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 2024

FINANCIAL HIGHLIGHTS

- Revenue for the Year was approximately RMB50,341 million (2023: approximately RMB40,375 million), representing an increase of approximately 24.7% from last year.
- Gross profit for the Year was approximately RMB3,489 million (2023: approximately RMB3,600 million).
- Profit attributable to the owners of the Company for the Year was approximately RMB290 million (2023: approximately RMB348 million).
- Basic earnings per share for the Year amounted to RMB0.26 (2023: RMB0.31).
- The Board proposed to declare a final dividend of HKD0.043 per share for the Year (2023: HKD0.053), which will be subject to shareholders' approval at the forthcoming annual general meeting, representing a total distribution of approximately HKD47.5 million (2023: approximately HKD58.5 million) for the Year.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors" or each a "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 2024 (the "Year") together with the comparative figures for the year ended 31 December 2023. 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 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**50,341,015**	40,374,512
Cost of sales		**(46,851,559)**	(36,774,781)
Gross profit		**3,489,456**	3,599,731
Other income		**697,844**	525,315
Other gains and other losses		**(180,697)**	(5,310)
Distribution and selling expenses		**(946,320)**	(1,047,567)
Administrative expenses		**(611,383)**	(612,430)
Research and development expenses		**(1,378,749)**	(1,213,781)
Impairment losses under expected credit loss model, net of reversal		**(121,745)**	(80,063)
Finance costs	4	**(417,760)**	(416,325)
Share of result of joint ventures		**(48)**	4,865
Share of result of associates		**469**	389
Profit before tax	5	**531,067**	754,824
Income tax expense	6	**(106,157)**	(224,310)
Profit for the year		**424,910**	530,514
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**380**	34
Fair value (loss)/gain on receivables at fair value through other comprehensive income ("FVTOCI")		**(4,565)**	1,273
Other comprehensive (loss) income for the year, net of income tax		**(4,185)**	1,307
Total comprehensive income for the year		**420,725**	531,821
Profit for the year attributable to:			
Owners of the Company		**289,507**	347,528
Non-controlling interests		**135,403**	182,986
		424,910	530,514
Total comprehensive income for the year attributable to:			
Owners of the Company		**285,322**	348,835
Non-controlling interests		**135,403**	182,986
		420,725	531,821
Earnings per share			
— Basic and diluted (RMB)	7	**0.26**	0.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,607,263**	4,751,420
Right-of-use assets		**636,969**	667,339
Investment properties		**1,581**	564
Goodwill		**49,447**	49,447
Intangible assets		**66,382**	141,913
Interests in joint ventures		**58,942**	58,990
Interests in associates		**48,438**	39,969
Equity instruments at FVTOCI		**159,170**	42,300
Loan receivables		**50,000**	51,920
Deferred tax assets		**544,124**	553,150
Deposits paid for acquisition of property, plant and equipment		**289,998**	280,966
Total non-current assets		**6,512,314**	6,637,978
CURRENT ASSETS			
Inventories		**4,347,571**	4,473,315
Loan receivables		**11,608**	5,108
Trade receivables	*9*	**2,577,941**	1,561,404
Receivables at FVTOCI	*10*	**2,418,960**	3,411,077
Prepayments, other receivables and other assets		**1,038,984**	878,679
Financial assets at fair value through profit or loss ("FVTPL")		**31,470**	96,994
Derivative financial instruments		**5,128**	–
Amounts due from related parties		**11,433**	150,902
Restricted bank deposits		**3,277,050**	1,036,265
Bank balances and cash		**3,612,035**	3,540,761
Total current assets		**17,332,180**	15,154,505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES			
Derivative financial instruments		**7,744**	266
Trade payables	*11*	**1,616,192**	1,582,586
Bills payable	*12*	**1,588,565**	2,255,100
Other payables and accruals		**1,394,826**	1,524,416
Contract liabilities		**1,222,689**	1,600,107
Warranty provision		**538,858**	530,957
Tax liabilities		**64,314**	100,195
Lease liabilities		**5,590**	4,886
Amounts due to related parties		**32,722**	46,669
Borrowings		**7,197,844**	5,208,025
Total current liabilities		**13,669,344**	12,853,207
NET CURRENT ASSETS		**3,662,836**	2,301,298
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,175,150**	8,939,276
CAPITAL AND RESERVES			
Share capital		**74,704**	74,704
Reserves		**6,296,162**	6,064,299
Equity attributable to owners of the Company		**6,370,866**	6,139,003
Non-controlling interests		**1,279,198**	1,057,804
TOTAL EQUITY		**7,650,064**	7,196,807
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**7,500**	9,000
Lease liabilities		**2,346**	5,865
Borrowings		**2,242,776**	1,504,951
Deferred income		**272,464**	222,653
		2,525,086	1,742,469
		10,175,150	8,939,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2020 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the classification and Measurement Financial instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IFRS Accounting Standards —Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after January 1, 2025
2 Effective for annual periods beginning on or after January 1, 2026
3 Effective for annual/reporting periods beginning on or after January 1, 2027
4 No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Except for that has been disclosed above, the directors of the Company (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

