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Chaowei Power Holdings Limited

超威動力控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 951)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

- Revenue for the Year was approximately RMB31,931 million (2021: approximately RMB29,489 million), representing an increase of approximately 8.3% from last year.
- Gross profit for the Year was approximately RMB3,702 million (2021: approximately RMB3,324 million), representing an increase of approximately 11.3% from last year.
- Profit attributable to the owners of the Company for the Year was approximately RMB417 million (2021: approximately RMB516 million).
- Basic earnings per share for the Year amounted to RMB0.38 (2021: RMB0.47).
- The Board proposed to declare a final dividend of HKD0.066 per share for the Year (2021: HKD0.087), which will be subject to shareholders' approval at the forthcoming annual general meeting, representing a total distribution of approximately HKD72.9 million (2021: approximately HKD96.1 million) for the Year.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors" or each the "Director") 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 2022 (the "Year") together with the comparative figures for the year ended 31 December 2021. These financial results have been audited by Ernst & Young, Certified Public Accountants and reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*3*	**31,930,551**	29,488,819
Cost of sales		**(28,229,034)**	(26,164,322)
Gross profit		**3,701,517**	3,324,497
Other income		**423,472**	473,528
Other gains and other losses		**28,881**	(74,197)
Distribution and selling expenses		**(1,045,058)**	(839,687)
Administrative expenses		**(573,252)**	(514,724)
Research and development expenses		**(1,097,402)**	(929,292)
Impairment losses under expected credit loss model, net of reversal		**(253,092)**	(328,515)
Finance costs	*4*	**(370,373)**	(321,846)
Share of result of joint ventures		**2,965**	(1,987)
Share of result of associates		**419**	(3,160)
Profit before tax	*5*	**818,077**	784,617
Income tax expense	*6*	**(230,228)**	(249,532)
Profit for the year		**587,849**	535,085
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(871)**	3,593
Fair value (loss)/gain on receivables at fair value through other comprehensive income ("FVTOCI")		**(6,702)**	526
Other comprehensive income for the year, net of income tax		**(7,573)**	4,119
Total comprehensive income for the year		**580,276**	539,204
Profit for the year attributable to:			
Owners of the Company		**417,181**	516,269
Non-controlling interests		**170,668**	18,816
		587,849	535,085
Total comprehensive income for the year attributable to:			
Owners of the Company		**409,608**	520,388
Non-controlling interests		**170,668**	18,816
		580,276	539,204
Earnings per share			
— Basic and diluted (RMB)	*7*	**0.38**	0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,967,101**	4,773,860
Right-of-use assets		**537,214**	536,178
Investment properties		**1,107**	1,650
Goodwill		**49,447**	49,447
Intangible assets		**147,272**	205,582
Interests in joint ventures		**70,539**	72,134
Interests in associates		**39,696**	43,089
Equity instruments at FVTOCI		**11,118**	5,300
Loan receivables		**48,297**	44,928
Deferred tax assets		**630,182**	579,629
Other receivables		**–**	11,154
Amounts due from related parties		**77,293**	18,616
Deposits paid for acquisition of property, plant and equipment		**351,705**	240,855
		6,930,971	6,582,422
CURRENT ASSETS			
Inventories		**3,981,978**	3,923,961
Loan receivables		**25,980**	35,039
Trade receivables	*9*	**2,234,847**	2,205,165
Receivables at FVTOCI	*10*	**2,365,207**	1,660,973
Prepayments, other receivables and other assets		**1,194,963**	1,464,904
Financial assets at fair value through profit or loss ("FVTPL")		**122,927**	214,500
Derivative financial instruments		**–**	1,392
Amounts due from related parties		**72,600**	91,761
Restricted bank deposits		**890,887**	1,143,032
Bank balances and cash		**2,157,975**	2,860,613
		13,047,364	13,601,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AT 31 DECEMBER 2022

