超威®
CHILWEE

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 2015

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB18,870 million (2014 : RMB18,187 million), representing an increase of approximately 3.8% over last year.
- Gross profit was approximately RMB2,410 million (2014 : RMB2,047 million), representing an increase of approximately 17.7% over last year.
- Profit and total comprehensive income attributable to the owners of the Company was approximately RMB331 million (2014: loss of RMB29 million).
- Basic earnings per share amounted to RMB0.33 (2014: loss of RMB0.03).
- The Board proposed to declare a final dividend of RMB0.097 per share for the year ended 31 December 2015 (2014: Nil), which will be subject to shareholders' approval at the Annual General Meeting, representing a total distribution of RMB99.4 million (2014: Nil) for the year ended 31 December 2015 if approved.

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 2015 together with the comparative figures for the year ended 31 December 2014. 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 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	3	**18,870,205**	18,187,060
Cost of sales		**(16,460,540)**	(16,140,205)
Gross profit		**2,409,665**	2,046,855
Other income and other gains		**313,167**	121,640
Distribution and selling expenses		**(798,063)**	(928,808)
Administrative expenses		**(588,620)**	(504,240)
Research and development expenses		**(475,188)**	(417,059)
Other expenses and other losses		**(88,219)**	(30,325)
Finance costs	4	**(223,837)**	(209,570)
Share of result of associates		**(3,679)**	(5,138)
Share of result of a joint venture		**646**	–
Profit before tax	5	**545,872**	73,355
Income tax expense	6	**(57,866)**	(35,067)
Profit for the year		**488,006**	38,288
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(1,023)**	127
Profit and total comprehensive income for the year		**486,983**	38,415
Profit (loss) attributable to:			
Owners of the Company		**331,669**	(28,955)
Non-controlling interests		**156,337**	67,243
		488,006	38,288
Profit (loss) and total comprehensive income (expenses) attributable to:			
Owners of the Company		**330,646**	(28,828)
Non-controlling interests		**156,337**	67,243
		486,983	38,415
Earnings (losses) per share	7		
— Basic (RMB)		**0.33**	(0.03)
— Diluted (RMB)		**0.33**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,728,701**	3,447,309
Prepaid lease payments		**253,345**	252,375
Investment properties		**36,868**	26,160
Deferred tax assets		**266,848**	211,054
Deposits paid for acquisition of property, plant and equipment		**55,207**	72,979
Goodwill		**49,447**	49,447
Intangible assets		**20,194**	22,570
Interests in associates		**48,491**	55,338
Interests in a joint venture		**57,646**	–
Prepayments and other receivables		**44,808**	–
Loan receivables		**266,710**	5,000
		4,828,265	4,142,232
CURRENT ASSETS			
Inventories		**2,066,792**	1,722,667
Trade receivables	*9*	**1,128,623**	623,915
Bills receivable	*10*	**540,268**	775,809
Prepayments and other receivables		**742,111**	558,901
Amounts due from related parties		**43,742**	91,954
Prepaid lease payments		**5,636**	5,490
Loan receivables		**46,000**	225,000
Held-for-trading investments		**–**	8,514
Restricted bank deposits		**404,723**	275,054
Bank balances and cash		**960,960**	1,016,555
		5,938,855	5,303,859

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
AT 31 DECEMBER 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
CURRENT LIABILITIES			
Trade payables	*11*	**1,821,875**	960,620
Bills payable	*12*	**641,916**	375,105
Other payables and accruals		**972,488**	848,260
Amounts due to related parties		**201**	6,230
Income tax payable		**78,186**	36,917
Obligations under finance leases		**51,555**	–
Provision		**462,890**	441,528
Bank borrowings		**1,389,729**	1,926,170
Short term financing notes		**–**	200,000
Convertible bonds		**–**	593,305
		5,418,840	5,388,135
NET CURRENT ASSETS/(LIABILITIES)		**520,015**	(84,276)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,348,280**	4,057,956
CAPITAL AND RESERVES			
Share capital		**69,320**	68,140
Reserves		**2,515,320**	2,138,130
Equity attributable to owners of the Company		**2,584,640**	2,206,270
Non-controlling interests		**730,892**	575,056
TOTAL EQUITY		**3,315,532**	2,781,326
NON-CURRENT LIABILITIES			
Deferred income		**183,011**	153,559
Deferred tax liabilities		**5,614**	11,584
Obligations under finance leases		**174,353**	–
Bank borrowings		**771,938**	518,800
Convertible bonds		**303,845**	–
Corporate bonds		**593,987**	592,687
		2,032,748	1,276,630
		5,348,280	4,057,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 Company and most of its subsidiaries).