	2024	2023
	RMB'000	*RMB'000*
Types of goods		
Lead-acid motive batteries		
Electric bike battery	**18,479,431**	16,459,759
Electric vehicle battery and special-purpose electric vehicle battery	**9,193,895**	8,990,878
Li-ion batteries	**263,824**	217,249
Renewable materials	**22,403,865**	14,706,626
Total	**50,341,015**	40,374,512

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**50,341,015**	40,374,512

(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 generally provides a warranty of 15 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

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**427,697**	423,399
Lease liabilities	**572**	688
Total borrowing costs	**428,269**	424,087
Less: amounts capitalised in construction in progress	**(10,509)**	(7,762)
	417,760	416,325

Borrowing costs capitalised during the year ended 31 December 2024 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.88% per annum (2023: 4.34% per annum) to expenditure on qualifying assets.

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Salaries and other benefits costs	**1,575,950**	1,757,326
Retirement benefits scheme contributions *(note i)*	**82,189**	91,584
Labour cost *(note ii)*	**122,794**	111,289
Total staff costs (including directors' emoluments)	**1,780,933**	1,960,199
Amortisation of intangible assets *(note iii)*	**52,256**	56,741
Depreciation of property, plant and equipment	**601,419**	598,849
Total depreciation and amortisation	**653,675**	655,590
Depreciation of investment properties	**543**	543
Depreciation of right-of-use assets	**19,420**	28,144
Inventories write down	**1,800**	9,314
Cost of inventories recognised as an expense	**46,849,759**	36,765,467
Auditors' remuneration	**3,600**	3,600
Research and development costs recognised as an expense	**1,378,749**	1,213,781

Notes:

(i) At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years (2023: 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

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
— PRC enterprise income tax	**96,899**	148,719
— Under (over) provision in prior years	**987**	(17)
Deferred tax credit	**8,271**	75,608
	106,157	224,310

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 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 2024 (2023: 25%).The Company and its subsidiaries incorporated in the British Virgin Islands, Hong Kong and other countries had no assessable profits during the year ended 31 December 2024 (2023: 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 2024, withholding tax on intra-group dividend amounting to approximately RMB7,142,000 (2023: RMB9,625,000) 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:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**531,067**	754,824
Tax at the PRC's statutory income tax rate of 25%	**132,767**	188,706
Tax effect of income tax deduction granted to subsidiaries in research and development expenditure	**(131,824)**	(140,574)
Tax effect of expenses not deductible for tax purpose	**39,825**	37,794
Effect of preferential tax rates on income of certain subsidiaries	**(59,268)**	(24,317)
Tax effect of tax losses and deductible temporary differences not recognised	**129,290**	168,285
Utilisation of tax losses and deductible temporary differences previously not recognised	**(9,539)**	(5,479)
Tax effect of income not taxable	**(3,118)**	(8,400)
Tax effect of share of result of associates	**(117)**	(97)
Tax effect of share of result of joint ventures	**12**	(1,216)
Withholding tax on undistributed profits of PRC subsidiaries	**7,142**	9,625
Under (over) in prior years	**987**	(17)
Income tax expense for the year	**106,157**	224,310

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:

	2024	2023
	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)	**289,507**	347,528

	2024	2023
	'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 termination of the 2020 share option scheme has been approved by the shareholders in the general meeting on 6 June 2023.

There was no outstanding share option of the Company that have dilutive effect to the Company's earnings per share as at 31 December 2024 (2023: nil).