	Notes	**2022** **_RMB'000_**	2021 *RMB'000*
CURRENT LIABILITIES			
Derivative financial instruments		**2,270**	–
Trade payables	*11*	**2,456,170**	2,711,383
Bills payable	*12*	**1,613,341**	1,869,391
Other payables and accruals		**1,397,636**	1,456,679
Contract liabilities		**1,041,577**	564,883
Warranty provision		**589,755**	541,830
Tax liabilities		**165,701**	232,054
Lease liabilities		**3,064**	441
Amounts due to related parties		**30,057**	25,088
Borrowings		**4,195,517**	4,698,121
		11,495,088	12,099,870
NET CURRENT ASSETS		**1,552,276**	1,501,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,483,247**	8,083,892
CAPITAL AND RESERVES			
Share capital		**74,704**	74,704
Reserves		**5,819,442**	5,523,236
Equity attributable to owners of the Company		**5,894,146**	5,597,940
Non-controlling interests		**916,160**	782,745
TOTAL EQUITY		**6,810,306**	6,380,685
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,000**	20,877
Lease liabilities		**9,996**	4,022
Borrowings		**1,427,050**	1,451,348
Deferred income		**225,895**	226,960
		1,672,941	1,703,207
		8,483,247	8,083,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 Act of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 7 July 2010. The address of the registered office of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands, and the address of its principal place of business in the People's Republic of China (the "PRC") is No.18, Chengnan Road, Huaxi Industrial Function Area, Changxing County, Zhejiang Province, the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and most of its subsidiaries. The principal activities of the Company and its subsidiaries (the "Group") are manufacturing and sales of lead-acid motive batteries, lithium-ion batteries and other related products.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

(a) The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to *IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

New and amendment to IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
IFRS 17	Insurance Contracts[1]
Amendments to IFRS 17	Insurance Contracts[1, 5]
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information[6]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[2, 4]
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.
5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the 2022 Amendments were issued to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to IAS 12. The Group has estimated that it will recognise a deferred tax asset of RMB1,116,000 for deductible temporary differences associated with lease liabilities and a deferred tax liability of RMB1,120,000 for taxable temporary differences associated with right-of-use assets, and recognise the cumulative effect of initially applying the amendments as an adjustment to retained profits at 1 January 2022.

Except for that has been disclosed above, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2022	2021
	RMB'000	*RMB'000*
Types of goods		
Lead-acid motive batteries		
Electric bike battery	**19,471,287**	16,038,462
Electric vehicle battery and special-purpose electric vehicle battery	**8,462,914**	8,187,069
Li-ion batteries	**362,426**	245,914
Renewable materials	**3,633,924**	5,017,374
Total	**31,930,551**	29,488,819

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**31,930,551**	29,488,819

(ii) Performance obligations for contracts with customers

The Group sells lead-acid motive batteries, lithium-ion batteries and other related products to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific locations and accepted by the customers (delivery). Following the delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The Group generally allows a credit period of 45 to 90 days to its trade customers with good trading history, or otherwise payments in advance before goods delivery are required.

The Group provides a warranty of 15 to 26 months starting from the sales of all lead-acid motive battery products. Under the terms of warranty, the Group undertakes to repair or replace the battery free of charge in the event of any malfunctioning within the warranty period. This warrant cannot be purchased separately, the Group accounts for the warranty in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All batteries and related products are delivered within period less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**377,436**	341,542
Lease liabilities	**919**	380
Total borrowing costs	**378,355**	341,922
Less: amounts capitalised in construction in progress	**(7,982)**	(20,076)
	370,373	321,846

Borrowing costs capitalised during the year ended 31 December 2022 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.46% per annum (2021: 5.34% per annum) to expenditure on qualifying assets.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2022	2021
	RMB'000	*RMB'000*
Salaries and other benefits costs	**1,698,208**	1,346,406
Retirement benefits scheme contributions *(note i)*	**86,029**	60,563
Labour cost *(note ii)*	**119,805**	156,654
Share-based payments	**–**	2,332
Total staff costs (including directors' emoluments)	**1,904,042**	1,565,955
Amortisation of intangible assets *(note iii)*	**41,610**	41,610
Depreciation of property, plant and equipment	**665,826**	662,774
Total depreciation and amortisation	**707,436**	704,384
Depreciation of investment properties	**543**	645
Depreciation of right-of-use assets	**18,382**	14,000
Inventories write down	**4,908**	7,401
Cost of inventories recognised as an expense	**28,224,126**	26,149,399
Auditors' remuneration	**3,600**	3,850
Research and development costs recognised as an expense	**1,097,402**	929,292

Notes:

(i) At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years (31 December 2021: nil).

(ii) The Group has entered into labour dispatch agreements with several service organisations providing labour resources to the Group.