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

2.1 Amendments to IFRSs 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:

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to IFRSs	*Annual Improvements to IFRSs 2010–2012 Cycle*
Amendments to IFRSs	*Annual Improvements to IFRSs 2011–2013 Cycle*

The application of the 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 14	*Regulatory Deferral Accounts*[2]
IFRS 15	*Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[3]
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 IFRSs	*Annual Improvements to IFRSs 2012–2014 Cycle*[4]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[4]
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*[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[4]
Amendments to IAS 7	*Disclosure Initiative*[6]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

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 required to 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 attributable to a financial liability's 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 is 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 mechanisms currently available in IAS 39. Under IFRS 9, 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 retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors 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

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 are in the process of reviewing the effect of the application of HKFRS 15 on the amounts reported and disclosures made in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sales of lead-acid motive batteries and other related items. 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. Most of the Group's non-current assets are 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.

No operating segments have been aggregated to derive the reportable segments of the Group.

An analysis of revenue by products is as follows:

	2015	2014
	RMB'000	*RMB'000*
Lead-acid motive batteries		
Electric bike battery	**14,195,693**	14,683,703
Electric vehicle battery and special-purpose electric vehicle battery	**3,544,518**	2,857,535
Li-ion batteries	**208,158**	71,148
Materials include lead and active additives	**921,836**	574,674
	18,870,205	18,187,060

4. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**147,083**	156,710
Short term financing note	**770**	17,469
Corporate bonds	**49,845**	18,709
Finance lease	**6,641**	–
Convertible Bonds	**44,438**	61,418
Total borrowing costs	**248,777**	254,306
Less: amounts capitalised in construction in progress	**(24,940)**	(44,736)
	223,837	209,570

Borrowing costs capitalised during the year ended 31 December 2015 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.73% per annum (2014: 6.95% per annum) to expenditure on qualifying assets.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Wages and salaries	**726,092**	654,240
Retirement benefits scheme contributions	**27,995**	24,693
Labour cost *(Note)*	**248,099**	255,743
Total staff costs	**1,002,186**	934,676
Cost of inventories recognised as expense	**15,883,346**	15,554,591
Allowance for inventories (included in cost of sales)	**2,557**	1,635
Prepaid lease payments released to profit or loss	**5,631**	4,312
Auditors' remuneration	**5,654**	4,787
Amortization of intangible assets (included in administrative expenses)	**2,376**	1,188
Depreciation of property, plant and equipment	**319,550**	254,455
Depreciation of investment properties	**1,737**	1,324

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

	2015	2014
	RMB'000	*RMB'000*
The charge comprises:		
PRC current income tax	**119,630**	68,837
Deferred tax	**(61,764)**	(33,770)
	57,866	35,067

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%. 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 2015, withholding tax on intra-group dividend amounting to RMB16,737,368 (year ended 31 December 2014: RMB6,887,747) 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%. The following subsidiaries of the Company were recognized as New and High Technical Enterprises in accordance with the applicable EIT Law of the PRC and are subject to income tax at a tax rate of 15% for the respective years set out below:

江蘇超威電源有限公司 (Jiangsu Chaowei Power Co., Ltd.)	2013 to 2015
江西新威動力能源科技有限公司 (Jiangxi Xinwei Power Technology Co., Ltd.)	2013 to 2015
山東超威電源有限公司 (Shandong Chaowei Power Co., Ltd.) ("Shandong Chaowei")	2013 to 2015
浙江長興金太陽電源有限公司 (Zhejiang Changxing Jintaiyang Power Co., Ltd.)	2013 to 2015
浙江超威創元實業有限公司 (Zhejiang Chaowei Chuangyuan Industrial Co., Ltd.)	2013 to 2015
江蘇永達電源股份有限公司 (Jiangsu Yongda Power Co., Ltd.)	2013 to 2015
安徽永恆動力科技有限公司 (Anhui Yongheng Power Technology Co., Ltd.)	2014 to 2016
超威電源有限公司 (Chaowei Power Co., Ltd.)	2014 to 2016
河南超威電源有限公司 (Henan Chaowei Power Co., Ltd.) ("Henan Chaowei")	2014 to 2016
安徽超威電源有限公司 (Anhui Chaowei Power Co., Ltd.) ("Anhui Chaowei")	2015 to 2017

Other subsidiaries established in the PRC were subject to income tax rate of 25% for the year ended 31 December 2015 (2014: 25%). The Company and its subsidiaries incorporated in the British Virgin Islands (the "BVI"), Hong Kong and Germany 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:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**545,872**	73,355
Tax at the applicable income tax rate of 25%	**136,468**	18,339
Tax effect of income tax deduction granted to subsidiaries in research and development expenditure	**(55,559)**	(37,688)
Tax effect of expenses not deductible	**5,456**	7,302
Effect of preferential tax rates on income of certain subsidiaries	**(17,825)**	(19,311)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	**–**	2,307
Tax effect of tax losses not recognized	**5,784**	63,975
Utilisation of tax losses previously not recognised	**(22,711)**	(3,135)
Tax effect of share of loss of associates	**920**	1,285
Tax effect of share of profit of a joint venture	**(162)**	–
Deferred tax associated with withholding tax on undistributed profits of PRC subsidiaries	**5,495**	1,993
Income tax expense for the year	**57,866**	35,067

7. EARNINGS (LOSSES) PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
Earnings (losses)		
Earnings (losses) for the purpose of basic and diluted earnings per share	**331,669**	(28,955)

	2015	2014
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings (losses) per share	**1,016,759**	1,005,290

The computation of diluted earnings per share for the years ended 31 December 2015 and 31 December 2014 does not assume the conversion of the Company's outstanding Convertible Bonds since their exercise would result in an increase (reduction) in earnings (losses) per share.

8. DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Dividends declared for distribution during the year:		
2014 final dividend — nil (2013 final dividend — RMB0.093 per share)	**–**	93,492

A final dividend of RMB0.097 per share in respect of the year ended 31 December 2015 has been proposed by the Directors of the Company and is subject to the approval by the shareholders in the forthcoming annual general meeting (the "Annual General Meeting").

9. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**1,197,181**	658,380
Less: allowance for doubtful debts	**(68,558)**	(34,465)
	1,128,623	623,915

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:

	2015	2014
	RMB'000	*RMB'000*
0–15 days	**498,475**	140,570
16–90 days	**474,440**	326,302
91–180 days	**74,360**	121,311
181–365 days	**81,348**	35,732
	1,128,623	623,915

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:

	2015	2014
	RMB'000	*RMB'000*
16–90 days	**474,440**	326,302
91–180 days	**74,360**	121,311
181–365 days	**81,348**	35,732
	630,148	483,345

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:

	2015	2014
	RMB'000	*RMB'000*
At beginning of the year	**34,465**	24,777
Provided for the year	**34,093**	9,688
At end of the year	**68,558**	34,465

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 believe that no further allowance is required.

10. BILLS RECEIVABLE

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

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**320,705**	389,311
91–180 days	**219,563**	386,498
	540,268	775,809

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 2015 of RMB1,490,253,000 (31 December 2014: RMB302,834,000) 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:

	2015	2014
	RMB'000	*RMB'000*
0–30 days	**1,059,253**	476,807
31–90 days	**484,761**	166,463
91–180 days	**147,150**	240,013
181–365 days	**46,752**	49,895
1–2 years	**67,846**	23,310
Over 2 years	**16,113**	4,132
	1,821,875	960,620

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:

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**278,584**	283,840
91–180 days	**363,332**	91,265
	641,916	375,105

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 Directors of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2015.

During the year of 2015, the Group has achieved remarkable results. Our achievements include:

- Our sales volume and revenue have once again hit record highs, with a revenue of approximately RMB18,870 million, which resulted in improvement on profitability.
- The Group boasted an industry-leading production capacity of approximately 140 million batteries.
- The Group again demonstrated our innovation leadership by being awarded as a "National Model Enterprise of Technology Innovation (國家技術創新示範企業)," a "National Model Enterprise of Intellectual Property Right (國家知識產權示範企業)," a "National Certified Enterprise Technology Centre (國家認定企業技術中心)" and a "National Model Base of Corporate Culture (全國企業文化示範基地)."
- The Group once again ranked first in the industry among the "Top 500 Listed Chinese Companies (中國上市公司500強)," "Top 500 Chinese Enterprises (中國企業500強)" and "Top 100 Chinese Manufacturing Enterprises (中國製造業企業100強)," underscoring its leading position in the battery industry.

These remarkable results were attributable to the following factors:

1. Strengthening its leading market position

In 2015, the national policy has continuously eliminated substandard enterprises in the industry in China. Since its establishment, the Group has gradually become the leader in the battery industry through continuous reform of its operations and innovation. During the year, the Group ranked first in terms of market share, production capacity, production volume, sales volume and revenue. During the year under review, through a series of measures such as improving the technology innovation level, enhancing the influence of the "CHILWEE" brand, and reinforcing the recruitment and development of talents, the Group made satisfactory achievements and successfully consolidated its leading position in the lead-acid battery industry. The market share of the Group was approximately 41.7% in 2015 and has topped the industry for three consecutive years.

2. Recruiting Professional Talent to Achieve Breakthroughs in New Technology

In order to secure market share, the Group has always attached great importance to technology innovation for business development. The Group has continued unstinting efforts in reform and innovation with its high-performing industry teams. In recent years, the Group has recruited six well-known academicians, more than 20 experts and professors as well as three experts from the national "1,000 Talent Plan" (“千人計劃”) in the global new energy field to establish a dedicated professional technology team. In addition, the Group has collaborated with leading domestic research and development

("R&D") organizations and professional institutions in order to enhance its R&D capability, resulting in a number of patented technology and industry revolutionary achievements.

During the year, the exploration of new markets and many of our product R&D projects have made remarkable advances. In March 2015, the new lithium-ion motive battery for electric vehicles developed by the Group has been officially commenced mass production. Moreover, the Group is the only domestic lead-acid motive battery manufacturer in the industry that has fully adopted gel battery technology, placing it far ahead of other manufacturers. With the excellent results, the Group has attained a milestone in new energy R&D and production, driving better and faster development in the future.

