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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB18,187.1 million, representing an increase of approximately 21.5% over last year.
- Gross profit was approximately RMB2,046.9 million, representing an increase of approximately 1.0% over last year.
- Loss attributable to the owners of the Company was approximately RMB29.0 million.
- Basic losses per share amounted to RMB0.03.
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2014.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Chaowei Power Holdings Limited (the "Company") is pleased to announce the audited financial results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013. These financial results have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
Revenue	*3*	**18,187,060**	14,973,221
Cost of sales		**(16,140,205)**	(12,946,514)
Gross profit		**2,046,855**	2,026,707
Other income		**121,640**	87,748
Distribution and selling expenses		**(928,808)**	(565,982)
Administrative expenses		**(504,240)**	(436,947)
Research and development expenses		**(417,059)**	(397,970)
Other expenses and other losses		**(30,325)**	(32,699)
Finance costs	*4*	**(209,570)**	(152,946)
Share of result of associates		**(5,138)**	(26,195)
Profit before tax	*5*	**73,355**	501,716
Income tax expense	*6*	**(35,067)**	(113,179)
Profit for the year		**38,288**	388,537
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**127**	–
Profit and total comprehensive income for the year		**38,415**	388,537
(Loss) profit attributable to:			
Owners of the Company		**(28,955)**	310,238
Non-controlling interests		**67,243**	78,299
		38,288	388,537
(Loss) profit and total comprehensive (expenses) income attributable to:			
Owners of the Company		**(28,828)**	310,238
Non-controlling interests		**67,243**	78,299
		38,415	388,537
(Losses) earnings per share	*7*		
– Basic (RMB)		**(0.03)**	0.31
– Diluted (RMB)		**(0.03)**	0.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,447,309**	2,947,130
Prepaid lease payments		**252,375**	204,452
Investment properties		**26,160**	6,916
Deferred tax assets		**211,054**	182,365
Deposits paid for acquisition of property, plant and equipment		**72,979**	122,450
Goodwill		**49,447**	49,447
Intangible assets		**22,570**	–
Interests in associates		**55,338**	12,185
Loan receivables		**5,000**	74,000
		4,142,232	3,598,945
CURRENT ASSETS			
Inventories		**1,722,667**	1,461,626
Trade receivables	9	**623,915**	464,939
Bills receivable	10	**775,809**	762,022
Prepayments and other receivables		**558,901**	411,996
Amounts due from related parties		**91,954**	14,637
Prepaid lease payments		**5,490**	4,425
Loan receivables		**225,000**	112,000
Held-for-trading investments		**8,514**	3,182
Restricted bank deposits		**275,054**	70,087
Bank balances and cash		**1,016,555**	1,120,630
		5,303,859	4,425,544
CURRENT LIABILITIES			
Trade payables	11	**960,620**	760,058
Bills payable	12	**375,105**	91,170
Other payables		**848,260**	879,152
Amounts due to related parties		**6,230**	6,466
Income tax payable		**36,917**	36,798
Provision		**441,528**	361,245
Bank borrowings		**1,926,170**	1,300,644
Short term financing note		**200,000**	400,000
Convertible bonds		**593,305**	–
		5,388,135	3,835,533
NET CURRENT (LIABILITIES)/ASSETS		**(84,276)**	590,011
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,057,956**	4,188,956

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
AT 31 DECEMBER 2014

	Notes	2014 RMB'000	2013 RMB'000
CAPITAL AND RESERVES			
Share capital		**68,140**	68,140
Reserves		**2,138,130**	2,260,034
Equity attributable to owners of the Company		**2,206,270**	2,328,174
Non-controlling interests		**575,056**	519,239
TOTAL EQUITY		**2,781,326**	2,847,413
NON-CURRENT LIABILITIES			
Deferred income		**153,559**	121,149
Deferred tax liabilities		**11,584**	16,665
Bank borrowings		**518,800**	625,950
Corporate bonds		**592,687**	–
Convertible bonds		**–**	577,779
		1,276,630	1,341,543
		4,057,956	4,188,956

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 18 January 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 7 July 2010. The addresses of the registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY1-1112, Cayman Islands, and its principal place of business in the PRC is No. 12 Zhizhou Road, Xinxing Industrial Park, Zhicheng, Changxing, Zhejiang Province, PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates (the functional currency of the Group).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to IFRSs and a new Interpretation:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are of the view that the expected credit loss model may result in early and additional provision of credit losses which are not yet incurred.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sales of lead-acid motive batteries and other related products. The Group's revenue primarily represents the amount received and receivable for sale of lead-acid motive batteries during the year.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the executive directors of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the executive directors reviewed the gross profit of the Group as a whole reported under the relevant accounting policies and financial regulations in the PRC (the "PRC GAAP"), which is the same as the gross profit reported under IFRSs. Therefore, the operation of the Group constitutes one single operating segment. Accordingly, no segment information is presented.

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

Most of the external revenues of the Group during the year are contributable to customers established in the PRC, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in the PRC.

No revenues from a single external customer amounted to 10 percent or more of the Group's revenue during the year.