(iii) Amortisation of intangible assets is included in "administrative expenses" and "research and development expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
— PRC enterprise income tax	**287,981**	291,104
— Under provision in prior years	**1,443**	2,919
Deferred tax credit	**(59,196)**	(44,491)
	230,228	249,532

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. 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 Technology Enterprise is subject to income tax at a preferential tax rate of 15%. Certain subsidiaries of the Company were qualified as New and High Technology Enterprises in accordance with the applicable EIT Law of the PRC and are subject to income tax at a preferential tax rate of 15% for a period of three years starting from 2019 to 2021 according to the PRC Tax Law.

Other subsidiaries established in the PRC were subject to income tax rate of 25 % for the year ended 31 December 2022 (2021: 25%). The Company and its subsidiaries incorporated in the British Virgin Islands (the "BVI"), Germany, Hong Kong and other countries had no assessable profits during the year ended 31 December 2022 (2021: nil).

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 10%. During the year ended 31 December 2022, withholding tax on intra-group dividend amounting to approximately RMB9,690,000 (2021: RMB15,520,000) was paid by the Group to relevant tax authorities.

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:

	2022	2021
	RMB'000	*RMB'000*
Profit before tax	**818,077**	784,617
Tax at the PRC's statutory income tax rate of 25%	**204,519**	196,154
Tax effect of income tax deduction granted to subsidiaries in research and development expenditure	**(120,687)**	(156,800)
Tax effect of expenses not deductible for tax purpose	**16,950**	15,997
Effect of preferential tax rates on income of certain subsidiaries	**(21,033)**	(19,181)
Tax effect of tax losses and deductible temporary differences not recognised	**144,906**	190,631
Utilisation of tax losses and deductible temporary differences previously not recognised	**(154)**	(2,545)
Tax effect of income not taxable	**(4,560)**	–
Tax effect of share of result of associates	**(105)**	790
Tax effect of share of result of joint ventures	**(741)**	497
Withholding tax on undistributed profits of PRC subsidiaries	**9,690**	21,070
Under provision in prior years	**1,443**	2,919
Income tax expense for the year	**230,228**	249,532

7. EARNINGS PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**417,181**	516,269

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,104,127**	1,104,127

The outstanding share options of the Company did not have dilutive effect to the Company's earnings per share during the years ended 31 December 2022 and 2021 because the exercise prices of these options were higher than the average market prices of the Company's shares for both years.

8. DIVIDENDS

	2022	2021
	HKD'000	*HKD'000*
Dividends declared for distribution during the year:		
2021 final dividend — HKD0.087 per share	**96,059**	–
2020 final dividend — HKD0.117 per share	**–**	129,183

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of HKD72,872,000 (equivalent to RMB63,792,000) was proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

In addition, the dividend of HKD96,059,000 (equivalent to RMB81,777,000) in respect for the year ended 31 December 2021 was fully settled in cash in July 2022.

9. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables — contracts with customers	**2,898,628**	2,748,514
Less: allowance for credit losses	**(663,781)**	(543,349)
	2,234,847	2,205,165

As at 1 January 2021, carrying amount of trade receivables from contracts with customers amounted to RMB2,433,854,000 (net of credit loss allowance of RMB495,593,000).

The Group generally allows a credit period of 45 to 90 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 credit losses 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:

	2022	2021
	RMB'000	*RMB'000*
0–45 days	**1,108,552**	1,171,570
46–90 days	**438,497**	396,760
91–180 days	**233,986**	262,465
181–365 days	**273,200**	258,819
Over 1 year	**180,612**	115,551
	2,234,847	2,205,165

Before accepting any new customer, the Group internally assesses the credit quality of the potential customer and define appropriate credit limits. Management closely monitors the credit quality of trade receivables.

10. RECEIVABLES AT FVTOCI

The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

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 (2021: 30 days) from the goods receipt date.

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

	2022	2021
	RMB'000	*RMB'000*
0–30 days	**1,419,577**	1,632,812
31–90 days	**494,672**	682,191
91–180 days	**332,659**	57,448
181–365 days	**69,116**	72,444
1–2 years	**26,071**	140,043
Over 2 years	**114,075**	126,445
	2,456,170	2,711,383

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:

	2022	2021
	RMB'000	*RMB'000*
0–90 days	**669,011**	759,431
91–180 days	**561,516**	1,096,460
181–360 days	**382,814**	13,500
	1,613,341	1,869,391

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present to shareholders the Group's annual results for the Year.