8. DIVIDENDS

	2024	2023
	HKD'000	*HKD'000*
Dividends declared for distribution during the year:		
2023 final dividend — HKD0.053 per share	**58,519**	–
2022 final dividend — HKD0.066 per share	**–**	72,872

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HKD0.043 per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

The dividend of HKD58,519,000 in respect of the year ended 31 December 2023 was fully settled in cash in July 2024.

9. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables — contracts with customers	**3,308,520**	2,199,567
Less: allowance for credit losses	**(730,579)**	(638,163)
	2,577,941	1,561,404

As at 1 January 2023, carrying amount of trade receivables from contracts with customers amounted to RMB2,234,847,000 and credit loss allowance amounted to RMB663,781,000.

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:

	2024	2023
	RMB'000	*RMB'000*
0–45 days	**1,304,205**	864,298
46–90 days	**345,114**	204,244
91–180 days	**568,424**	219,493
181–365 days	**243,805**	109,709
Over 1 year	**116,393**	163,660
	2,577,941	1,561,404

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.

Transferred financial assets that are derecognised in their entirety

The Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the Directors consider the risk of the Group being claimed by the holders of these bills is remote in the absence of a default of the accepted banks and the substantial risks in relation to these bills is interest risk as the credit risk arising from these bills is minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks (i.e. interest risks) of these bills to relevant banks/suppliers, therefore Group has derecognised these bills receivables.

As at 31 December 2024, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to collecting banks or the suppliers in respect of the bank issued bills discounted and bank issued bills endorsed, should the issuing banks fail to settle the bills on maturity date, of which amounted to RMB3,084,256,000 and RMB369,231,000 (2023: RMB2,948,040,000 and RMB1,563,453,000), respectively. All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than one year from the end of the reporting period.

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 (2023: 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:

	2024	2023
	RMB'000	*RMB'000*
0–30 days	**958,901**	873,249
31–90 days	**348,006**	509,025
91–180 days	**165,659**	26,555
181–365 days	**27,178**	37,062
1–2 years	**32,605**	42,355
Over 2 years	**83,843**	94,340
	1,616,192	1,582,586

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:

	2024	2023
	RMB'000	*RMB'000*
0–90 days	**103,965**	889,682
91–180 days	**617,000**	946,418
181–360 days	**867,600**	419,000
	1,588,565	2,255,100

13. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

As at date of this announcement, the Group has no significant events after the reporting period.

CHAIRMAN'S STATEMENT

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

During the Year, the Group continued to empower high quality development with technological innovation, kept consolidating its core enterprise competitiveness, upholding its market- and customer-oriented principles, with a focus on refining management. As such, its business made steady progress, including:

- Revenue reaching approximately RMB50,341 million.

- Profit attributable to owners of the Company amounted to approximately RMB290 million.

- With comprehensive strength and market presence recognised for long by industry and authoritative institutions, the Group continued to rank among the "Top 500 Chinese Enterprises" (中國企業500強), "Top 500 Chinese Enterprises in Manufacturing Industry" (中國製造業企業500強), "Top 500 Chinese Private-owned Enterprises" (中國民營企業500強) and "Top 500 Private-owned Enterprises in China's Manufacturing Industry" (中國製造業民營企業500強), and also prided a place on such heavyweight lists as the "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 "Top 500 Chinese Enterprise by Patent Strength" (中國企業專利實力500強).

During the Year, with the gradual implementation of the "Safety Technical Specifications for Electric Bicycles" (《電動自行車安全技術規範》) (the "New National Standards") in provinces and cities across the People's Republic of China (the "PRC" or "China"), as well as introduction of the "Implementation Plan for the Promotion of Electric Bicycles Trade-in" (推動電動自行車以舊換新實施方案), transformation and upgrade of both electric bike products and consumption hastened, and as the demand for electric bikes continued to increase, so did the demand for high-quality electric bike batteries. This development had seen further consolidation of the industry in favour of leading producers of lead-acid motive batteries for electric bikes. In addition, while the thriving e-commerce and logistics industries continued to drive the widespread use of electric bikes, the "cycling craze" also fuelled electric bike consumption, both conducive to steady development of the Group's business.

