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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)

DISCLOSEABLE TRANSACTION

SUPPLEMENTAL ENTRUSTED LOAN AGREEMENT

Reference is made to the announcement of the Company dated 17 December 2012 in relation to the Entrusted Loan Agreement. Pursuant to the Entrusted Loan Agreement, Chaowei Power agreed to provide the Entrusted Loan of RMB200 million to the Borrower, through the Lending Agent, for a term of three years from 17 December 2012 to 16 December 2015.

Based on arm's length negotiations, on 20 March 2015, Chaowei Power, Jiangsu Chisen and the Lending Agent entered into the Supplemental Entrusted Loan Agreement and its supplemental collateral agreements mainly to (1) adjust the principal amount of the Entrusted Loan from RMB200 million to the Extended Entrusted Loan is the principal amount of RMB160 million and (2) extend the term of Entrusted Loan Arrangement for two years.

Save as agreed under the Supplemental Entrusted Loan Agreement and its supplemental collateral agreements, all other rights, obligations and commitments under the Entrusted Loan Agreement and its collateral agreements remained unchanged and valid until the expiry of the Supplemental Entrusted Loan Agreement and its supplemental collateral agreements.

As one relevant applicable percentage ratio in respect of the provision of the Extended Entrusted Loan is more than 5% but less than 25% under the Listing Rules, the provision of Extended Entrusted Loan constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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Save as agreed under the Supplemental Entrusted Loan Agreement and its supplemental collateral agreements, all other rights, obligations and commitments under the Entrusted Loan Agreement and its collateral agreements remained unchanged and valid until the expiry of the Supplemental Entrusted Loan Agreement and its supplemental collateral agreements.

SUPPLEMENTAL ENTRUSTED LOAN AGREEMENT

Date:	20 March 2015. The Supplemental Entrusted Loan Agreement shall become effective upon the signing by the parties thereto.
Lender:	Chaowei Power
Borrower:	Jiangsu Chisen
Lending Agent:	CITIC Trust Co. Ltd.,* (中信信托有限責任公司)
Amount of the Extended Entrusted Loan:	RMB160 million, which shall be released to the Borrower upon deposit by the Lender of the fund into the account designated by the Lending Agent and upon written confirmation by the Lender
Term:	The original term under the Entrusted Loan Agreement (i.e. 17 December 2012 to 16 December 2015) was extended for two years till 17 December 2017
Interest rate:	Fixed 8% per annum
Repayment terms:	The repayment term under the Entrusted Loan Agreement remained unchanged. Interest is payable by the Borrower quarterly or upon early repayment of the Extended Entrusted Loan.

The Borrower shall repay not less than 25%, 50% and 75% of the outstanding principal under the Extended Entrusted Loan on or before the expiry of the 51st, 54th and 57th months (being March 2017, June 2017 and September 2017) from the date of the Extended Entrusted Loan, with balance repayable in full upon expiry of the Extended Entrusted Loan.

Upon expiry of one year after the signing of the Supplemental Entrusted Loan Agreement, either the Lender or the Borrower has the right to terminate the Entrusted Loan Arrangement.

The Borrower and Zhejiang Chisen would assume joint and several obligations regarding the repayment of the principal and interest of the Entrusted Loan.

Upon receipt of interest or principal, the Lending Agent shall pay the same amount to the Lender within two business days after deduction of an agreed fee to be charged by the Lending Agent.

Purpose of the Extended Entrusted Loan:

The Extended Entrusted Loan shall be used for general working capital of the Borrower

Guarantees and security measures:

The guarantees and securities measures under the Entrusted Loan Agreement remained unchanged. In addition to the joint and several repayment obligations assumed by the Borrower and Zhejiang Chisen, the full repayment of the Extended Entrusted Loan, the interest and the relevant expenses shall be secured by:

- (a) a pledge of 98% equity interest in the Borrower by Zhejiang Chisen for a term commencing from the date of approval of such pledge by the competent governmental authority up to expiry of the limitation period for action by the Lending Agent under the Loan Agreement, as amended by the Supplemental Loan Agreement and the Joint Payment Agreement, as amended by the Supplemental Joint Payment Agreement;
- (b) a pledge of 100% equity interest in Zhejiang Chisen by Fast More for a term commencing from the date of approval of such pledge by the competent governmental authority up to expiry of the limitation period for action by the Lending Agent under the Loan Agreement, as amended by the Supplemental Loan Agreement and the Joint Payment Agreement, as amended by the Supplemental Joint Payment Agreement;

- (c) chattel charges over all the machinery and equipment of each of the Borrower and Zhejiang Chisen for a term commencing from the approval of such chattel charges by the competent governmental authority up to expiry of the limitation period for action by the Lending Agent under the Loan Agreement, as amended by the Supplemental Loan Agreement and the Joint Payment Agreement, as amended by the Supplemental Joint Payment Agreement; and
- (d) personal guarantee by Mr. Xu Kecheng (徐克成) (together with his spouse), the ultimate beneficial owner of the Borrower, for a term of two years from the expiry of the Loan Agreement, as amended by the Supplemental Loan Agreement and the Joint Payment Agreement, as amended by the Supplemental Joint Payment Agreement;

Handling fee:

The Lending Agent will charge a handling fee of RMB2 million per annum which shall be paid by the Lender for the year ended 31 December 2015 and RMB1.2 million per annum which shall be paid by the Lender for the years ended 31 December 2016 and 2017.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL ENTRUSTED LOAN AGREEMENT