Currently, the Group possesses a total of 1,096 patents, and has garnered various national awards such as the "National Torch Program — Certificate for Exemplary Project for Commercialisation," (《國家火炬計劃產業化示範項目證書》) and enjoys a good reputation in China. The Group closely monitors market trends with the aim to develop a wide range of more reliable and durable products with higher quality to fulfill customers' changing demands in a timely manner. The Group also leverages its innovation capability and focuses on research and development of patented technologies to achieve breakthroughs in new processes and products, so as to promote income growth from future products.

3. Insisting on Green Development to Lead Green Production in China

In 2015, the Ministry of Environmental Protection ("MEP") and the Ministry of Industry and Information Technology ("MIIT") of the PRC issued the Regulatory Standards of Lead-acid Battery Industry (2015 Version) (《鉛蓄電池行業規範條件(2015年本)》) ("Regulatory Standards") and Interim Administrative Measures for the Regulatory Circular of the Lead-acid Battery Industry (2015 Version) (《鉛蓄電池行業規範公告管理暫行辦法(2015年本)》) ("Interim Administrative Measures"). These documents replace the "Entry Requirements of the Lead-acid Battery Industry" (《鉛蓄電池行業准入條件》) ("Entry Requirements") and further strengthened the environmental protection requirements in the lead-acid battery industry and stimulate its continuous restructuring, transformation and upgrade.

In parallel with enlarging its economic benefits and continuously enhancing production technology, the Group has adhered to its environmental protection philosophy of minimizing consumption of resources, pollution and emissions. The Group continues to advocate the harmonious and symbiotic relationship between business and the environment to fulfill its long-term goal of "green production". To guide the lead-acid battery industry towards green, healthy and sustainable development, the Group has united enterprises both upstream and downstream in a lead-acid battery industry alliance for promoting green development and recycling during the year. The alliance aims at improving industry standards in compliance with national policies, regulating market development and encouraging self-discipline so as to further promote green and sustainable development and recycling in the lead-acid battery industry. Furthermore, the Group and the China Environmental Protection Foundation (《中華環境保護基金會》) have co-established the China Environmental Protection Foundation — Battery Pollution Prevention and Relief Fund (《中華環境保護基金會-電池污染防治和救助專項基金》),

aiming to promote healthy and orderly development of the national battery industry and hence contributing to the construction of an ecological civilization. Through a series of activities intended to improve the brand image, the Group has strived to become the top green energy brand in China.

4. Optimizing Production Capacity and Technology to Improve Brand Equity

Currently, the annual production capacity of the Group has reached approximately 140 million batteries, the highest in the industry. The Group will continue to increase its production capacity by refining its technology and techniques, and consolidate its domestic battery industry-leading position in terms of market share through sales of its high quality products.

During the year under review, the Group's nationwide sales and distribution network has covered both the primary and secondary markets. It has recently adopted sophisticated distributor management processes to decrease the intervening layers in our sales channels, which has greatly enhanced the loyalty of end customers. The Group also provides professional technical training and consultancy services to independent distributors to develop and enhance their management capability in order to fully optimize its marketing strategies and, ultimately, increase sales revenues. In addition, to better meet the needs of consumers, the Group has continuously enhanced its brand image, broadened its scope of customer services and increased its brand equity. The "CHILWEE" brand has gained high recognition in the PRC.

In the future, the accelerating pace of urbanization and further tightening of relevant environmental protection regulations, together with the benefits from industry consolidation policies and increasing demand for new energy electric bikes, will likely drive further growth in the industry. The Group will closely monitor market trends in order to proactively adjust its production and marketing strategies and seize every appropriate opportunity, and sustain leading-edge technological innovation in its development. The long term solid business foundation as well as advanced research, development and innovation capabilities will provide strong support to our continuous growth in the future. While focusing on technological innovation, the Group will devote greater efforts and more resources into research and development as well as recruitment of experienced professionals in the industry, while continuing to extend its distribution network in line with its strategy. The Group will also adhere to its objective of green and safe production so as to enhance its image as an innovative and productive new energy enterprise.

In 2015, as a market leader in the battery industry, the Group has responded to the calls of the country and the government to improve quality of production, engage in innovation and insist on green development. The Group has strived to lead the development of the battery industry in the PRC towards greater effectiveness and efficiency, energy saving and environment protection in a healthy and progressive manner. On behalf of the Group, I would like to express my gratitude to our shareholders, customers and business partners for their long lasting support and faith in the Group. I would also like to thank the Board, management and staff for their wholehearted commitment to the Group's success. With this excellent business performance and the corporate culture of solidarity, the Group has full confidence and high morale, and thus looks forward to new heights of success in 2016.