During the Year, the Group maintained steady business growth and achieved better results by leveraging its technological innovation, sound business strategy and management resilience, and, as a result:

- Revenue for the Year reached approximately RMB31,931 million.

- Profit attributable to the owners of the Company amounted to approximately RMB417 million.

- With its comprehensive strengths and industry influence in the field of new energy, the Group was listed in "Top 500 Chinese Enterprises" (中國企業500強), "Top 500 Chinese Private-owned Enterprises" (中國民營企業500強), "Top 500 Chinese Energy Enterprises (Group)" (中國能源企業 (集團)500強), "Fortune Top 500 Chinese Companies" (《財富》中國500強), "Global Top 500 New Energy Enterprises" (全球新能源企業500強) and "China's Top 500 New Economy Enterprises" (中國新經濟企業500強), and was once again included in the list of "China Top 500 Machinery Companies" (中國機械500強). The Group was ranked the seventh among the "Top 100 Enterprises in China's Light Industry" (中國輕工業百強企業) and the first among the "Top 10 Enterprises of New Energy Battery Industry in China's Light Industry" (中國輕工業新能源電池行業十強企業) for the tenth consecutive year. Meanwhile, with its remarkable brand influence, the Group was again listed in the "China Brand Valuation List" (中國品牌價值榜) in the Year, highlighting the Group's brand image as an industry leader.

- The Group's outstanding research and development ("R&D") and innovation capabilities and intellectual property management strengths have been certified by authoritative institutions and successfully passed the "National Model Enterprise of Intellectual Property" (國家知識產權示範企業) review.

The Group's business maintained a steady growth during the Year, as the People's Republic of China (the "PRC" or "China") gross domestic product (GDP) achieved a positive growth of 3% despite the recurring COVID-19 pandemic (the "Pandemic"), coupled with the demand for upgrading and replacement of electric bikes and electric tricycles in multiple application scenarios. The successive implementation of the "Safety Technical Specifications for Electric Bicycles" (《電動自行車安全技術規範》) (the "New National Standards" (新國標)) and other regulatory policies required by the PRC government in various provinces and cities across the country will help guide the standardised development of the industry and significantly benefit the leading enterprises.

During the Year, the Group leveraged its outstanding technological strengths and excellent product quality to promote the sustainable and stable development of its lead-acid motive battery business while developing other new products and technologies. The Group also continued to deepen its distribution network, enhance its brand building and increase its brand influence.

In addition, technological innovation is an important support to promote high-quality development. The Group seized the opportunity of the "dual carbon" strategy, actively integrated into the new development landscape, focused on core technology and product R&D, brought in world-class talents, improved product competitiveness through technological innovation, manufacturing innovation and management model innovation, and led and driven the high-quality development of the battery industry.

On behalf of the Group, I would like to express my sincere gratitude to all shareholders, customers and business partners for their long-term trust and support. I would also like to thank the Board, the management and all employees for their outstanding contributions. As 2023 marks the 25th anniversary of the Group's establishment, we will be more determined than ever to fulfill our mission of "getting the world to use 'CHILWEE''s green energy", while continuing to navigate challenges and go above and beyond. The Group will move forward in a pragmatic manner, striving for excellence with the ultimate aim of achieving a brilliant performance to bring shareholders more lucrative returns.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in manufacturing and sales of lead-acid motive batteries, lithium-ion batteries and other related products, which are primarily used in electric bikes, electric tricycles and special-purpose electric vehicles.

During the Year, the Group's total revenue increased by approximately 8.3% to approximately RMB31,931 million (2021: approximately RMB29,489 million). The Group's gross profit increased by approximately 11.3% to approximately RMB3,702 million (2021: approximately RMB3,324 million). The Group's overall gross profit margin swelled to approximately 11.6% (2021: approximately 11.3%). Profit attributable to owners of the Company was approximately RMB417 million (2021: approximately RMB516 million), representing a year-on-year decrease of 19.2%.