An analysis of revenue by products is as follows:

	2014	2013
	RMB'000	*RMB'000*
Lead-acid motive batteries		
Electric bike battery	**14,683,703**	12,581,027
Storage battery	**108,991**	30,954
Electric vehicle battery and special-purpose electric vehicle battery	**2,748,544**	1,852,578
Li-ion batteries	**71,148**	63,062
Materials include lead and active additives	**574,674**	445,600
	18,187,060	14,973,221

4. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings wholly repayable within five years	**156,710**	112,227
Short term financing note	**17,469**	16,660
Corporate bonds	**18,709**	–
Effective interest expense on the Convertible Bonds	**61,418**	59,871
Total borrowing costs	**254,306**	188,758
Less: amounts capitalised in construction in progress	**(44,736)**	(35,812)
	209,570	152,946

Borrowing costs capitalised during the year ended 31 December 2014 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.95% per annum (2013: 6.98% per annum) to expenditure on qualifying assets.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Wages and salaries	**654,240**	522,036
Retirement benefits scheme contributions	**24,693**	24,055
Labour cost *(Note)*	**255,743**	238,519
Total staff costs	**934,676**	784,610
Cost of inventories recognised as expense	**15,554,591**	12,585,269
Allowance for inventories (included in cost of sales)	**1,635**	–
Prepaid lease payments released to profit or loss	**4,312**	4,157
Auditors' remuneration	**3,905**	3,682
Depreciation of property, plant and equipment	**254,455**	204,945

Note: The Group has entered into various labor dispatch agreements with several service organisations which have provided labor service to the Group.

6. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
The charge comprises:		
PRC current income tax	**68,837**	156,016
Deferred tax	**(33,770)**	(42,837)
	35,067	113,179

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% to 10% withholding tax under the tax treaty or the domestic law. The Group is currently subject to withholding tax at 5%. During the year ended 31 December 2014, withholding tax on intra-group dividend amounting to RMB6,887,747 (year ended 31 December 2013: RMB7,830,680) was paid by the Group to relevant tax authorities.

In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise was subject to income tax at a tax rate of 15%. 安徽超威電源有限公司 (Anhui Chaowei Power Co., Ltd.) ("Anhui Chaowei") was recognised as New and High Technical Enterprises on 31 October 2012 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2012 to 2014.

江蘇超威電源有限公司 (Jiangsu Chaowei Power Co., Ltd.) ("Jiangsu Chaowei")was recognised as New and High Technical Enterprises on 13 June 2010 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2010 to 2012. Jiangsu Chaowei was recognised as New and High Technical Enterprises on 25 September 2013 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2013 to 2015.

超威電源有限公司 (Chaowei Power Co., Ltd.) ("Chaowei Power") was recognised as New and High Technical Enterprises on 30 December 2011 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2011 to 2013. Chaowei Power was reconized as New and High Technical Enterprise on 27 October 2014 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2014 to 2016.

河南超威電源有限公司 (Henan Chaowei Power Co., Ltd.) ("Henan Chaowei") was recognised as New and High Technical Enterprises on 28 July 2011 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2011 to 2013. Henan Chaowei was reconized as New and High Technical Enterprise on 23 October 2014 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2014 to 2016.

山東超威電源有限公司 (Shandong Chaowei Power Co., Ltd.) ("Shandong Chaowei")was recognised as New and High Technical Enterprises in accordance with the applicable EIT Law of the PRC and obtained an approval from local tax authority on 1 January 2013 that the income tax rate was reduced to 15% for the year ended 31 December 2012. Shandong Chaowei was recognised as New and High Technical Enterprises on 11 December 2013 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2013 to 2015.

浙江長興金太陽電源有限公司 (Zhejiang Changxing Jintaiyang Power Co., Ltd.) was recognised as New and High Technical Enterprises on 12 August 2013 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2013 to 2015.

浙江超威創元實業有限公司 (Zhejiang Chaowei Chuangyuan Industrial Co., Ltd.) was recognised as New and High Technical Enterprises on 12 August 2013 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2013 to 2015.

江蘇永達電源股份有限公司 (Jiangsu Yongda Power Co., Ltd.) was recognised as New and High Technical Enterprises on 3 December 2013 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2013 to 2015.

安徽永恒動力科技有限公司 (Anhui Yongheng Power Technology Co., Ltd.) was recognised as New and High Technical Enterprises on 21 October 2014 for 3 years in accordance with the applicable EIT Law of the PRC and was subject to income tax at a tax rate of 15% from 2014 to 2016.

Other subsidiaries established in the PRC were subject to income tax rate of 25% for the year ended 31 December 2014 (2013: 25%). The Company and its subsidiaries incorporated in the British Virgin Islands (the "BVI") and Hong Kong had no assessable profits since their incorporation.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Profit before tax	**73,355**	501,716
Tax at the applicable income tax rate of 25%	**18,339**	125,429
Tax effect of income tax credit granted to subsidiaries in research and development expenditure	**(37,688)**	(20,062)
Tax effect of expenses not deductible	**7,302**	6,315
Effect of preferential tax rates on income of certain subsidiaries	**(19,311)**	(34,458)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	**2,307**	–
Tax effect of tax losses not recognized	**63,975**	5,438
Utilisation of tax losses previously not recognised	**(3,135)**	–
Tax effect of share of loss of associates	**1,285**	6,549
Deferred tax associated with withholding tax on undistributed profits of PRC subsidiaries	**1,993**	23,968
Income tax expense for the year	**35,067**	113,179

7. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	RMB'000	*RMB'000*
(Losses) earnings		
(Losses) earnings for the purpose of basic and diluted earnings per share	**(28,955)**	310,238

	2014	2013
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted (losses) earnings per share	**1,005,290**	1,005,290

The computation of diluted earnings per share for the year ended 31 December 2014 does not assume the conversion of the Company's outstanding Convertible Bonds since their exercise would result in a reduction in losses per share.

8. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Dividends declared for distribution during the year:		
2013 final dividend – RMB0.093 per share (2012 final dividend – RMB0.148 per share)	**93,492**	148,783

The directors have determined that no dividend will be paid in respect of the year ended 31 December 2014.

9. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**658,380**	489,716
Less: allowance for doubtful debts	**(34,465)**	(24,777)
	623,915	464,939

The Group normally allows a credit period of 15 days to its trade customers with good trading history, or otherwise sales on cash terms are required.

The aged analysis of trade receivables net of allowance for doubtful debts presented based on the goods delivery date, which is the same as revenue recognition date, at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–15 days	**140,570**	167,736
16–90 days	**326,302**	227,946
91–180 days	**121,311**	42,297
181–365 days	**35,732**	26,960
	623,915	464,939

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

Management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality.

The aged analysis of trade receivables which are past due but not impaired is as follows:

	2014	2013
	RMB'000	*RMB'000*
16–90 days	**326,302**	227,946
91–180 days	**121,311**	42,297
181–365 days	**35,732**	26,960
	483,345	297,203

The Group does not hold any collateral over those balances which are past due but not impaired.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a large number of counter parties and customers.

Impairment for trade receivables over credit period are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and objective evidences of impairment.

Movements in allowance for trade receivables during the year:

	2014	2013
	RMB'000	*RMB'000*
At beginning of the year	**24,777**	13,500
Provided for the year	**9,688**	11,277
At end of the year	**34,465**	24,777

In determining the recoverability of the trade receivables, the Group reassesses the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period. Based on the historical experience of the Group, the directors of the Company believe that no further allowance is required.

10. BILLS RECEIVABLE

	2014	2013
	RMB'000	*RMB'000*
Bills receivable	**775,809**	762,022

The aged analysis of bills receivable presented based on the issue date at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**389,311**	385,112
91–180 days	**386,498**	376,910
	775,809	762,022

11. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Group normally settles its trade payables within 30 days from the material receiving date.

Included in the balance of trade payables as at 31 December 2014 of RMB302,834,000 (31 December 2013: RMB156,707,000) aged within 180 days has been settled by endorsed bills receivable but not matured at the end of the reporting period.

The aged analysis of trade payables presented based on the material receiving date at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–30 days	**476,807**	391,823
31–90 days	**166,463**	130,585
91–180 days	**240,013**	145,788
181–365 days	**49,895**	59,707
1–2 years	**23,310**	29,135
Over 2 years	**4,132**	3,020
	960,620	760,058

12. BILLS PAYABLE

The aged analysis of bills payable presented based on the issue date at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**283,840**	69,650
91–180 days	**91,265**	21,520
	375,105	91,170

All the bills payable are of trading nature and will mature within six months from the issue date.

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I am pleased to present the annual results announcement of the Group for the year ended 31 December 2014.

The Group rounded out a successful year of 2014 marked by significant achievements. At Frost & Sullivan's 2014 Best Practices Awards Gala, the Group was presented the awards of "Excellence in Leadership (Global) – No. 1 in Revenue in Global Motive Battery Industry", "Excellence in Growth (Global) – Highest Growth in Global Motive Battery Industry" and "Excellence in Innovation (China) – Innovation Leadership in Chinese Lead-acid Motive Battery Industry", a testimony to the Group's ambitious innovations and market leading position. In acknowledgement of its leadership, the Group ranked among "Top 500 Listed Chinese Companies" compiled and released by Fortune magazine and was also shortlisted for "Top 500 Chinese Enterprise", the only domestic lead-acid battery manufacturer to be named on the list. These results demonstrated the Group's effective execution of planned strategies and the Group's strong performance was driven by the below factors:

1. Concerted Efforts to Gain Market Share

Market conditions remained challenging in 2014. Nevertheless, the Group has gradually developed its business over the years to forge a leading market position. During the year, the Group ranked first in terms of market share, production capacity, production volume, sales volume and revenue, and has widened the gap with its competitors. Clinging to consolidation opportunities arising from favourable policies, the Group has made further inroads towards technique improvement, network expansion, "CHILWEE" brand enhancement, as well as research and development ("R&D") strengthening in elevating its competitiveness. As a result, the Group has successfully bolstered its market share to a record high of 42.9% and topped the industry for the second year in a row.

2. Building a Professional Team to Further Step up R&D Capabilities

Product quality is the key to market consolidation. The strong R&D capabilities of the Group were the direct result of the combined efforts of a talented team. The Group possessed an all rounded professional high-tech team and has established R&D partnerships with leading R&D organisations and professional institutions in order to enhance its R&D capability, resulting in a number of patented technology and revolutionary achievements.