During the Year, building on its outstanding technological strengths and product quality, plus supported by well-established market channels and a strong brand, the Group was able to maintain leadership in the lead-acid motive battery industry. By focusing on "new technologies, new materials and new products" and implementing a technological innovation model that integrates multiple systems, frameworks and approaches, the Group was able to champion cutting-edge technologies, speed up commercialising and transforming technological achievements across various motive and storage batteries made of diverse raw materials. This year saw the milestone release of its latest "CHILWEE Yen-Black Gold Series Super Performance Batteries", exemplifying its fervent drive for high-quality enterprise development through technological advancements. Focusing on market demand, the Group also devoted significant efforts to product, marketing and service innovation, and worked on expanding its distribution network, strengthening brand building, and giving new meanings and adding values to its brand, thereby enhanced brand influence and its competitive strength.

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 contribution. In 2025, the Group will continue to pursue the ambitious mission of "advocating green energy and perfecting human life" (倡導綠色能源，完美人類生活). Capitalising on opportunities presented by China's "dual-carbon" strategy in the sector, we will actively work toward our "zero-carbon CHILWEE" and "Smart CHILWEE" initiatives, pushing for strong progress toward green development. Furthermore, we will strengthen efforts in rolling out our "go global" strategy, exploring overseas markets, and expanding into overseas industries through various means. We will keep working towards building a global new energy platform, aiming to reach new heights and open a new chapter in development, ultimately delivering greater returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in manufacturing and sale 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 24.7% to approximately RMB50,341 million (2023: approximately RMB40,375 million). Its gross profit decreased by approximately 3.1% to approximately RMB3,489 million (2023: approximately RMB3,600 million) and overall gross profit margin dropped to approximately 6.9% (2023: approximately 8.9%). Profit attributable to owners of the Company was approximately RMB290 million (2023: approximately RMB348 million), representing a 16.7% decrease year-on-year. Basic earnings per share were RMB0.26 (2023: RMB0.31).

INDUSTRY REVIEW

Electric bike market continued to grow as cycling craze fuelled consumption boom

Electric bikes are an important mode of short-distant transportation in the PRC, boasting such advantages as being highly efficient, convenient, environmentally friendly and affordable. Electric bike market has been gaining momentum benefiting from environmental awareness and technological advances such as "low-carbon travel" and "smart technology", plus the practical need of navigating traffic congestion in urban areas and with charging infrastructure improving. At the same time, the "cycling craze" has swept across the country, gaining popularity among people as a fashionable and trendy sport and leisure activity. As the number of cycling enthusiasts continues to grow, the electric bike industry is seeing a "consumption boom" for its products. Continuous growth of urban retail and online shopping has also generated a strong demand for on-demand delivery services and electric bikes are widely used by courier companies and delivery service providers for the aforementioned merits. Currently, electric bikes are being used in an expanding range of scenarios, including personal travel and on-demand delivery.

The PRC is the world's largest producer, consumer and exporter of electric bikes. The China Cycling Association expected the ownership of electric bikes in the PRC to reach 400 million units by the end of 2024. And, iResearch data had annual sales volume of two-wheeled electric vehicles in the PRC likely to exceed 70 million units in 2024.

Stricter regulations implemented to eliminate safety hazards with trade-in policy encouraging industry consolidation

During the Year, the PRC government stepped up standardised management of electric bikes, in favour of the upgrade, iteration and high-quality development of the industry. "The Safety Technical Specifications for Electric Bicycles" (《電動自行車安全技術規範》) (the "New National Standards") has been gradually implemented in provinces and cities across the PRC, and "The Electrical Safety Requirements for Electric Bicycles" (《電動自行車電氣安全要求》) took effect at the beginning of the Year, while "The Safety Technical Specifications for Lithium-Ion Batteries for Electric Bicycles" (《電動自行車用鋰離子蓄電池安全技術規範》), the "Electrical Safety Requirements for Electric Bicycles (No. 1 Modification List)" (《電動自行車電氣安全要求》第1號修改單), and the "Safety Technical Requirements of Charger for Electric Bicycles (No. 1 Modification List)" (《電動自行車用充電器安全技術要求》第1號修改單) were executed in November of the same year. In addition, the executive meeting of the State Council initiated efforts to address the safety hazards associated with electric bikes across the entire industry chain. Regulations such as the "Standard Conditions of Electric Bicycle Industry" (《電動自行車行業規範條件》) and the "Standard Conditions for the Lithium-Ion Battery Industry (2024 Edition)" (《鋰離子電池行業規範條件(2024年本)》) have been released gradually. Such moves with those standards will provide comprehensive regulation over electric bike designs and manufacturing, their safety performance and battery quality, as such will drive demand for high-quality electric bike batteries. Moreover, the Ministry of Commerce, together with the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the State Administration for Market Regulation and the National Fire and Rescue Administration of the PRC, have jointly issued the "Implementation Plan for the Promotion of Electric Bicycles Trade-in" (《推動電動自行車以舊換新實施方案》), the first trade-in policy of electric bikes in the PRC. This not only stands as proof of full recognition of the industry, but also serves to urge and drive the electric bike product and consumption markets to quickly transform and upgrade. As at the end of the Year, the number of trade-in electric bikes had exceeded 1.3 million units. The policy has had a significant impact on directing consumers to purchase qualified and safe electric bikes, hence has helped speed up consolidation of the industry.

