Parties:**
- (1) Moll Partners,
 - (2) the Company, and
 - (3) Moll
- Subject matter:** Pursuant to the terms and conditions of the Framework Investment Agreement, the Company will, either directly or indirectly, conduct the Proposed Investments in the following manner:
- (1) after Moll ACCU's assets, rights, liabilities and employees have been transferred to Moll, subscribe for a 40.0% limited partnership interest in Moll by way of capital increase for a consideration of EUR6.5 million, and acquire 40.0% of the registered capital of Moll Beteiligungs from Ms. Gertrud Moll-Möhrstedt for a purchase price of EUR12,400 by way of share transfer ("**Proposed Investment I**");
 - (2) acquire all limited partnership interests in Moll G+V in the amount of EUR1,420,000 from Ms. Gertrud Moll-Möhrstedt and in the amount of EUR80,000 from Mr. Julius Möhrstedt for a consideration of altogether EUR2.5 million (to be adjusted on a debt and cash free basis) and all shares in Moll Grundbesitz from Ms. Gertrud Moll-Möhrstedt for a purchase price of EUR25,000 by way of share transfer ("**Proposed Investment II**");
 - (3) acquire from Moll a study report in relation to the establishment of a new battery plant for the production of lead-acid (AGM/EFB) batteries used for micro-hybrid applications for a consideration of EUR500,000 ("**Proposed Investment III**");
 - (4) provide a shareholder loan in the amount of EUR2.0 million to Moll at an interest rate of 4.9% per annum which will mature in 2018, to replace certain existing liabilities of Moll ("**Proposed Investment IV**");

- (5) Moll will transfer to the Company specific technologies and know-how relating to the production of AGM batteries and EFB and a licence right to use the “Moll” brand, and it is anticipated that the Company will grant a corresponding sub-licence of the above-mentioned technologies, know-how and licence to the JV. The Company undertakes to procure that, among others, (i) Moll will be granted a 5% equity interest in any of the Company’s new or existing PRC subsidiaries (except for subsidiaries of the JV) that has received any of the know-how or right to use the “Moll” trademark at any time, and (ii) Moll will be granted a 10% equity interest in any of the Company’s new or existing subsidiaries in Asia (outside the PRC) that has received any of the know-how or right to use the “Moll” trademark. At the same time, Moll will acquire a 5% equity interest in the JV from Henan Chaowei for a consideration of RMB100,000 (to be adjusted according to the appraised value of the JV) (“**Proposed Investment V**”). Upon completion of the Proposed Investment V, the JV will be held as to 95% by Henan Chaowei and 5% by Moll and the JV will remain a subsidiary of the Company.

The book value of the assets to be acquired by the Company under the Proposed Investments is estimated at approximately EUR1,850,660 as of 31 December 2013, representing (i) 40% of the net asset value of Moll according to its unaudited accounts for the year ended 31 December 2013; (ii) 40% of the net asset value of Moll Beteiligungs according to its audited accounts for the year ended 31 December 2013; (iii) 100% of the net asset value of Moll G+V according to its audited accounts for the year ended 31 December 2013; and (iv) 100% of the net asset value of Moll Grundbesitz according to its audited accounts for the year ended 31 December 2013.

The articles of association of the JV and the agreement between shareholders of the JV shall include a definition of the operation scope with regard to automotive (AGM and EFB) batteries, the branding provisions and participation rights in subsidiaries and, in particular, the following provisions:

- (1) both Moll and Henan Chaowei shall not be obligated to make additional contributions on their respective equity interest in the JV;

- (2) the equity interest in the JV held by Moll shall not be subject to dilution, provided that such anti-dilution protection (i) shall not apply if the registered capital of the JV exceeds RMB1,000,000,000, and (ii) shall cease upon the earlier of injection of pre-IPO capital agreed by the shareholders of the JV or initiation of an initial public offering (IPO) process of the JV. Such exceptions from the anti-dilution protection of Moll is subject to Moll being granted a pro-rata subscription right (in case of (i)) and/or the right to place its shares in the JV on a pro-rata basis in the course of such IPO (in case of (ii));
- (3) the profit and loss of the JV shall be distributed according to the respective equity interest in the JV held by the parties;
- (4) Moll shall be entitled to access to certain information, including, but not limited to, quarterly financial figures and current business reports of the JV.

Basis of determination of the Proposed Investment:

The consideration for the Proposed Investment I was reached based on arm's length negotiation and projected future profits of Moll as agreed between the parties and by reference to, among other things, the net assets of Moll Beteiligungs.

The consideration for the Proposed Investment II was reached based on arm's length negotiation and by reference to, among other things, the book value of the property held by Moll G+V and the net assets of Moll Grundbesitz.

The consideration for the Proposed Investment III was reached based on arm's length negotiation and taking into account the reasonable cost incurred by Moll in preparing the study report.

The consideration for the Proposed Investment IV was reached based on arm's length negotiation and the interest rate of such shareholder's loan was determined by reference to the average of the prevailing lending rate in the PRC and Germany.