The terms of the Supplemental Entrusted Loan Arrangement, including the interest rate thereunder, was agreed by the Lender and the Borrower after arm's length negotiations having taken into account of prevailing market interest rates. In view that (i) the interest rate under the Extended Entrusted Loan was higher than the prevailing benchmark interest rate for fixed deposits in RMB announced by the People's Bank of China, (ii) the Entrusted Loan Arrangement and its supplements represents one of the Group's continuous efforts to seek investment opportunities, the Directors consider that the Extended Entrusted Loan provides a reasonable return to the idle cash of the Group. Given that as at the date of this announcement, the operation of the Entrusted Loan Agreement goes smooth, and the Extended Entrusted Loan was secured by different assets and guaranteed by the ultimate beneficial owner of the Borrower, which was substantially the same as those under the Entrusted Loan Agreement, the Directors also consider that the capital risks of the Group in connection with the Extended Entrusted Loan has been properly addressed.

The Borrower is one of the players in the business of the lead-acid e-bike auto motive battery. The Borrower has already upgraded all its production capacity with cadmium-free technology which is in compliance with the "Entry Requirement For Lead-acid Battery Industry" (鉛蓄電池行業準入條件) released by Ministry of Industry & Information Technology and Ministry of Environmental Protection (工業和信息化部及環境保護部). The Directors consider the extension of the Entrusted Loan to the Borrower paves way for potential business or other forms of corporation with the Borrower in the future as and when appropriate. Accordingly, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Supplemental Entrusted Loan Arrangement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

The Group is principally engaged in the business of lead-acid motive battery manufacturing.

The Borrower is a company established in the PRC with limited liability and is principally engaged in the manufacturing and sales of lead-acid battery and related products.

The Lending Agent is a non-banking finance institution established in the PRC and is principally engaged in fiduciary services, financial services and other financial related services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Borrower, the Lending Agent and their respective ultimate beneficial owners were Independent Third Parties not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one relevant applicable percentage ratio in respect of the provision of the Extended Entrusted Loan is more than 5% but less than 25% under the Listing Rules, the provision of Extended Entrusted Loan constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower” or “Jiangsu Chisen	Chisen Electric Jiangsu Co., Ltd.* (昌盛電氣江蘇有限公司), a company established in the PRC with limited liability, which was held as to 98% by Zhejiang Chisen and 2% by Mr. Xu Kecheng (徐克成) as at the date of this announcement
“Company”	Chaowei Power Holdings Limited (超威動力控股有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Entrusted Loan”	the amount of RMB200 million of the Group which was entrusted to the Lending Agent pursuant to the Entrusted Loan Agreement

“Entrusted Loan Agreement”	the entrusted loan agreement dated 17 December 2012 entered into between Chaowei Power and the Lending Agent in relation to the Entrusted Loan
“Entrusted Loan Arrangement”	the arrangement in relation to the provision of the Entrusted Loan by Chaowei Power to the Borrower through the Lending Agent as contemplated under the Entrusted Loan Agreement, as amended by the Supplemental Entrusted Loan Agreement and the Loan Agreement, as amended by the Supplemental Loan Agreement
“Extended Entrusted Loan”	the amount of RMB160 million of the Group which was entrusted to the Lending Agent pursuant to the Supplemental Entrusted Loan Agreement
“Fast More”	Fast More Limited (捷加有限公司), a company incorporated in Hong Kong with limited liabilities, which was wholly owned by Chisen Electric Corporation, a Nevada corporation the controlling interest of which is beneficially owned by Mr. Xu Kecheng (徐克成) as at the date of this announcement
“Group”	the Company and its subsidiaries (as defined in the Listing Rules) from time to time
“Independent Third Party(ies)”	Person(s) or company(ies) which is (are) not a connected person(s) of the Company
“Joint Payment Agreement”	the joint payment agreement dated 17 December 2012 entered into between the Borrower, Zhejiang Chisen and the Lending Agent in relation to the repayment of the Entrusted Loan
“Lender” or “Chaowei Power”	Chaowei Power Co., Ltd.* (超威電源有限公司), a company incorporated in the PRC, a wholly-owned, principal operating subsidiary of the Group
“Lending Agent”	CITIC Trust Co. Ltd.,* (中信信托有限責任公司), a fiduciary company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 17 December 2012 entered into between the Lending Agent and the Borrower in relation to the Entrusted Loan

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Entrusted Loan Agreement”	the supplemental entrusted loan agreement dated 20 March 2015 entered into between Chaowei Power and the Lending Agent in relation to the Extended Entrusted Loan
“Supplemental Joint Payment Agreement”	the supplemental joint payment agreement dated 20 March 2015 entered into between the Borrower, Zhejiang Chisen and the Lending Agent in relation to the repayment of the Extended Entrusted Loan
“Supplemental Loan Agreement”	the supplemental loan agreement dated 20 March 2015 entered into between the Lending Agent and the Borrower in relation to the Extended Entrusted Loan
“Zhejiang Chisen”	Zhejiang Chisen Electric Co., Ltd.* (浙江昌盛電氣有限公司), a company established in the PRC with limited liability, which was wholly-owned by Fast More as at the date of this announcement
%	per cent

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese which are marked with “” is for identification purpose only.*

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

Changxing, Zhejiang Province, 20 March 2015

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; the independent non-executive Directors are Mr. WANG Jiqiang, Prof. OUYANG Minggao and Mr. LEE Conway Kong Wai.