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 and storage batteries for wind power and solar power generation. In the near future by leveraging its advanced technology in R&D, the Group plans to manufacture and sell other products including start-and-stop batteries for automobiles. During the year under review, the Group has maintained its excellent performance with a market share of approximately 41.7%, ranking top in the national lead-acid battery market for the third consecutive year. By capitalizing on continuous market expansion, innovation and upgrade of product technology and sustained enhancement in brand value, the Group has consolidated its leading position in the market in terms of market share, capacity, production volume, sales volume and revenue during 2015.

Industry Overview

Steady growth in demand in the battery market

Electric bikes:

With the acceleration of urbanization and continuous improvement in road construction in the PRC, electric bikes, as a convenient mode of transportation with relatively low driving cost, are expected to become increasingly popular among consumers in the second- and third-tier cities and rural areas. Moreover, in order to reduce air pollution, the PRC government has implemented a series of strict environmental protection policies. As an environment-friendly mode of transportation with zero emission in compliance with the national standards of energy saving and carbon reduction, electric bikes facilitate the enhancement in environmental quality and support the development of greener cities. Therefore, market demand for electric bikes in China has witnessed strong growth. According to a Frost & Sullivan survey, the sales volume of electric bikes in China is projected to enjoy a CAGR of 9.8% from 2015 to 2017. Ownership of electric bikes in China was approximately 208 million units in 2015.

Furthermore, the continuous increase in the ownership is expanding the vast base of electric bikes forming the foundation for the secondary market created by periodic replacement purchases of lead-acid motive batteries given the lifespan of lead-acid motive batteries. According to Frost & Sullivan, the sales volume of lead-acid batteries for electric bikes in China was 456 million units in 2015, representing an increase of 12.6% from the corresponding period of the previous year. It is expected that the sales volume of lead-acid batteries for electric bikes in China will reach 497 million units in 2016, a strong indicator of continued growth in future demand.

Electric tricycles and low-speed electric vehicles:

The demand for electric tricycles as transportation by the elderly has surged driven by the rapidly aging population. The fast development of the agricultural economy further increases the need for transport of agricultural products. As such, highly cost-effective large-scale short distance cargo transport becomes consumers' priority. Along with China's burgeoning logistics industry in recent years, demand for low-speed electric vehicles, as a convenient and efficient mode of transportation, is expected to significantly increase, resulting in continuous growth of the primary market for lead-acid motive batteries.

New-energy vehicles and special-purpose electric vehicles:

The market prospects for new-energy vehicles and special-purpose electric vehicles is promising as it benefits from favorable policies. The strategic directive "Industry Development Planning for Energy-saving and New-energy Vehicles Up to 2020" (《二零二零年節能與新能源汽車產業發展規劃》) published by the State Council, sets a target to sell more than 5 million electric vehicles powered by new energy by 2020. Meanwhile, energy-saving and new-energy vehicles are highly regarded according to the notice "Made in China 2025" (《中國製造2025》) published by the State Council. The PRC government has expressly stated that support will be given to the development of the energy-saving and new energy vehicle industries by forbidding local governments to impose traffic controls and purchase quotas on these vehicles. Removal of local policy barriers should further stimulate the exponential growth of demand for relevant battery products.

Industry consolidation continues to further improve market structure

In recent years, several regulatory measures were promulgated, most notably the 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》). The government has carried out comprehensive inspection of lead-acid motive battery enterprises in the PRC in respect to business plans, clean production, environmental protection facilities and production capacities in order to identify outstanding enterprises of high quality and eliminate obsolete capacities. Industry consolidation under national standards helps eliminate substandard enterprises, further enhances industry development and releases market share, all of which benefit the Group as it has always placed strong emphasis on green production and technology innovation.

During the year under review, the PRC issued the Regulatory Standards and the Interim Administrative Measures to further strengthen the environmental protection standard of the lead-acid battery industry and eliminate obsolete capacities. The number of lead-acid battery enterprises in China has been sharply reduced from 1,930 in 2012 to slightly more than 400 in 2014. The MIIT and MEP have inspected the lead-acid battery enterprises one by one. Currently, 64% of the Group's production capacity have officially passed the inspection by MIIT and MEP. Furthermore, six subsidiaries of the Group, namely Anhui Chaowei (安徽超威電源有限公司), Shandong Chaowei Ciyao Power Co., Ltd. (山東超威磁窑電源有限公司), Shandong Chaowei (山東超威電源有限公司), Henan Chaowei (河南超威電源有限公司) and Qinnan Branch of Henan Chaowei Power Co., Ltd. (Plants I and II) (河南超威電源有限公司沁南分公司一、二廠區), have been on the list under the Regulatory Standards.

Subsequently, effective from 1 January 2016, a consumption tax of 4% has been levied on lead-acid batteries which may cause pollution. This policy certainly should accelerate the phasing-out of enterprises who fail to meet the technical standards of environmental protection, which will in turn enable quality enterprises to expand their market share. The Group remains steadfastly committed to establishing China's No.1 brand in the field of green energy by fully leveraging its leading industry and market position.