A major highlight in the Group's development for the year was the launch of new products and entry into new markets. During the year, the Group has collaborated with Akkumulatorenfabrik MOLL GmbH & Co. KG ("MOLL"), a renowned German lead-acid motive battery manufacturer, in the development of start and stop batteries. This bilateral collaboration brought enormous strategic significance for the Group, enabling it to explore new markets and provide new momentum for development.

Best known for high quality, reliable and durable, the award-winning patented products of the Group have fulfilled customer needs and received overwhelming responses. To encourage future growth, the Group is committed to distinguish itself through innovation and patented technologies as core elements in developing its new products.

3. **Commitment to and Investment in Green Production Reinforces the Green Energy Brand**

During the year, the Ministry of Environmental Protection and Ministry of Industry and Information Technology of the People's Republic of China continued to enforce the requirements in respect to environmental protection and pollution control. Environmental inspections have been conducted, with substandard and obsolete capacities gradually being weeded out. The implementation of the policies have raised the entry barrier for the lead-acid motive battery industry and accelerated the consolidation process. In general, the accelerated industry consolidation and progressive elimination provided opportunities for the Group as the market leader, which can be seen in its rising and record-breaking market share.

In parallel with its business expansion and production enhancement, the Group also adhered to the philosophy of partnership and integration with environment. The Group strived to minimise consumption of resources, pollution and emissions in developing new products. Hence, all products of the Group are environmental friendly. Moreover, pollution and emissions are also controlled within or better than legal requirement. As an industry pioneer in green production, the Group has adopted cadmium-free enclosed battery formation processes in its production in strict accordance with the Entry Requirements for Lead-acid Battery Industry (《鉛蓄電池行業准入條件》) promulgated by the PRC government ("Entry Requirements"). Through concrete actions, the Group is positioned to become China's No.1 green energy brand.

4. **Brand Enhancement to Consolidate Market Leading Position**

Currently, annual production capacity of the Group reached approximately 130 million batteries, the highest in the industry. The Group intended to consolidate its advantages through continuous technique improvement, innovation fostering and capacity expansion.

In respect of sales, the Group has further uplifted its secondary market and is committed to reducing intermediaries within sales channels. The Group has placed greater emphasis on training independent distributors in improving their management as well as loyalty towards CHILWEE brand. Marketing strategy of the Group has evolved from extending distribution network to building its own brand, including enhancing pre-sale and after-sale services to increase customer loyalty.

In the long run, it is expected that the accelerated consolidation and strong demand for electric bike battery will drive further growth in the industry. The Group will closely monitor the market and seize every opportunity that may arise. With its solid business foundation and advanced technology, the Group is confident to achieve sustainable growth going forward. To maintain steady growth and retain its market leading position, the Group will continue to put greater efforts in brand building. It will also enhance its R&D capabilities and further refine its marketing strategies. At the same time, the Group will strive to become an enterprise setting green benchmarks for the industry.

During the year, the Group has peddled forward to gain market share and maintained its long-term growth trend by diligently executing carefully-formulated plans. Riding on the rising market share over the years, the Group is ready for another year of growth in 2015. On behalf of the Group, I would like to express my gratitude to the Group's shareholders, customers and business partners for their unwavering support. I would also like to thank the Board of Directors, management and staff for their wholehearted commitment to the Group's success. Their continued excellent work and team spirit will lead the Group to exciting new heights and opportunities in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacturing and sale of lead-acid motive batteries and other related products widely used in electric bikes, electric vehicles and special-purpose electric vehicles. It also manufactures and sells lithium-ion batteries. As the overall market leader in the lead-acid battery industry for two consecutive years, the Group has successfully expanded its market share in PRC to approximately 42.9% and further sustained its pre-eminent position in the entire industry. Owing to its continued efforts to develop the market, technical innovations and stepped-up brand-building efforts, the Group's market share, capacity, production, sales and revenue all ranked first in the entire industry in 2014, underscoring a year of excellent performances.

Industry Overview

Steady increase in market demand

Electric bikes provide a convenient mode of transportation at a low cost for Chinese urban residents, thus alleviated the demand for motorcycles and automobiles as well as the strain on the traffic congestion. Moreover, electric bikes offering environmentally-friendly and energy-saving features complement policies introduced by the PRC government and significantly contribute to carbon reduction, spurring ever-increasing demand as can be seen in the steady growth of the electric bike market in recent years across the country. According to a Frost & Sullivan survey, the sales volume of electric bikes in China will continue to grow from 2014 to 2017, representing a CAGR of 9.5%. Ownership of electric bikes in China was approximately 189 million units in 2014.

Furthermore, the demand for electric tricycles as transportation by the elderly and for short-distance cargo transport has surged driven in large measure by the rapidly aging population and the increasing need for transport of agricultural products. Keen demand for electric vehicles is also anticipated to support China's burgeoning logistics industry. The rising market demand for electric bikes and special-purpose vehicles supports the continuous growth of the primary market for lead-acid motive batteries. In addition, the continuous increase in the demand of electric bikes is expanding the vast base of electric bikes forming the foundation for the secondary market created by the periodic need replacement purchases of lead-acid motive batteries. According to Frost & Sullivan, it is expected that sales volume of lead-acid batteries for electric bikes in China will reach 456.1 million units in 2015, representing an increase of 12.6% from 2014, being a strong indicator of continued growth in future demand.