INDUSTRY OVERVIEW

Electric bikes used in various scenarios driving continuous market growth

As an important means of transportation in the PRC, electric bikes have long won the favor of consumers with such advantages as being green and environmentally-friendly, good value for money and less prone to be caught in traffic jams, and have been widely used for personal travel and on-demand delivery. Market research data shows that there are 500 million daily users of takeaway and fresh food delivery services and more than 4 million on-demand delivery riders who use electric bikes to meet the demands for home delivery services in the PRC. During the Year, with the PRC government implementing the New National Standards in various provinces and cities, replacement demand for electric bikes prevailed. Furthermore, affected by the Pandemic, more people opted for electric bikes as their transport so as to meet the needs for healthy travel, which also helped drive growth of electric bike sales. According to the data of China Bicycle Association, the sales of electric bike in the PRC was approximately 50 million units in 2022, and ownership of electric bikes in the PRC reached 350 million units.

Strengthening regulation of electric tricycles conducive to industry upgrade and integration

With the Pandemic fuelling rapid development of the e-commerce and logistics industries in China, delivery demand has grown and electric tricycles, large electric tricycles and special-purpose vehicles have become the main carriers in short-haul distribution logistics. In light of that, the country has strengthened supervision of the electric tricycle market, with a good number of provinces and cities gradually introducing new regulations. During the Year, Zhejiang Province launched the "Zhepin Code" (浙品碼), a QR code for scanning to obtain relevant information including the completed vehicle, battery used and the owner of licensed electric tricycles. Beijing subsequently announced the "one vehicle, one battery and one code" (一車一池一碼) policy, specifying that non-compliant electric tricycles and electric four-wheelers will not be permitted to run on the road starting from 1 January 2024. The new policy will help drive replacement demand for electric tricycles, oust non-compliant and unqualified electric tricycle enterprises and speed up industry consolidation.

Lead-acid motive batteries market remained stable

Lead-acid motive batteries, which are widely used in the electric bike sector, are the mainstream product in the market. With consumers of electric bikes, electric tricycles and electric four-wheelers for the elderly being more price sensitive, and lead-acid motive batteries boasting such advantages as high cost effectiveness, excellent safety and stability, wide range of applications and high recyclability, their market share and sales volume will remain steady. In addition, the batteries have a two-to-three-year replacement cycle, which means that the replacement market is huge and is braced by stable demand.

Industry policies favouring leading enterprises

The New National Standards have been effective officially since 15 April 2019, imposing higher overall safety performance requirements on electric bikes and their batteries, strictly regulating the production specifications and riding of electric bikes nationwide. Non-compliant electric bikes are given a three-to-five-year transition period to be replaced after which they will be barred from the road. Stepping into 2023, the transition period will expire successively in different places across China, which will push up further electric bike replacement demand, plus the New National Standards raising the technical barriers of the industry in the country, leading enterprises will benefit notably.

The "Collective Standard Regarding Food Delivery Vehicles Part 1: Food Delivery Electric Bicycles" (《外賣專用車第1部分：外賣電動自行車》團體標準) was issued by the China Bicycle Association, which was officially implemented on 1 September 2021. This standard clarifies the relevant standards and requirements for food delivery electric bikes and their batteries, and provides significant support for the upgrade and replacement of electric bikes for food delivery.

BUSINESS REVIEW

Steady development of battery business

Lead-acid motive battery is the Group's core product. Affording excellent technological strength and superior product quality, the Group has maintained leadership in the lead-acid motive battery industry and stable business development. Revenue from sales of lead-acid motive batteries for the Year increased by 15.3% to approximately RMB27,934 million, accounting for approximately 87.5% of the Group's total revenue. Revenue from sales of electric bike batteries climbed by 21.4% to approximately RMB19,471 million, accounting for approximately 61% of the Group's total revenue, and revenue from sales of electric tricycle batteries and special-purpose electric vehicle batteries increased by 3.4% to approximately RMB8,463 million, making up approximately 26.5% of the Group's total revenue.

The Group also sells lithium-ion battery products, reflective of its approach of pursuing multi-technology side-by-side and independent R&D, plus high-end cooperation with international and domestic partners. As such, it has developed a number of new products with different features and for different applications. Revenue from sales of lithium-ion battery products for the Year increased by 47.4% to approximately RMB362 million.

Persistent development of distribution network to strengthen brand image

The Group has proven strategic deployment in place, with production facilities located in regions including Shandong, Jiangsu, Henan, Zhejiang, Anhui, Jiangxi and Hebei provinces in China, where demand for lead-acid batteries is high, allowing it to reduce storage and logistics costs, which would in turn enhance its operational efficiency.