Business Development

Industry leader with the highest ranking

In 2015, the Group has continued to achieve business growth while exerting greater efforts in enhancing its technology innovation capability, boosting its brand awareness, and strengthening the recruitment and grooming of talent to consolidate its leading position in the lead-acid battery industry. During the year, revenue of the Group hit another record high and its market share reached approximately 41.7%. At the same time, it stayed atop the industry in terms of production capacity, production volume, sales volume and revenue. As a benchmark enterprise in the lead-acid battery industry, the Group always insists on high quality, high standards and high specifications, and strives to fulfil public expectations and boost market confidence.

Upgrading research and development technology with stronger product portfolio

As society and the market are placing stronger emphasis on technology requirements of the battery industry, in addition to strictly safeguarding product quality, the Group has further engaged in research and development and the manufacture of new processes, technology and products with an aim to achieve sustainable growth through product differentiation. As at 31 December 2015, the Group possessed a total of 1,096 patents. During the year, the research input contributed by the Group was approximately RMB475,188,000, accounting for approximately 2.5% of the total revenue.

In respect of lead-acid batteries, the Group continued to enhance manufacturing techniques and further improved the features of its branded products with higher efficiency and less pollution to ensure the highest product quality in the market. Other than that, the Group has embarked on efforts to swiftly tap the enormous development opportunities of start-and-stop systems with its superior environmentally-friendly performance in the electric motive vehicle market. Early in 2014, the Group entered into a framework investment agreement with Akkumulatorenfabrik MOLL GmbH & Co. KG ("Moll"), a German lead-acid motive battery manufacturer, to collaborate in the development of start-and-stop automobile batteries. During the year, the collaboration made satisfactory progress. Trial production of start-and-stop automobile batteries is expected to take place in the second half of 2016.

In the meantime, the total sales volume of domestic new-energy vehicles has enjoyed an annual growth rate exceeding 100%. Governments across the globe are also actively encouraging the development of new energy-powered automobiles in response to the higher demand for environmental protection around the world. As such, the Group has initiated the R&D of lithium-ion batteries in early 2010 and officially commenced the mass production in March 2015, with an aim to develop a stable and safe high-performance lithium motive battery system. Benefitting from their excellent performance, the lithium-ion battery products of the Group have become best sellers after their market launch, contributing sales revenue of approximately RMB208 million for the year. Currently, the Group owns 79 patents for the lithium-ion battery projects and leads the domestic sector with numerous major awards at the provincial or national level, such as the "National Torch Program — Certificate for Exemplary Project for Commercialization (《國家火炬計劃產業化示範項目證書》)."

Actively recruiting talent and industry elites

The Group has always regarded human resources as its most valuable assets and is dedicated to the development and recruitment of competent industry professionals. Over the years, the Group has recruited elites from all over the world. With the employment of Mr. Hisaki Tarui (樽井久樹先生), an authority in the industry, and Dr. Junji Nakashima (中島潤二博士), a Japanese expert in power storage, in 2014 and 2015, respectively, as the backbone of the development and research department, the Group's capabilities in this area have been further strengthened.

Currently, the Group employs more than 20 top experts from both across the country and all over the world whose expertise spans from basic theory, materials, industrial batteries, motive batteries and lithium-ion batteries. These experts provide regular training or on-site instruction to the Group's technical staff in research work. Dr. Ke Ke (柯克博士), deputy head of the Group's research institute, was named in the 10th national "Program of One Thousand Talents," the first-ever high-tech expert from the local province to participate in the program. In addition, the cooperation with Moll has helped to bring in world-class technologies and promote communication between the Group's staff and the elites with extensive professional knowledge and a wide industry network, further consolidating the Group's leading position in research and innovation.

Earnestly fulfilling green responsibilities

The Group has mapped out a path of green development through its ongoing R&D efforts with an emphasis on environmentally-friendly production technology. It is one of the very few enterprises in China which has successfully adopted the Enclosed Battery Formation Process in large scale production, and is the only domestic lead-acid motive battery manufacturer who has fully adopted gel battery technology.

In April 2015, the Group has received official approval from the MEP to commence construction of the National Environmental Protection Lead-acid Battery Production and Recycling Pollution Prevention and Treatment Technology Center (國家環境保護鉛酸蓄電池生產和回收再生污染防治工程技術中心). The building of this center marks crucial progress in the Group's efforts to promote ecological recycling for the lead battery industry, and will substantially enhance its pollution treatment technologies and environmental management capabilities. During the year, the Group completed the enhancement of assembly pressure upgrade project and an analysis of weight reduction of lead-acid batteries. It also optimized the technology process and shortened the lead time of battery production with new energy. As a result, the Group has further strengthened its environmental management capabilities, reduced the product return rate, increased production capacities and decreased energy consumption.

The Group is committed to fulfilling its social responsibility of environmental protection while striving for economic benefits. Towards this end, it emphasizes the minimization of energy consumption, pollution and emissions, aiming to realize green, healthy and sustainable development in the long term by effectively implementing a wide range of measures.