Market share of lead-acid motive batteries remained stable

In recent years, with green transportation developing rapidly in the PRC, market demand for electric bikes has remained relatively stable. Market demand for lead-acid motive batteries, as a type of motive battery, which are widely used in electric bikes has continued to grow correspondingly. With such advantages as being highly cost effective, safe and stable, having a wide scope of application and recyclable and reusable, plus those who would spend on electric bikes, electric tricycles and electric four-wheelers for elderly being relatively more price-sensitive, the market share and sales volume of lead acid motive batteries will remain steady. In addition, as lead-acid batteries have a two-year replacement cycle, the huge replacement market is braced by stable demand.

BUSINESS REVIEW

Release of milestone patented technology-empowered battery product has led to steady growth of lead-acid motive battery business

Lead-acid motive batteries are the Group's primary products. With mature technology, reliable performance, and excellent compatibility, these batteries are well suited to meet the diverse needs of seniors using electric bikes, a clear competitive edge in the electric bike market. Currently, lead-acid motive batteries hold a substantial share of the battery market in the PRC. Blessed with strong technological capacity and superior product quality, well-established market channels and long-standing brand effect, the Group has been able to maintain leadership in the lead-acid motive batteries industry. Revenue from sales of lead-acid motive batteries for the Year was approximately RMB27,673 million, accounting for approximately 55.0% of the Group's total revenue, of which electric bike batteries brought in sales revenue of approximately RMB18,479 million, accounting for approximately 36.7% of the Group's total revenue, and the revenue from sales of electric vehicle batteries and special-purpose electric vehicle batteries was approximately RMB9,194 million, making up approximately 18.3% of the Group's total revenue.

In addition, the Group has been advancing product upgrades with a focus on graphene batteries, the first to do so in the industry. At its dedicated and tremendous efforts, as at 31 December 2024, it obtained a total of over 39 relevant patents, establishing itself as the master of the core technology behind graphene batteries in the industry. This is a breakthrough in technological innovation of the Group and also testament to the advantages of its products.

Lithium-ion battery business continued to grow steadily

In recent years, with the new energy vehicle and electric bike industries in the PRC developing rapidly, lithium-ion motive batteries are subject to new and more stringent requirements, in terms of safety, length of service life, energy efficiency and environmental sustainability. By developing and utilising new materials, technologies and processes, the Group's lithium-ion batteries project has received professional certifications such as the "Certificate of Industrialisation Demonstration Project under the National Torch Program" (國家火炬計劃產業化示範項目證書). In addition, adhering to its multi-technology strategy and building on its in-house research and development ("R&D") efforts and collaborations with international and domestic institutions and universities, the Group has continued to improve product quality while focusing on developing new products with distinct features for various areas of application. Revenue from sales of lithium-ion battery products for the Year amounted to approximately RMB264 million.

Standardisation of reusable materials with an extensive nationwide recycling network

The Group fully embraces extended producer responsibility. Backed by its agents across the country and its primary sales website, it has taken the lead in launching a pilot recycling control system that covers major cities, adopting the "trade-in and reverse logistics" approach. With a standardised physical recycling and storage system established, the Group has been able to extend its standardised recycling network across the entire country, achieving green development throughout the life cycle of its products. At the same time, it has actively explored a green supply chain model for lead-acid batteries with Storage Battery Industry Alliances for Environmental Protection set up in Beijing, Tianjin, and Hebei, realising integration and synergistic development of battery production, recycling, disposal and utilisation of waste batteries across the three regions.