The original investment cost for the 5% equity interest in the JV contributed by Henan Chaowei was approximately RMB100,000, and equals to 5% of the registered capital of JV. It is expected that the Group will not record any profit or loss from the transfer of 5% equity interest in the JV to Moll, as the consideration will also equal to the net asset value of the JV as at 31 March 2014.

Notwithstanding the above breakdown, the Board considers that the consideration for the entire Proposed Investments should be considered on a totality basis.

Conditions precedent:

The obligations of the parties shall be subject to the condition precedent that the signing and closing of the asset purchase agreement in relation to transfer of all rights, assets, liabilities and employees of Moll ACCU to Moll has occurred (the “**Closing Condition**”).

In the event the Closing Condition is not fulfilled (or waived to the extent permitted by law) by 30 May 2014 and if additional time has not been agreed upon by the parties, the Framework Investment Agreement shall become null and void and the parties shall automatically be released from their obligations under the Framework Investment Agreement, except as otherwise agreed.

Closing actions and payment terms:

Subject to the terms and conditions of the Framework Investment Agreement, closing of the Proposed Investments shall occur on 15 May 2014, provided that the Closing Condition is then satisfied, and otherwise the fifth Business Day following the calendar day on which the Closing Condition is satisfied or waived, or at such other time, date or place as mutually agreed upon in writing by the parties.

At Closing:

- (a) The Company shall pay by wire transfer of immediately available funds to the escrow account the following amounts:
 - (1) a total amount of EUR9,000,000 to be provided by the Company to Moll under the Proposed Investment I, Proposed Investment III and Proposed Investment IV; and
 - (2) EUR12,400 for the shares in Moll Beteiligungs to Ms. Gertrud Moll-Möhrstedt under the Proposed Investment I

- (b) The Moll Partners together with the Company shall sign the necessary documentation to register with the competent commercial register to procure that the Company will be registered as a new limited partner of Moll.
- (c) Ms. Gertrud Moll-Möhrstedt and the Company shall provide to the notary who has acted at the notarisation of the Framework Investment Agreement an instruction to submit an updated shareholders list of Moll Beteiligungs to the competent commercial register.

Post-closing matters:

After the Closing, the parties to the Framework Investment Agreement shall:

- (a) Within five Business Days after the Company has received the notification of the adjusted Moll G+V purchase price under the Proposed Investment II, the Company shall pay:
 - (1) the amount of the adjusted Moll G+V purchase price, and
 - (2) EUR25,000 as the purchase price for all shares in Moll Grundbesitz
- (b) Ms. Gertrud Moll-Möhrstedt and the Company shall provide to the notary who has acted at the notarisation of the Framework Investment Agreement an instruction to file an updated shareholders list of Moll Grundbesitz to the competent commercial register.
- (c) After the transfer of the limited partnership interests in Moll G+V has occurred, the Owners together with the Company shall register without undue delay with the competent commercial register that the Company has entered Moll G+V as a limited partner of Moll G+V.

Source of funding:

The Company will fund the Proposed Investments to be made by the Company under the Framework Investment Agreement from its internal resources.

REASONS FOR AND BENEFITS OF THE FRAMEWORK INVESTMENT AGREEMENT

As the automatic start and stop technology for the automotive industries is currently in developing stage and the demand for related batteries increases accordingly, the Board is optimistic about the growth potential of start and stop battery market. The Board considers that, by entering into the Framework Investment Agreement, the Group could acquire the specific technologies and know-how of the Moll Group and the licence right to use the "Moll" trademark, which enable the Group to master the core technologies in a relatively short period of time and expand the manufacturing and sales business of the start and stop batteries in the PRC and other markets, seizing any market opportunities as an early mover.

Accordingly, the Board considers that it is in the interests of the Group to cooperate with Moll Group by entering into the Framework Investment Agreement. The Directors, including the independent non-executive Directors, consider that the Framework Investment Agreement has been entered into on normal commercial terms and the terms of the Framework Investment Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ABOUT MOLL GROUP

Established more than 60 years ago, Moll is a leading supplier of lead-acid batteries to renowned automotive producers and specialized retailers worldwide. Moll's strong production competence can be demonstrated by Moll's own patents and industry awards received over the years.

For the two years ended 31 December 2012 and 2013, the audited and (where applicable) unaudited net profit/loss of each of the Moll Entity was as follows:

Moll

For the year ended 31 December 2012:

Audited net profit (before tax): EUR128,840

Audited net profit (after tax): EUR123,604

For the year ended 31 December 2013:

Unaudited net profit (before tax): EUR62,183

Unaudited net profit (after tax): EUR62,183

Moll ACCU

For the year ended 31 December 2012:

Audited net profit (before tax): EUR22,534

Audited net profit (after tax): EUR22,314

For the year ended 31 December 2013:

Audited net loss (before tax): EUR23,124

Audited net loss (after tax): EUR23,344

Moll G+V

For the year ended 31 December 2012:

Audited net profit (before tax): EUR174,991

Audited net profit (after tax): EUR146,733

For the year ended 31 December 2013:

Audited net profit (before tax): EUR399,101

Audited net profit (after tax): EUR339,844

Moll Beteiligungs

For the year ended 31 December 2012:

Audited net profit (before tax): EUR2,060

Audited net profit (after tax): EUR4,255

For the year ended 31 December 2013:

Audited net profit (before tax): EUR2,533

Audited net profit (after tax): EUR2,533

Moll Grundbesitz

For the year ended 31 December 2012:

Audited net profit (before tax): EUR1,219

Audited net profit (after tax): EUR1,026

For the year ended 31 December 2013:

Audited net profit (before tax): EUR1,274

Audited net profit (after tax): EUR1,072

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Moll Entity and its ultimate beneficial owners, are Independent Third Parties.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacturing and sales of lead-acid motive batteries and related products.

OTHER INFORMATION

Based on the information available to the Board, all of the relevant percentage ratios in respect of the Proposed Investments as a whole are less than 5% and the Proposed Investments do not involve issue of any securities by the Company. Accordingly, it is expected that the Proposed Investments under the Framework Investment Agreement will not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“AGM”	absorbent glass mat
“Board”	the board of Directors of the Company
“Business Day”	means any day other than Saturday and Sunday or any day on which banks in Bavaria, Germany, and Beijing, the PRC, are closed
“Company”	Chaowei Power Holdings Limited (超威動力控股有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EFB”	enhanced flooded battery
“EUR”	Euro, the lawful currency of European Union
“Framework Investment Agreement”	a framework investment agreement dated 17 April 2014 entered into by Moll Partners, the Company, and Moll in relation to the Proposed Investments
“Group”	the Company and its subsidiaries
“Henan Chaowei”	河南超威電源有限公司 (Henan Chaowei Power Co., Ltd.*), a company incorporated in the PRC, a 60% owned, principal operating subsidiary of the Group.
“JV”	河南超威正效電源有限公司 (Henan Chaowei Zhengxiao Power Co. Ltd.*), a limited liability company established under the laws of PRC and a wholly owned subsidiary of Henan Chaowei as at the date of this announcement. It will be held as to 95% by Henan Chaowei and 5% by Moll pursuant to the terms of the Framework Investment Agreement

“Independent Third Party(ies)”	an independent third party(ies), including the ultimate beneficial owners of such party(ies), not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moll”	Akkumulatorenfabrik MOLL GmbH & Co. KG, a limited partnership established under the laws of Germany. As of the date of this announcement, its sole general partner is Moll Beteiligungs which has contributed EUR31,000 to Moll, and Ms. Gertrud Moll-Möhrstedt and Mr. Julius Möhrstedt are its limited partners, holding EUR1,200,000 and EUR150,000 of Moll’s limited partner interests, respectively
“Moll ACCU”	Moll ACCU Engineering und Marketing GmbH, a limited liability company organized under the laws of Germany. As of the date of this announcement, it is 100% owned by Ms. Gertrud Moll-Möhrstedt
“Moll Beteiligungs”	MOLL Beteiligungsgesellschaft mit beschränkter Haftung, a limited liability company organized under the laws of Germany. As of the date of this announcement, it is 100% owned by Ms. Gertrud Moll-Möhrstedt
“Moll Grundbesitz”	MOLL Grundbesitz-GmbH, a limited liability company organized under the laws of Germany. As of the date of this announcement, it is 100% owned by Ms. Gertrud Moll-Möhrstedt
“Moll G+V”	Moll Grundstücks-und Vermögensverwaltungs GmbH & Co. KG, a limited partnership established under the laws of Germany. As of the date of this announcement, its sole general partner is Moll Grundbesitz, and Ms. Gertrud Moll-Möhrstedt and Mr. Julius Möhrstedt are its limited partners, holding EUR1,420,000 and EUR80,000 of Moll G+V’s limited partner interests, respectively
“Moll Group”	collectively, Moll, Moll G+V, Moll ACCU, Moll Beteiligungs and Moll Grundbesitz, with each of them a “Moll Entity”
“Moll Partners”	Ms. Gertrud Moll-Möhrstedt, Mr. Julius Möhrstedt and Moll Beteiligungs

“Owners”	Ms. Gertrud Moll-Möhrstedt and Mr. Julius Möhrstedt
“Proposed Investments”	collectively, the Proposed Investment I, the Proposed Investment II, the Proposed Investment III, the Proposed Investment IV and the Proposed Investment V
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*

By Order of the Board
Chaowei Power Holdings Limited
Zhou Mingming
Chairman and Chief Executive Officer

Changxing, Zhejiang Province,
the People’s Republic of China,
17 April 2014

As at the date of this announcement, the executive Directors are Mr. ZHOU Mingming, Mr. ZHOU Longrui, Ms. YANG Yunfei and Mr. YANG Xinxin; the non-executive Directors are Ms. FANG Jianjun and Mr. NG Chi Kit; and the independent non-executive Directors are Mr. WANG Jiqiang, Prof. OUYANG Minggao and Mr. LEE Conway Kong Wai.