Optimising distribution network to build an impressive brand image

The Group's nationwide sales and distribution network covers both the primary and secondary markets. For the primary market, the Group cooperates with many top electric bike manufacturers, including Ever Master, Yadea, Bidewen and Lima.

The distribution network of the Group in the secondary market covers the entire country. As of 31 December 2015, the number of independent distributors operating under the "CHILWEE" brand increased to 2,028.

At present, the Group has adopted a refined approach to manage its distributors, with the aim of minimizing the intervening layers within sales channels and enhancing the customers' loyalty. The Group also provides technical training and consultancy services to its independent distributors to enhance their sales capability. At the same time, the Group has fully optimized its marketing strategies in order to establish the brand while strengthening its customer services. During the year under review, the Group has allocated considerable resources in promoting "CHILWEE" brand outlets and has continued engagement with internationally-renowned movie star Mr. Donnie Yen as its brand spokesperson in order to boost its 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. Through this strategic location of production facilities, the Group has been able to respond to market dynamics more flexibly and reinforce ties with target consumer groups to further solidify its market share and customer base. Meanwhile, the Group can also reduce costs through effective storage and logistics arrangements, thereby enhancing its profitability.

During the year under review, the Group continued to upgrade the existing production facilities and build new production lines to support future business growth. At the same time, the Group formed strategic production plans for lead-acid motive batteries and has actively worked to capture the market share of those companies eliminated because of their obsolete and substandard capacities aimed at further expanding its capacity and market share.

Future Development

Benefitting from the strong support of the national policy, the demand for motive batteries will further grow with the promising prospects. The Group intends to actively seize market opportunities and continues to explore technology innovation closely following the trend of industry development, so as to generate an even greater room for development. Looking forward to 2016, the Group will continue to focus on:

1. *Strengthening the leading market position and seizing market opportunities*

   The Group will closely monitor the market trends and continue to upgrade its R&D capabilities. It aims to increase sales with quality products and actively capture the market share of those companies eliminated in order to strengthen its leading market position. Besides, the Group will further explore potential business opportunities and seek to expand into new markets through cooperation, mergers or acquisitions while continuing to invest in current cooperation projects.

2. *Advancing technology innovation and leading the green development of the industry*

   The Group will continue to advance the application of cadmium-free enclosed battery formation process in order to save resources and support environmental protection. It will continue to explore new technologies and reinforce R&D capabilities to provide customers with batteries which are longer-lasting and more stable, durable and ecologically-friendly. By leveraging advanced core technologies, the Group will enhance its competitiveness and lead the green and sustainable development of the industry.

3. *Expanding sales network for brand value enhancement*

   The Group will expand the sales network of the primary market to the industry of new energy electric vehicles. In order to capture the demand from different market segments, the Group will develop the secondary market based on regional demands and minimize the intervening layers within sales channels to increase customers' loyalty. Meanwhile, in order to enhance the influence of the brand and position "CHILWEE" as a renowned battery brand with high added value, the Group will extend the marketing strategies from network expansion to brand building by increasing product campaigns in end-user markets and boosting after-sales services.

   The Group resolves to constantly adhere to its mission to "Advocate Green Energy, Perfect Human Life." It is devoted to promoting the green and healthy development as well as continuous innovation in the battery industry, and building itself as a benchmark which "maintains leadership in talent and technology, product quality and cost controls as well as branding."

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB18,870,205,000 in 2015, increased by approximately 3.8% over approximately RMB18,187,060,000 for 2014, which was primarily attributable to the growth in sales volume of electric vehicle batteries and li-ion 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 RMB2,409,665,000 in 2015, representing an increase of approximately 17.7% over approximately RMB2,046,855,000 for 2014. The gross profit margin in 2015 was approximately 12.8% (2014: approximately 11.3%) and the increase in gross profit margin was mainly due to the increase in average selling price of batteries.

Other Income

The Group's other income amounted to approximately RMB313,167,000 in 2015, representing an increase of approximately 157.5% from other income of approximately RMB121,640,000 in 2014, which was mainly due to government grants of approximately RMB202,931,000 in 2015 (2014: approximately RMB74,552,000), interest arising from the bank deposits of approximately RMB31,942,000 in 2015 (2014: RMB14,472,000) and gain on disposal of an associate of approximately RMB43,258,000 in 2015 (2014: Nil).

Distribution and Selling Expenses

The Group's distribution and selling expenses amounted to approximately RMB798,063,000 in 2015, representing a decrease of approximately 14.1% from approximately RMB928,808,000 for 2014, which was primarily attributable to decrease in advertising expenses and transportation costs in 2015. For 2015, the distribution and selling expenses as a percentage of revenue were approximately 4.2% (2014: approximately 5.1%).