Regarding management and control, the Group has developed a proprietary IoT management system that covers the entire life cycle of batteries, accessible by manufacturers, recyclers, dealers, logistics providers, waste utilisation companies, and financial institutions. The system integrates information on production, sale and recycling of batteries availing access to data on transportation vehicles, collection points, centralised transfer points, and cross-regional transfers. That allows real-time tracking of the battery transfer process, enabling visual management throughout the transportation of waste lead-acid batteries, realising tracing from "source to destination", thereby ensures "supervision accountability". The approach effectively prevents waste lead-acid batteries from falling into the hands of unqualified units for treatment and disposal, thus can reduce environmental risks and provide reliable data to government departments for policy development. The Group has set up subsidiary recycling companies for lead-acid batteries in various provinces and cities, including Tianjin, Hebei, Shanghai, Shandong, Fujian and Guangxi, and has obtained "Hazardous Waste Business Licenses" (《危險廢物經營許可證》) in various provinces and cities such as Guangxi, Zhejiang and Shanghai. In accordance with environmental protection requirements, more than 500 temporary storage points and 20 transfer stations have been established in pilot provinces and cities.

Comprehensive coverage of sales network bolstered brand influence

The Group has a sales and distribution network that spans across the entire PRC, serving both primary and secondary markets. In primary markets, the Group has established long term cooperative partnership with several leading electric bike manufacturers and has dedicated departments to provide all-round sales services to major customers. In secondary markets, it boasts an extensive distribution network that covers all provinces and regions in the country, supported by a national service hotline. The Group's comprehensive sales service system reaches customers both online and offline, covering everything from delivery and installation to pre-sale and after-sale services.

The industrial presence of the Group continued to strengthen, thanks to its trading network giving reach across multiple countries. It has expanded overseas into markets in such as Southeast Asia and Africa, and been also exploring potential collaborations with international enterprises to deliver high quality products and services to customers.

On the marketing front, the Group has focused on market demand and devoted significant efforts to innovation in product, marketing and services. During the Year, the Group launched a number of marketing campaigns, most notably the Global Launch Press Conference for CHILWEE Yen-Black Gold Series Super Performance Batteries (超威甄黑金超跑電池), featuring Mr. Donnie Yen Chi-tan in the premiere of his Brand New Advertisement. During the press conference held in Changxing, Zhejiang Province, the Group released its latest milestone product the "CHILWEE Yen-Black Gold Series Super Performance Batteries" and a new advertisement for the CHILWEE brand. In addition, it hosted the CHILWEE New Energy Marketing Summit 2024, bringing together new energy agents from across the country to explore industry development trend. The purpose of the event was to identify market development direction, strengthen brand image, and create more potential growth opportunities and value that align with the interests of the Group as well as its partners. While the Group continues to expand and strengthen business presence, it also insists on incorporating charity and public welfare concepts into its corporate culture, fulfilling social responsibilities comprehensively and on different levels. During the Year, its Work Committee on Caring for the Next Generations earned public recognition — the title of "Outstanding Entity for Caring for the Next Generation" (關心下一代工作成績突出集體) — in Zhejiang Province. As for brand promotion, the Group has engaged renowned movie star Mr. Donnie Yen Chi-tan for the 21st consecutive year as its brand ambassador, furthering its brand influence.

The Group will continue the strategy of locating production facilities near its markets. Adhering to the operation goal of "enhancing quality, reducing costs, and improving efficiency", its production facilities are strategically positioned in regions with higher demand for lead-acid motive batteries, including Shandong, Jiangsu, Henan, Zhejiang, Anhui, Jiangxi and Hebei provinces in the PRC, allowing it to improve operational efficiency while reducing storage and logistics costs.