Continuous elimination of substandard enterprises in the industry

In recent years, several regulatory measures were enacted, such as Entry Requirements, the "12th Five-Year Plan on Comprehensive Prevention of Heavy Metal Pollution" (《重金屬污染綜合防治「十二五」規劃》) and "Directive on Promoting the Regular Development of the Lead-acid Battery and Recycled Lead Industries" (《關於促進鉛酸蓄電池和再生鉛產業規範發展的意見》) ("Regular Development Opinions"). Environmental requirements to be imposed on the business development, production and facilities of the lead-acid motive battery industry have therefore been overhauled and substandard enterprises are being eliminated as the industry consolidates. Due to its demonstrated commitment to environmentally-friendly production and technical innovation, the Group can further assimilate the market share subsequently created.

The Regular Development Opinions has required substandard enterprises not passing the environmental inspections to be phased out by the end of 2015. To enforce the requirements, the Ministry of Environmental Protection ("MEP") and Ministry of Industry and Information Technology ("MIIT") of the People's Republic of China have continued their inspection of all recycled lead and lead-acid batteries manufacturers. Lists of both compliant and non-compliant enterprises would be announced accordingly. In the list of "Enterprises Engaging in Lead-acid Batteries Production and Recycling Operations in Compliance with Environmental Protection Laws and Regulations", a total of 50 enterprises were approved at the end of 2014, including six of the Group's subsidiaries, namely 河南超威電源有限公司 (Henan Chaowei Power Co., Ltd.), 江西新威動力能源科技有限公司 (Jiangxi Xinwei Power Technology Co., Ltd.), 江蘇永達電源股份有限公司 (Jiangsu Yongda Power Co., Ltd.), 山東超威電源有限公司 (Shandong Chaowei Power Technology Co., Ltd.), 安徽超威電源有限公司 (Anhui Chaowei Power Co., Ltd.) and 山東超威電源有限公司磁窯分公司 (Ciyao Branch of Shandong Chaowei Power Co., Ltd.). At present, more than 60% of the Group's production capacity have passed the inspections. In particular, 江西新威動力能源科技有限公司 (Jiangxi Xinwei Power Technology Co., Ltd.) was also selected as one of the first batch of enterprises that fulfilled the Entry Requirements. The Group remains confident that all subsidiaries of the Group can pass the required inspections by the end of 2015.

Moreover, two lists of lead-acid battery enterprises with obsolete and redundant capacities to be eliminated were issued by the MIIT in July and August 2014, respectively. None of the Group's production facilities were cited for shortcomings, proving the Group's excellent capability in environmental control.

Business Development

Actively expanding the market share

Having seized the growth opportunity presented by industry consolidation and favorable government policies, the Group raised its all-round competitiveness by technique improvement, R&D strengthening, network expansion and "CHILWEE" brand enhancement. As a result, the Group's market share rose to approximately 42.9% and marked its market-leading position.

As the leading and most competitive enterprise in the entire industry, the Group will actively respond to industrial changes and further expand the market share of its products by optimising the sales network and fully leveraging the technologies it has developed and accumulated over the years.

Constantly striving for technical innovation in product development through a team of talent

The Group aims to distinguish itself through its product quality by exploring new possibilities to seek innovation and achieve breakthroughs in its products. During the year, the Group has continued to strengthen its R&D capabilities and recruit top talent across the country and all over the world. The Group's cardinal principle is to strive for excellence in terms of product development, enhancing its production processes, conservation energy and reducing emissions. The Group closely monitors the market and launches diversified products to capture new market opportunities and further enlarge market share.

The R&D team of the Group is a collection of industry elites specialising in lead-acid motive battery technology, whose expertise spans from basic theory, materials, industrial batteries, motive batteries and lithium-ion batteries. Leading members of our talent pool include Academician Chen

Liquan, Academician Yang Yusheng, Academician Tian Zhaowu, Academician Chen Qingquan, Dr. Patrick T. Moseley (UK), Dr. Robert F. Nelson (US), Prof. JueRgen Garche (Germany) and Academician Detchko Pavlov (Bulgaria). These leaders provide regular training or on-site instruction to its technical staff in research work, enhancing the overall research capability of the Group in all respects to catch up with the development trends prevailing in the market.

In April 2014, a framework investment agreement in relation to the cooperation in the development of the start and stop battery technology for automobiles was entered into between the Group and MOLL, a German lead-acid motive battery manufacturer. The start and stop battery technology for automobiles is a highly practical energy-conservative and emission-reducing technique. The start and stop battery automatically shuts down and restarts the engine but maintains power supply in the automobile to reduce the amount of time the engine spends idling, thereby reducing fuel consumption and emission. This bilateral cooperation enables the Group to grasp the core production techniques of start and stop batteries within a shorter timeframe, preparing us to enter the start and stop battery market in China.

