天能

TIANNENG POWER INTERNATIONAL LIMITED
天能動力國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00819)

Results Announcement
For the Year Ended 31 December 2012

FINANCIAL HIGHLIGHTS

- Revenue increased by 81.8% to RMB9,887.64million.
- Gross profit increased by 29.27% to RMB1,855.14million.
- Profit attributable to shareholders increased by 15.28% to RMB710.14 million.
- A final dividend of HK23.8 cents per share is proposed.
- Basic earnings per share increased by 14.49% to approximately RMB0.648

2012 ANNUAL RESULTS

The board of directors (the "Board") of Tianneng Power International Limited (the "Company" or "Tianneng Power") is pleased to announce the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
Turnover	*4*	**9,887,641**	5,438,321
Cost of sales		**(8,032,504)**	(4,003,204)
Gross profit		**1,855,137**	1,435,117
Other income		**129,854**	91,005
Other gains and losses		**(8,118)**	11,044
Selling and distribution costs		**(250,264)**	(164,868)
Administrative expenses		**(302,450)**	(197,940)
Research and development costs		**(293,586)**	(197,990)
Other operating expenses		**(95,234)**	(67,525)
Share of loss of an associate		**(439)**	(341)
Finance costs	*5*	**(122,385)**	(78,817)
Profit before taxation	*6*	**912,515**	829,685
Taxation	*7*	**(203,116)**	(213,698)
Profit and total comprehensive income for the year		**709,399**	615,987
Profit and Total comprehensive income for the year attributable to:			
Owners of the Company		**710,137**	615,987
Non-controlling interests		**(738)**	–
		709,399	615,987
Earnings per share	*9*		
– Basic		**RMB0.648**	RMB0.566
– Diluted		**RMB0.640**	RMB0.559

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**2,383,091**	1,583,479
Goodwill		**8,715**	–
Prepaid lease payments		**157,532**	102,241
Interest in an associate		**1,020**	1,459
Deferred tax assets		**126,944**	51,054
Deposit for acquisition of property, plant and equipment		**107,117**	27,358
		2,784,419	1,765,591
Current assets			
Inventories		**1,953,846**	1,124,737
Held-for-trading investments		**46,993**	34,611
Bills, trade and other receivables	*10*	**1,557,642**	822,166
Prepaid lease payments		**3,837**	2,261
Time deposit		**160,000**	110,000
Pledged bank deposits		**120,305**	166,100
Bank balances and cash		**813,669**	752,885
Other financial assets		**4,500**	4,500
		4,660,792	3,017,260
Current liabilities			
Bills, trade and other payables	*11*	**1,280,522**	709,980
Amount due to a related company		**15,810**	65
Taxation payable		**102,254**	83,886
Bank borrowings – current portion		**2,357,796**	1,470,391
Short-term loan notes		**400,000**	–
		4,156,382	2,264,322
Net current assets		**504,410**	752,938
Total assets less current liabilities		**3,288,829**	2,518,529

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
Non-current liabilities			
Bank borrowings – non-current portion		**70,000**	–
Deferred tax liabilities		**17,893**	18,055
Long-term loan notes		**78,593**	–
		3,122,343	2,500,474
Capital and reserves			
Share capital		**107,696**	106,917
Reserves		**2,945,199**	2,393,557
Attributable to the owners of the Company		**3,052,895**	2,500,474
Non-controlling interest		**69,448**	–
Total equity		**3,122,343**	2,500,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 16 November 2004.

The Company is an investment holding company and its shares have been listed on The Stock Exchange of Hong Kong Limited with effect from 11 June 2007.

The consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset;
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The Group has applied for the first time the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has discounted bills receivables to banks with full recourse and transferred bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers with full recourse. The Group has derecognised these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to those bills receivables, and that the Group has discharged its obligations to suppliers upon settlement by endorsing bills. Therefore the directors consider that the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing bank failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009 – 2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The adoption of other amendments to HKFRSs in the current year has had no material effect on the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments to HKAS 1[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future is unlikely to have a significant impact

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

A detailed review will be performed by the directors to determine and quantify the impact on the application of HKFRS 10.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

Change in presentation of consolidated statement of comprehensive income

In the current year, the directors of the Company decided to change the classification of certain line items in the consolidated statement of comprehensive income by presenting warranty provision expenses as part of the Group's cost of sales to better reflect the financial information of the Group's activities. Prior year figures have been re-presented to reflect the new presentation. The reclassification has had no net effect on the results of the Group for the year ended 31 December 2011.

The effect of changes in presentation for the prior year by line items presented in the consolidated statement of comprehensive income is as follows:

	Original stated	**Adjustments**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	(3,906,161)	(97,043)	(4,003,204)
Selling and distribution costs	(261,911)	97,043	(164,868)
Change in profit for the year		–	

No consolidated statement of financial position as at 1 January 2011 has been presented as the change in accounting policy and re-classifications disclosed above have no effects on the financial position of the Group presented in the consolidated statement of financial position in respect of the end of the previous financial year.