The Group has a sales and distribution network spanning across China, covering both primary and secondary markets. For primary markets, the Group has maintained long-term cooperation with a number of top electric bicycle manufacturers and, with dedicated departments set up, provides comprehensive sales services to major customers . For secondary markets, it has an extensive distribution network that covers all provinces and regions in China, complemented by a comprehensive sales service system, which includes a national service hotline, enabling it to provide from online to offline, delivery to installation, and pre-sale to after-sale services. For overseas markets, boasting excellent technologies and performance, the Group's products have won over consumers around the world. Major 'CHILWEE' products are sold to many countries and regions worldwide alongside major vehicle brands.

On the marketing front, the Group launched the new branding strategy "China 'CHILWEE' Reaching for the Top". The new image has been promoted nationwide to seize market development trend and strengthen brand image. The upgrade speaks volumes to the determination and confidence of 'CHILWEE' in its future positioning and strategic development direction, and in creating more potential growth opportunities and value that are in the best interest of the Group overall and of its partners. For the 19th consecutive year, the Group has engaged renowned movie star Donnie Yen as brand ambassador to continue to deepen the brand's influence.

Brand industry leadership well recognised by the market

As a leading brand in the motive battery industry, the Group has relied on technological innovation to enrich the brand with new technology content and highlight its brand image as an industry leader. During the Year, with comprehensive strength and influence in the new energy field, the Group was listed in "Top 500 Chinese Enterprises" (中國企業500強), "Top 500 Chinese Private-owned Enterprises" (中國民營企業500強), "Top 500 Chinese Energy Enterprises (Group)" (中國能源企業（集團）500強), "Fortune Top 500 Chinese Companies" (《財富》中國500強), "Global Top 500 New Energy Enterprises" (全球新能源企業500強), "China's Top 500 New Economy Enterprises" (中國新經濟企業500強), and again "China Top 500 Machinery Companies" (中國機械500強). It ranked the seventh among the "Top 100 Enterprises in China's Light Industry" (中國輕工業百強企業) and the first for the tenth consecutive year among the "Top 10 Enterprises of New Energy Battery Industry in China's Light Industry" (中國輕工業新能源電池行業十強企業).

During the Year, the Group's robust strengths in R&D and innovation and skills in intellectual property management were certified by authoritative institutions. It passed the "National Model Enterprise of Intellectual Property" (國家知識產權示範企業) review and its subsidiary, Zhejiang Chaowei Chuangyuan Industrial Co. Ltd., passed the "National Intellectual Property Advantage Enterprise" (國家知識產權優勢企業) review.

In addition, during the Year, the Group was listed again in the "China Brand Valuation List" (中國品牌價值榜) of the China Council for Brand Development commending its outstanding corporate strength and brand influence.

Persisting in technological innovation leading industry development

The Group has persisted with technological innovation, focusing on core technology and product R&D, and has speeded up recruiting first-class talent from around the world. The Group has established a global R&D platform, and, with leading edge in "new technology, new materials and new products", has continued to lead the industry's rapid development. During the Year, the Group's R&D expenditure amounted to approximately RMB1,097 million, representing approximately 3.4% of the total revenue.

During the Year, the Group brought in five national experts. As at 31 December 2022, it had on staff over 19 renowned domestic and foreign experts. Moreover, the Group is a National Model Enterprise of Technological Innovation and a National Model Enterprise of Intellectual Property, and has established R&D platforms including a nationally-recognised enterprise technology centre, a nationally-accredited laboratory, a national environmental protection engineering technology centre, a provincial key enterprise research institute, an academician workstation, a national post-doctoral scientific research workstation, and a national environmental protection lead-acid battery production and recycling pollution prevention engineering technology centre. It also has a number of technology R&D centers set up overseas.

Future development strategies

As it celebrates its 25th anniversary in 2023, the Group will, with yet greater determination and enthusiasm, work to seize new opportunities in the industry brought about by the "Carbon Peaking and Carbon Neutrality" strategy to achieve better performance and turn a new chapter. Going ahead, the Group will continue to enhance its brand image underpinned by its new strategic brand positioning of "Reaching for the Top", persist in product, marketing and service innovation, so as to create value for the mass consumers.