Meanwhile, the Group has also achieved impressive progress in R&D projects for batteries for special-purpose electric vehicles, storage batteries and lithium-ion batteries. With the solid achievements of traditional motive batteries for electric bikes and vehicles, we have stepped up efforts in the R&D of new energy batteries for automobiles in order to enhance our competitiveness and seize further development opportunities.

As at 31 December 2014, the Group owned a total of 879 patents. During the year, the research input contributed by the Group was approximately RMB417,059,000, representing 2.3% of the total revenue.

The vanguard of green production – enhancements in the enclosed battery formation process

The Group has maintained its commitment to improve its production processes through a focus on the balance between commercial interests and environmental concerns. It is one of the very few enterprises in China which can successfully adopt the Enclosed Battery Formation Process in its production. Apart from that, it is the only lead-acid motive battery manufacturer in China that has fully adopted gel battery technology.

During the year, the Group won the second-class award in the Ecological Conservation Scientific Technology Awards 2014 by the MEP for its “Multi-stage Enclosed Battery Formation Process of Cadmium-free Lead-acid Batteries”. The Group is the first enterprise in the lead-acid motive battery industry to have garnered the award. The “Multi-stage Enclosed Battery Formation Process of Cadmium-free Lead-acid Batteries” has also been implemented, which can reduce emissions of lead and other harmful and toxic solvents and reduce the production of such high-risk pollutants at the source. While at the vanguard of green enterprise, the Group is not satisfied with merely fulfilling the industry standard. The Group further curtails the production and emission of pollutants to an extent far above the standard required. We believe that such a high standard could facilitate the transformation of the industry into a greener mode of production.

As at the end of 2014, the portion of the Group’s capacity which implemented the Enclosed Battery Formation Process has drastically increased to 95% and ranked first in the entire industry. Since 2004, the Group has conducted research and development on gel battery technology on its own. After further research and refining, gel battery technology has been fully utilised in all of its battery products since 2011. Thanks to the gel battery technology, the performance, stability and consistency of the Group’s products have been further improved. Meanwhile, the Group strived to reduce waste, control pollution, save energy and minimise its carbon emissions during its operation. As a result, health hazards have been curtailed. Meanwhile, waste is also disposed in a safe and responsible manner.

The Group insists on implementing its environmentally-friendly principle, emphasising the minimisation of energy consumption, pollution and emissions. Environmental protection and resource recycling are the Group's chief concerns in establishing "CHILWEE" as a premium green energy brand in China.

Optimising distribution network to establish the brand

The Group's nationwide sales and distribution network covers both the primary and secondary markets. In the primary market, the Group supports various top electric bike manufacturers which include Ever Master, Yadea, Bidewen, Lima, etc.

The distribution network of the Group in the secondary market covers the entire country. As at 31 December 2014, independent distributors operating under the "CHILWEE" brand grew from 1,650 in 2013 to 2,013 in 2014, representing an increase of 22%.

At present, the Group adopts a sophisticated approach to manage the distributors, to decrease the intervening layers in our sales channels and enhance the loyalty of the end customers. The Group also provides the technical training and consultancy services to the independent distributors to enhance their management capability. At the same time, the Group has fully optimised its marketing strategies to establish the brand while strengthening customer services. During the year under review, the Group put a lot of effort in promoting "CHILWEE" brand outlets and continued engagement with international movie star Mr. Donnie Yen as its brand spokesperson in order to promote and enhance the brand reputation.

Strategic production plan

The Group has strategically located its production facilities in regions with higher demand of lead-acid motive batteries, including Shandong, Jiangsu, Henan, Zhejiang, Anhui, Jiangxi, and Hebei. This production strategy enables it to respond to market dynamics in a more timely manner, while reducing costs through effective storage and logistics arrangements. As such, it consolidates its position as a leading player in the entire industry in terms of market share.

During the year under review, the Group has actively upgraded the existing production facilities and built new production lines to capture the market share of those companies eliminated because of their obsolete capacities. As a result, total capacity has continued to increase. The Group's market share has been effectively boosted by the strategic production location approach complemented by the upgrade of facilities and addition of production lines, which has helped us secure business opportunities, gain market share and further expand our capacity.

A fruitful year with multiple awards

The Group has firmly established itself as a leader in the lead-acid motive battery industry and has won many awards in different fields. In 2014, the Group garnered a number of awards, which include the "Excellence in Leadership (Global) – No. 1 in Revenue in Global Motive Battery Industry", "Excellence in Growth (Global) – Highest Growth in Global Motive Battery Industry" and "Excellence in Innovation (China) – Innovation Leadership in Chinese Lead-acid Motive Battery Industry" from Frost & Sullivan. Meanwhile, the Group has been selected among the Top 500 Listed Companies in China compiled by Fortune magazine and was shortlisted for "Top 500 Chinese Enterprises", the only enterprise in the lead-acid battery industry in China to be named on these lists. The Group thus demonstrated to the general public yet again its reputation as the market leader. The Group was also granted the most prestigious environmental award, the "China Baosteel Environment Award," in May 2014, the first-ever lead-acid motive battery enterprise to receive this award since its inception. At the Group, corporate social responsibility means conducting business in a truly responsible manner. The Group fulfills its obligations to society through real actions and takes seriously its commitment to the long-term development in China. The Group adheres to its commitment to the community which emphasizes "sharing resources, mutual benefit, developing hand-in-hand and enduring harmony". These awards are an affirmation of the past achievements of the Group and the fruit yielded by the shared efforts of the Group's employees across different strata.