A leading, multi-award winning-brand in the industry

As a leading brand in the motive battery industry, capitalising on its strong technological leadership, customer-centric service approach, product and service foundation, plus core brand value, the Group has continued to give its brand new meanings and added value. Its high-quality development has earned industry recognition and reinforced its leadership in the field. During the Year, the Group continued to rank among the "Top 500 Chinese Enterprises" (中國企業500強), "Top 500 Chinese Enterprises in Manufacturing Industry" (中國製造業企業500強), "Top 500 Chinese Private-owned Enterprises" (中國民營企業500強), "Top 500 Private-owned Enterprises in China's Manufacturing Industry" (中國製造業民營企業500強) and "Fortune Top 500 Chinese Companies" (《財富》中國500強), and also claimed a place on such heavyweight lists as the "Top 500 Chinese Energy Enterprises (Group)" (中國能源企業(集團)500強), "Global Top 500 New Energy Enterprises" (全球新能源企業500強), and "Top 500 Chinese Enterprise by Patent Strength" (中國企業專利實力500強).

Lead industry development with a commitment to being innovation-driven

Technological innovation is essential for an enterprise to gain competitive advantage. Believing that technological innovation is the primary driver of development, the Group has continued to expand its talent pool, enhance R&D capabilities and, through high-end products carrying the "CHILWEE" brand, demonstrate its exceptional strengths and lead industry development. During the Year, the Group invested approximately RMB1,379 million in R&D, representing approximately 2.7% of its total revenue.

As at 31 December 2024, the Group had on staff more than 30 renowned experts, local and international, reflective of its strong competitiveness on the talent front. The Group is also recognised as a National Model Enterprise of Technological Innovation and a National Model Enterprise of Intellectual Property. It has established multiple 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, and several technology R&D centres overseas.

Green efficiency has always been a strong emphasis of the Group. During the Year, its "Promoting Green and Low-Carbon Transformation by Green Management Across Life Cycle" (全生命週期綠色化管理推進綠色低碳轉型) project was selected as a model green and low-carbon project in Zhejiang province and passed provincial appraisal, cementing its market position in terms of environmental performance. As a leading enterprise in the battery industry, the Group has also actively participated in the development of various industry standards. During the Year, it co-hosted the 2024 China International Summit for the Development of New Energy Storage (二零二四年中國國際新型儲能發展峰會) with the China Battery Industry Association, helping promote industry development with "CHILWEE" power.

Future development strategies

Looking ahead at 2025, the Group will continue to advance on the path of high-quality development seeking drive from technological innovation. By implementing a technological innovation model that integrates multiple systems, frameworks, and approaches, and focusing on "new technologies, new materials and new products", the Group aims to lead in cutting-edge technologies, speed up commercialising and transforming technological achievements across various motive and storage batteries made of diverse raw materials. This will enable the Group to reach new heights and open a new chapter in development. In addition, it will continue to pursue the ambitious mission of "advocating green energy and perfecting human life" (倡導綠色能源，完美人類生活). Capitalising on opportunities presented by China's "dual-carbon" strategy in the sector, it will strive for strong progress toward green development. The Group will press on with its "zero-carbon CHILWEE" and "Smart CHILWEE" initiatives, aiming to build a global new energy platform and, with a global perspective and observing international standards, break new grounds in its pursuit of high-quality development. Furthermore, it will explore overseas markets and expand into overseas industries through various means, helping promote green travel and green energy solutions worldwide.

Building on its strong technological leadership, customer-centric service approach, product and service foundation, plus core brand value, the Group will continue to give new meanings and add value to its brand and create value for a wide range of consumers.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB50,341,015,000 in the Year, representing an increase of approximately 24.7% from approximately RMB40,374,512,000 in 2023. The increase in revenue was primarily attributable to an increase in sales of renewable materials.

Gross profit

The Group's gross profit amounted to approximately RMB3,489,456,000 in the Year, representing a decrease of approximately 3.1% from approximately RMB3,599,731,000 in 2023. The Group's gross profit margin in the Year was approximately 6.9% (2023: approximately 8.9%). The decrease in gross profit margin was primarily due to an increase in the revenue from renewable materials which has a relatively lower gross profit margin and an increase in price of lead, one of the major raw materials.

Other income

The Group's other income amounted to approximately RMB697,844,000 in the Year, representing an increase of approximately 32.8% from approximately RMB525,315,000 in 2023, which was mainly due to an increase in interest income on bank deposit and the government grants received in the Year.

Distribution and selling expenses

The Group's distribution and selling expenses amounted to approximately RMB946,320,000 in the Year, representing a decrease of approximately 9.7% from approximately RMB1,047,567,000 in 2023, which was primarily attributable to a decrease in after-sales service expenses and transportation expenses during the Year. For the Year, the distribution and selling expenses as a percentage of revenue were approximately 1.9% (2023: approximately 2.6%).