Administrative Expenses

The Group's administrative expenses were approximately RMB588,620,000 in 2015, representing a rise of approximately 16.7% over approximately RMB504,240,000 for 2014, which was primarily attributable to increases in staff expenses, depreciation and professional fees in 2015. 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 RMB475,188,000 in 2015, representing an increase of approximately 13.9% over approximately RMB417,059,000 for 2014, which was primarily attributable to increases in costs of research materials 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 6.8% from approximately RMB209,570,000 for 2014 to approximately RMB223,837,000 for 2015. The increase of finance costs was primarily due to an increase in interest expenses on corporate bonds and finance leases.

Profit before Tax

For the above reasons, the Group's profit before tax increased by approximately 644.2% to approximately RMB545,872,000 in 2015 (2014: approximately RMB73,355,000).

Taxation

The Group's income tax expenses increased by approximately 65.0% to approximately RMB57,866,000 in 2015 (2014: approximately RMB35,067,000). The increase in taxation was in line with the increase in profit before tax. The effective tax rate of approximately 10.6% in 2015 (2014: approximately 47.8%) was mainly due to utilisation of tax losses previously not recognised.

Profit or Loss Attributable to Owners of the Company

In 2015, profit attributable to owners of the Company amounted to approximately RMB331,669,000. Loss attributable to owners of the Company for 2014 was approximately RMB28,955,000.

Liquidity and Financial Resources

As at 31 December 2015, the Group had net current assets of approximately RMB520,015,000 (31 December 2014: net current liabilities of approximately RMB84,276,000). Cash and bank balances were approximately RMB960,960,000 (31 December 2014: approximately RMB1,016,555,000). Total borrowings, including bank borrowings, short-term financing notes, corporate bonds, obligation under finance leases and convertible bonds were approximately RMB3,285,407,000 (31 December 2014: approximately RMB3,830,962,000), which were mainly used to finance the purchases and daily working capital of the Group. They were denominated in RMB, EUR or HKD, of which approximately RMB2,463,335,000 bore interest at fixed rates and approximately RMB1,441,284,000 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 2015, the Group's current ratio (current assets/current liabilities) was 1.1 (31 December 2014: 1.0) and gearing ratio (total borrowings/total assets) was approximately 30.5% (31 December 2014: approximately 40.6%). 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 2015 (31 December 2014: 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:

	2015	2014
	RMB'000	*RMB'000*
Buildings	**298,757**	327,550
Land use rights	**91,921**	92,085
Bills receivable	**26,412**	19,591
Restricted bank deposits	**404,723**	275,054

Capital Commitments

	2015	2014
	RMB'000	*RMB'000*
Contracted but not provided for		
– acquisition of property, plant and equipment	**296,140**	232,142

Share Option Scheme

The Company conditionally adopted a share option scheme on 7 June 2010 (the "Share Option Scheme"), which became effective on 7 July 2010, for the purpose of giving the eligible persons an opportunity to have a personal stake in the Group and motivating them to optimize their future performance and efficiency to the Group and/or to reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and in the case of executives, enabling the Group to attract and retain such individuals with experience and ability and/or to reward them for their past contributions. As at the date of this announcement, the Share Option Scheme has a remaining life of approximately 4 years and 5 months.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at 7 July 2010, being the listing date of the Shares of the Company on the Stock Exchange, being 100,000,000 shares, which represented about 9.76% of the total issued share capital of the Company as at the date of this announcement. No options may be granted to any participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set those in the Share Option Scheme as the Board may think fit, including the time or period before the right to exercise the option in respect of all or any of the shares shall vest, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant under the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a share;

(b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options will be granted or offered. No options have been granted under the Share Option Scheme since its adoption to 31 December 2015.

Apart from the foregoing, at no time during the year ended 31 December 2015 was the Company, or any of its holding companies or subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Human Resources and Employees' Remuneration

As at 31 December 2015, the Group employed a total of 18,187 (31 December 2014: 20,236) staff members in the PRC and Hong Kong.

During the year under review, the total cost of employees amounted to approximately RMB1,002,186,000. 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.

Significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorized by the Board for other material investments or additions of capital assets at the date of this announcement.

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 2015.

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 2015. The Audit Committee considered that the consolidated results of the Group for the year ended 31 December 2015 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.

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2016 to 2 June 2016 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming Annual General Meeting of the Company, 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 30 May 2016.

The Board has resolved to recommend the payment of a final dividend of RMB0.097 per share for shareholders whose names appear on the Register of Members of the Company on 13 June 2016. The Register of Members will be closed from 8 June 2016 to 13 June 2016, both days inclusive, and the proposed final dividend is expected to be paid on 20 June 2016. The payment of dividends shall be subject to the approval of the shareholders at the Annual General Meeting of the Company expected to be held by 2 June 2016. In order to be qualified for the proposed final dividend, shareholders should deliver share certificates together with transfer documents to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 7 June 2016.

PUBLICATION OF ANNUAL REPORT

The full text of the Company's 2015 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, 28 March 2016

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.