Future Development

Riding on the industry uptrend, demand for motive batteries used in electric bike is expected to grow. According to the forecast of Frost & Sullivan, the sales volume of electric bikes will expand to more than 45.9 million units in 2017, with a market scale of 250 million units in aggregate. The management team is optimistic about the prospects for the development of the industry and the Group itself, and is confident that with execution of effective strategies, the Group can generate an even greater room for development. Looking forward to 2015, the Group will continue to focus on:

1. *Strengthening the leading market position*

   The Group was active in seizing market share and has been pre-eminent in the entire industry for two consecutive years. In the future, the Group intends to strengthen its existing leadership and raise its profitability. Beyond expanding our market share, the Group is also continuing to improve its competitive strength. After launching its collaboration with MOLL for start and stop batteries for automobiles, the Group is pursuing potential business opportunities and seeking more chances for cooperation in order to enter new markets.

2. *Commitments to green production with technical innovation and enhancement*

   The Group resolves to pursue product innovation and enhance its R&D capabilities while optimising operating costs, improving efficiency and enhancing its competitiveness. Through this course of action, product life will lengthen, as product performance becomes more stable and production becomes more eco-friendly.

3. *Optimising distribution channels and build its brand*

   The Group will continue to implement strategies that effectively extend its distribution network. Specifically, it will execute a multi-brand and multi-channel strategy to expand the coverage and penetration of the sales network as well as to promote the brand. The Group will step up investment in promotion of "CHILWEE", as it further enhances our reputation and increases the value-added of its branded products in order to achieve steady and continuous growth of profitability.

The Group will fully leverage its edge as the market leader as it becomes a premium brand of green energy of China while adhering to the core principle of "Advocate Green Energy, Perfect Human Life."

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB18,187,060,000 in 2014, increased by approximately 21.5% over approximately RMB14,973,221,000 for 2013, which was primarily attributable to the growth in sales volume of lead-acid motive batteries as a result of the expansion of the demand and the Group's market share.

Gross Profit

The Group's gross profit amounted to approximately RMB2,046,855,000 in 2014, representing an increase of approximately 1.0% over approximately RMB2,026,707,000 for 2013, which was primarily attributable to a higher sales volume of lead-acid motive batteries in 2014. The gross profit margin in 2014 was approximately 11.3% (2013: approximately 13.5%) and the decrease in gross profit margin was mainly due to the increase in rebates given to customers as a result of pricing competition in the industry.

Other Income

The Group's other income amounted to approximately RMB121,640,000 in 2014, representing an increase of approximately 38.6% from other income of approximately RMB87,748,000 in 2013, which was mainly due to government grants of approximately RMB74,552,000 in 2014 (2013: approximately RMB51,467,000) and interest arising from the entrusted loan of approximately RMB19,484,000 in 2014 (2013: RMB12,514,000).

Distribution and Selling Expenses

The Group's distribution and selling expenses amounted to approximately RMB928,808,000 in 2014, representing an increase of approximately 64.1% over approximately RMB565,982,000 for 2013, which was primarily attributable to increases in other after-sales service cost, staff costs, advertising expenses and transportation costs in 2014. For 2014, the distribution and selling expenses as a percentage of revenue were approximately 5.1% (2013: approximately 3.8%).

Administrative Expenses

The Group's administrative expenses were approximately RMB504,240,000 in 2014, representing a rise of approximately 15.4% over approximately RMB436,947,000 for 2013, which was primarily attributable to increases in staff expenses, depreciation and professional fees in 2014. The increase in administrative expenses was in line with the Group's business expansion.

Research and Development Expenses

Research and development expenses amounted to approximately RMB417,059,000 in 2014, representing an increase of approximately 4.8% over approximately RMB397,970,000 for 2013, which was primarily attributable to increases in costs of research materials and staff as a result of a greater number of research and development projects being undertaken, including research and development in new products.

Finance Costs

The Group's finance costs increased by approximately 37.0% from approximately RMB152,946,000 for 2013 to approximately RMB209,570,000 for 2014, which was primarily attributable to 1) an increase in interest expenses on bank borrowings as a result of the increase in average outstanding bank borrowings, 2) an increase in interest expenses on the convertible bonds issued in September 2012 and short-term financing note issued by Chaowei Power, a wholly owned subsidiary of the Company in February 2013 and in January 2014, and 3) incurrence of interest expenses on corporate bonds issued by Chaowei Power, a wholly owned subsidiary of the Company in August 2014.

Profit before Tax

For the above reasons, the Group's profit before tax decreased by approximately 85.4% to approximately RMB73,355,000 in 2014 (2013: approximately RMB501,716,000).

Taxation

The Group's income tax expenses decreased by approximately 69.0% to approximately RMB35,067,000 in 2014 (2013: approximately RMB113,179,000). The decrease in taxation was in line with the decrease in operating profit. The higher effective tax rate of approximately 47.8% in 2014 (2013: approximately 22.6%) was mainly due to losses of certain subsidiaries of which tax losses were not recognised.