Administrative expenses

The Group's administrative expenses were approximately RMB611,383,000 in the Year, representing a slight decrease of approximately 0.2% from approximately RMB612,430,000 in 2023, which was mainly due to a decrease in depreciation expenses during the Year.

R&D expenses

The Group's R&D expenses amounted to approximately RMB1,378,749,000 in the Year, representing an increase of approximately 13.6% from approximately RMB1,213,781,000 in 2023, 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 slightly increased by 0.3% from approximately RMB416,325,000 in 2023 to approximately RMB417,760,000 in the Year, which was primarily due to an increase in interest expenses of bank borrowings during the Year.

Profit before tax

For the above reasons, the Group's profit before tax decreased by approximately 29.6% to approximately RMB531,067,000 in the Year (2023: approximately RMB754,824,000).

Taxation

The Group's income tax expenses decreased by approximately 52.7% to approximately RMB106,157,000 in the Year (2023: approximately RMB224,310,000). The effective tax rate was approximately 20.0% in the Year (2023: approximately 29.7%). The lower effective tax rate was mainly due to a decrease in the tax losses and deductible temporary differences not recognised during the Year.

Profit attributable to owners of the Company

Due to the reasons above, the profit attributable to owners of the Company decreased to RMB289,507,000 in the Year (2023: approximately RMB347,528,000).

Liquidity and financial resources

As at 31 December 2024, the Group had net current assets of approximately RMB3,662,836,000 (31 December 2023: net current assets of approximately RMB2,301,298,000). Cash and bank balances were approximately RMB3,612,035,000 (31 December 2023: approximately RMB3,540,761,000). Net debts, including borrowings, lease liabilities and deducting cash and bank deposits (including restricted bank deposits), were approximately RMB2,559,471,000 (31 December 2023: approximately RMB2,146,701,000), 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 RMB7,129,176,000 bore interest at fixed rates and approximately RMB7,197,844,000 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 2024, the Group's current ratio (current assets/current liabilities) was 1.27 (31 December 2023: 1.18) and gearing ratio (net debts/total assets) was approximately 10.7% (31 December 2023: approximately 9.9%). 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:

	2024	2023
	RMB'000	*RMB'000*
Buildings	**367,491**	458,022
Right-of-use assets	**147,478**	78,915
Deposits for borrowings	**–**	12,256
Receivables at FVTOCI	**2,033,792**	2,128,772
Restricted bank deposits	**3,277,050**	1,036,265
Inventory	**–**	325,139

Capital commitments

	2024	2023
	RMB'000	*RMB'000*
Contracted but not provided for:		
— acquisition of property, plant and equipment	**20,951**	206,751
— 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 2024 (31 December 2023: Nil).

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

As at 31 December 2024, the Group employed a total of 14,484 (31 December 2023: 16,977) staff members in the PRC and Hong Kong. During the Year, the total cost of employees amounted to approximately RMB1,780,933,000. 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 AND MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no significant investments held as at 31 December 2024, 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 (including sale of treasury shares) during the Year.

As at 31 December 2024, the number of treasury shares held by the Company is nil.

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 C1 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 C3 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 three independent non-executive Directors of the Company, namely Mr. Lee Conway Kong Wai ("Mr. Lee"), Mr. Ng Chi Kit and Mr. Sun Wenping. 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 D2 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 Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the annual general meeting to be held on Thursday, 5 June 2025, during which period no transfer of shares of the Company will be registered. The record date for the purpose of determining the entitlements of shareholders to attend and vote at the annual general meeting will be on Thursday, 5 June 2025. 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 Friday, 30 May 2025.

The Board has resolved to recommend the payment of a final dividend of HKD0.043 per share for shareholders whose names appear on the Register of Members on Monday, 16 June 2025. The Register of Members will be closed from Thursday, 12 June 2025 to Monday, 16 June 2025, both days inclusive, and the proposed final dividend is expected to be paid on or around Wednesday, 16 July 2025. 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 Thursday, 5 June 2025. 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 Wednesday, 11 June 2025.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the shareholders (if requested) and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chaowei.com.hk) 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.

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

Changxing, Zhejiang Province, the PRC, 26 March 2025

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. LEE Conway Kong Wai, Mr. NG Chi Kit and Mr. SUN Wenping.