Looking ahead to 2023, as anti-epidemic policies relax, the Chinese economy will continue to recover and, after she returns to normal, consumption will become the main engine that powers overall economic recovery. The Group will actively adjust its marketing and production strategies in response to market changes, so that it may seize opportunities during the economic upturn. It will press on with technological innovation and green development, and step up promoting digitalisation and intelligent transformation. Driven by the corporate mission of "getting the world to use 'CHILWEE''s green energy", the Group will strive to realise its vision of "becoming a global top 10 great new energy enterprise" and accomplish for 'CHILWEE' the ambitious goal of "becoming a time-honored brand and achieving sales of 100 billion". It aspires to achieve high-quality development and contribute to making life healthier and better for mankind.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB31,930,551,000 in the Year, representing an increase of approximately 8.3% from approximately RMB29,488,819,000 in 2021. The increase in revenue was primarily attributable to an increase in sales of electric bike batteries.

Gross profit

The Group's gross profit amounted to approximately RMB3,701,517,000 in the Year, representing an increase of approximately 11.3% from approximately RMB3,324,497,000 in 2021. The Group's gross profit margin in the Year was approximately 11.6% (2021: approximately 11.3%). The increase in gross profit margin was primarily due to: (1) the higher pricing of lead-acid motive batteries in the Year; and (2) a decrease in production costs caused by a reduction in the amount of lead used per battery and also by production costs saving measures in the Year.

Other income

The Group's other income amounted to approximately RMB423,472,000 in the Year, representing a decrease of approximately 10.6% from approximately RMB473,528,000 in 2021, which was mainly due to a decrease in the government grants received in the Year.

Distribution and selling expenses

The Group's distribution and selling expenses amounted to approximately RMB1,045,058,000 in the Year, representing an increase of approximately 24.5% from approximately RMB839,687,000 in 2021, which was primarily attributable to an increase in logistics and transportation expenses arising from (1) the government's strict control measures of the Pandemic in March to May during the Year; and (2) an increase in sales volume. For the Year, the distribution and selling expenses as a percentage of revenue were approximately 3.3% (2021: approximately 2.8%).

Administrative expenses

The Group's administrative expenses were approximately RMB573,252,000 in the Year, representing an increase of approximately 11.4% from approximately RMB514,724,000 in 2021, which was mainly due to the additional staff costs and other administrative expenses incurred during the outbreak of the Pandemic in March to May during the Year.

R&D expenses

The Group's R&D expenses amounted to approximately RMB1,097,402,000 in the Year, representing an increase of approximately 18.1% from approximately RMB929,292,000 in 2021, which was primarily attributable to an increase in R&D expenditure on lead-acid batteries and other new technology products during the Year.

Finance costs

The Group's finance costs increased by approximately 15.1% from approximately RMB321,846,000 in 2021 to approximately RMB370,373,000 in the Year. The increase in finance costs was primarily due to an increase in interest rates of bank borrowings during the Year.

Profit before tax

For the above reasons, the Group's profit before tax increased by approximately 4.3% to approximately RMB818,077,000 in the Year (2021: approximately RMB784,617,000).

Taxation

The Group's income tax expenses decreased by approximately 7.7% to approximately RMB230,228,000 in the Year (2021: approximately RMB249,532,000). The effective tax rate was approximately 28.1% in the Year (2021: approximately 31.8%). The lower in the effective tax rate was mainly due to a decrease in the tax losses and deductible temporary differences previously not recognised during the Year.

Profit attributable to owners of the Company

For the above reasons and an increase in profit of subsidiaries' minority shareholders, profit attributable to owners of the Company decreased to RMB417,181,000 in the Year (2021: approximately RMB516,269,000).

Liquidity and financial resources

As at 31 December 2022, the Group had net current assets of approximately RMB1,552,276,000 (31 December 2021: net current assets of approximately RMB1,501,470,000). Cash and bank balances were approximately RMB2,157,975,000 (31 December 2021: approximately RMB2,860,613,000). Net debts, including borrowings, lease liabilities and deducting cash and bank deposits (including restricted bank deposits), were approximately RMB2,586,765,000 (31 December 2021: approximately RMB2,150,287,000), which were mainly used to finance the capital expenditure, the purchases of raw materials and daily working capital of the Group. Borrowings were denominated in RMB, USD or HKD, of which approximately RMB4,044,180,000 bore interest at fixed rates and approximately RMB4,195,517,000 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 2022, the Group's current ratio (current assets/current liabilities) was 1.14 (31 December 2021: 1.12) and gearing ratio (net debts/total assets) was approximately 12.9% (31 December 2021: approximately 10.7%). The Group had sufficient cash and available banking facilities to meet its commitments and working capital requirements. The current cash position enables the Group to explore potential investment and potential business development opportunities to expand its market share in the PRC.