Loss or Profit Attributable to Owners of the Company

In 2014, loss attributable to owners of the Company amounted to approximately RMB28,955,000. Profit attributable to owners of the Company for 2013 was approximately RMB310,238,000.

Liquidity and Financial Resources

As at 31 December 2014, the Group had net current liabilities of approximately RMB84,276,000 (31 December 2013: net current assets of approximately RMB590,011,000). Cash and bank balances were approximately RMB1,016,555,000 (31 December 2013: approximately RMB1,120,630,000). Total borrowings, short-term financing notes, corporate bonds and convertible bonds were approximately RMB3,830,962,000 (31 December 2013: approximately RMB2,904,373,000), which were mainly used to finance the purchases and daily working capital of the Group. They were denominated in RMB or HKD, of which approximately RMB2,984,164,000 bore interest at fixed rates and approximately RMB2,719,475,000 were repayable within one year. The Group adopts centralised financing and treasury policies in order to ensure that the Group's funding is utilised efficiently and it monitors its interest rate risks in a conservative manner.

As at 31 December 2014, the Group's current ratio (current assets/current liabilities) was 1.0 (31 December 2013: 1.2) and gearing ratio (total borrowings/total assets) was approximately 40.6% (31 December 2013: approximately 36.2%). The Group has sufficient cash and available banking facilities to meet its commitments and working capital requirements. This strong cash position enables the Group to explore potential investment and potential business development opportunities to expand its domestic market share.

Exchange Rate Fluctuation Risk

As the Group's operations are mainly conducted in China and the majority of the sales and purchases are transacted in RMB, the Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014 (31 December 2013: nil).

Charge on Assets

At the end of the reporting period, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amounts of the assets of the Group pledged at the end of each of the reporting periods are as follows:

	2014	2013
	RMB'000	*RMB'000*
Buildings	**327,550**	414,113
Land use rights	**92,085**	67,582
Trade receivables	**–**	153,921
Bills receivable	**19,591**	–
Restricted bank deposits	**275,054**	70,087

Capital Commitments

	2014	2013
	RMB'000	*RMB'000*
Contracted but not provided for		
– acquisition of property, plant and equipment	**232,142**	227,148

Share Option Scheme

The Company adopted a share option scheme on 7 June 2010. The Company has not granted any shares options for the year under review.

Human Resources and Employees' Remuneration

As at 31 December 2014, the Group employed a total of 20,236 (31 December 2013: 19,401) staff members in the PRC and Hong Kong.

During the year under review, the total cost of employees amounted to approximately RMB934,676,000. The Group sought to further strengthen staff training by offering focused training programmes and study tours to management and professional technical personnel, and disseminating the latest information of government policy on the lead-acid motive battery industry to staff. The Group continued to strive for the enhancement of professional standards and overall qualities of its staff. The Group also provided competitive salary packages to its staff, encouraging them to be fully dedicated in their work and to leverage their capabilities in serving its customers.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance in the interests of shareholders. The Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year under review, except for the deviation as stated below.

Code Provision A.2.1 of the Code requires the roles of chairman of the Board and chief executive officer to be separated. Mr. Zhou Mingming is currently both the chairman of the Board and chief executive officer of the Company. The Board considers that the current arrangement facilitates the execution of the Group's business strategies and maximizes efficiency of its operation and is therefore beneficial to the Company and its shareholders as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors, senior management and relevant employees (who, because of their office in the Company, are likely to be in possession of unpublished inside information) of the Company. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee"). Its primary duties include, among other things, the review and supervision of the Group's financial reporting process and internal control system. The Audit Committee comprises all three independent non-executive Directors and one non-executive Director of the Company, namely Mr. Lee Conway Kong Wai ("Mr. Lee"), Mr. Wang Jiqiang, Prof. Ouyang Minggao and Mr. Ng Chi Kit. Mr. Lee is the chairman of the Audit Committee. Mr. Lee has professional qualification and experience in accounting and financial matters.

The Audit Committee has met and discussed with the external auditors of the Company, Deloitte Touche Tohmatsu, and has reviewed the accounting principles and practices adopted by the Group and the audited results of the Group for the year ended 31 December 2014. The Audit Committee considered that the consolidated results of the Group for the year ended 31 December 2014 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made in accordance with Appendix 16 of the Listing Rules in this announcement.

FINAL DIVIDEND

The Board resolved not to declare any final dividend (2013: RMB0.093 per share) for the year ended 31 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2015 to 2 June 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting of the Company (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, No.183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 28 May 2015.

PUBLICATION OF ANNUAL REPORT

The full text of the Company's 2014 annual report will be sent to the shareholders of the Company and posted on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chaowei.com.hk), respectively in due course.

APPRECIATION

The future robust development of the Group hinges on the full support of its shareholders, clients and business partners as well as the dedicated commitment and hard work of our staff. The Board would also like to take this opportunity to express its sincere gratitude to them. The Group intends to continue its concerted efforts to advance its business development to new heights while bringing lucrative returns to the supporters of the Group.

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

Changxing, Zhejiang Province, the PRC, 31 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.