Exchange rate fluctuation risk

As the Group's operations are mainly conducted in the PRC 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. The Group currently does not have any foreign currency hedging policies.

Pledge of assets

At the end of the Year, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of each of the financial years is as follows:

	2022	2021
	RMB'000	*RMB'000*
Buildings	**689,132**	648,808
Right-of-use assets	**107,666**	89,844
Deposits for borrowings	**25,150**	43,904
Receivables at FVTOCI	**1,658,065**	1,413,237
Restricted bank deposits	**890,887**	1,143,032
Inventory	**82,574**	133,852

Capital commitments

	2022	2021
	RMB'000	*RMB'000*
Contracted but not provided for:		
— acquisition of property, plant and equipment	**113,352**	112,888
— acquisition of intangible asset	**7,920**	7,690
— capital contribution to associates	**6,400**	6,400
— capital contribution to a joint venture	**174**	174

Contingent liabilities

The Group had no contingent liabilities as at 31 December 2022 (31 December 2021: nil).

Human resources and employees' remuneration

As at 31 December 2022, the Group employed a total of 16,977 (31 December 2021: 13,062) staff members in the PRC and Hong Kong. During the Year, the total cost of employees amounted to approximately RMB1,904,042,000. 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 authorised 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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the Year.

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 (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Year, except for the deviation as stated below.

Code Provision C.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 maximises efficiency of its operation and is therefore beneficial to the Company and its shareholders as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a 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 inside information) of the Company on terms no less exacting than the required standard of dealings specified in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code and the Company's own code of conduct regarding Directors' securities transactions during the Year.

AUDIT COMMITTEE

The Company has established the Audit Committee. Its primary duties include, among other things, the review and supervision of the Group's financial reporting process, risk management and internal control systems. The Audit Committee comprises all four independent non-executive Directors 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, Ernst & Young, and has reviewed the accounting principles and practices adopted by the Group and the audited results of the Group for the Year. The Audit Committee considered that the consolidated results of the Group for the Year 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.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company (the "Register of Members") will be closed from Thursday, 1 June 2023 to Tuesday, 6 June 2023 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the annual general meeting to be held on Tuesday, 6 June 2023, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting, the 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, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 31 May 2023.

The Board has resolved to recommend the payment of a final dividend of HKD0.066 per share for shareholders whose names appear on the Register of Members on Wednesday, 14 June 2023. The Register of Members will be closed from Monday, 12 June 2023 to Wednesday, 14 June 2023, both days inclusive, and the proposed final dividend is expected to be paid on or around Friday, 14 July 2023. 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 on Tuesday, 6 June 2023. 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 June 2023.

PUBLICATION OF ANNUAL REPORT

The full text of the Company's 2022 annual report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (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, customers 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.

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board announces that it proposed to amend the existing articles of association of the Company (the "Articles") and to adopt the amended and restated articles of association of the Company incorporating the amendments (the "Amended and Restated Articles of Association") for the purpose of, among others, (i) bringing the Articles in line with the Core Shareholders Protection Standards as set out in Appendix 3 to the Listing Rules effective from 1 January 2022; and (ii) incorporating certain housekeeping amendments.

The proposed amendments and the adoption of the Amended and Restated Articles of Association are subject to the approval of the shareholders of the Company by way of a special resolution at the forthcoming annual general meeting of the Company. A circular containing, among other things, particulars relating to the proposed amendments to the existing Articles brought about by the adoption of the Amended and Restated Articles of Association together with a notice convening the forthcoming annual general meeting will be despatched to the shareholders of the Company in due course.

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

Changxing, Zhejiang Province, the PRC, 27 March 2023

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 Director is Ms. FANG Jianjun; the independent non-executive Directors are Mr. WANG Jiqiang, Prof. OUYANG Minggao, Mr. LEE Conway Kong Wai and Mr. NG Chi Kit.