3. OPERATING SEGMENTS

For the purposes of resources allocation and performance assessment, the chief operating decision makers, Executive Directors, regularly review turnover for major products (see note 4). However, the financial information provided to Executive Directors, does not contain profit or loss information of each product line and the Executive Directors review the operating result of the Group on a consolidated basis. Therefore, the operation of the Group constitutes one single reportable segment, being the manufacture and sales of lead-acid batteries and battery related accessories.

Segment revenues and results

The financial information presented to the Executive Director is consistent with the consolidated statement of comprehensive income.

The Executive director considers the Group's profit for the year as the measurement of segment's results.

Entity-wide disclosures

All non-current assets and sales are located and generated in the PRC. No individual customer accounted for over 10% of the Group's total revenue for both years.

4. TURNOVER

	2012	2011
	RMB'000	*RMB'000*
An analysis of turnover is as follows:		
Lead-acid battery products		
Electrical Bicycle Battery	**9,231,881**	4,973,929
Storage Battery	**59,359**	42,258
Pure Electric Car Battery *(Note)*	**393,479**	276,432
Battery for other usage	**–**	2,075
Nickel hydride and lithium battery products	**98,421**	95,352
Electrode plates	**69,737**	–
Others	**34,764**	48,275
	9,887,641	5,438,321

Note: It includes battery products mainly for pure electric sedans, electric forklifts, electric patrol cars and special-purpose electric cars.

5. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interests on:		
– Bank borrowings wholly repayable within five years	**151,373**	63,566
– Long-term loan note not wholly repayable within five years	**93**	–
– Factorised bills receivable wholly repayable within five years	**6,343**	15,251
Total borrowing costs	**157,809**	78,817
Less: amounts capitalized	**(35,424)**	–
	122,385	78,817

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.21% (2011: nil) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAXATION

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	**3,146**	2,973
Other staff retirement benefits scheme contributions	**37,312**	19,482
Other staff costs	**670,211**	403,195
Share based payment expense for other staff	**19,257**	26,980
Total staff costs	**729,926**	452,630
Reversal of allowance for inventories (included in cost of sales)	**24**	–
Amortisation of prepaid lease payments	**2,511**	2,097
Auditor's remuneration	**3,395**	3,091
Cost of inventories recognised as expense	**8,032,504**	4,003,204
Depreciation	**127,597**	77,756

Share-based payment expenses of approximately RMB19,323,000 (2011: RMB27,136,000) were recognised in profit or loss during the year ended 31 December 2012 in respect of share options of the Company.

7. TAXATION

	2012	2011
	RMB'000	*RMB'000*
Hong Kong		
Current tax	**2,182**	3,857
PRC Enterprise Income Tax ("EIT"):		
Current tax	**252,803**	200,088
(Over)Under provision in prior years	**(13,947)**	1,392
– Withholding tax on distribution of earnings from PRC subsidiaries	**40,799**	6,778
	279,655	208,258
Deferred tax (credit) charge		
Current year	**(78,721)**	1,583
	203,116	213,698

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2012.

Except as described below, provision for PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at 25% pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Legislation.

Tianneng Battery Group Co., Ltd. was recognised as High-Tech company and has enjoyed the tax rate of 15% starting from 1January 2010 until 31 December 2013.

Tianneng Battery (Wuhu) Co., Ltd. was recognised as High-Tech company in 2009 and 2012 respectively and the applicable tax rate is 15% from 1 January 2009 to 31 December 2014.

Zhejiang Tianneng Energy Technology Co., Ltd. was recognised as High-Tech company in 2009 and 2012 respectively and the applicable tax rate is 15% from 1 January 2009 to 31 December 2014.

Withholding tax of approximately RMB22,799,000 (2011:RMB24,778,000) has been provided for in the year ended 31 December 2012 with reference to the anticipated dividends to be distributed by the PRC entities to non-PRC tax residents.

The taxation charge for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

	2012		2011	
	RMB'000	*%*	*RMB'000*	*%*
Profit before taxation	**912,515**		829,685	
Tax at the applicable income tax rate of 25% (2011: 25%) *(note)*	**228,129**	**25.0**	207,421	25.0
Tax effect of expenses not deductible for tax purposes	**10,036**	**1.1**	5,127	0.6
Tax effect of tax losses not recognised	**5,108**	**0.6**	1,285	0.2
Tax effect of deductible temporary differences not recognised	**3,934**	**0.4**	2,793	0.3
Utilisation of tax losses and deductible temporary differences not recognised	**(4,603)**	**(0.5)**	(160)	–
Income tax on concessionary rate	**(29,572)**	**(3.2)**	(18,744)	(2.3)
(Over)Under provision in prior years	**(13,947)**	**(1.5)**	1,392	0.2
Tax effect of additional deduction related to research and development cost and certain staff costs	**(18,768)**	**(2.1)**	(10,194)	(1.2)
Withholding tax on undistributed profit of PRC subsidiaries	**22,799**	**2.5**	24,778	3.0
Taxation charge and effective tax rate for the year	**203,116**	**22.3**	213,698	25.8

Note: The domestic income tax rate of 25% (2011: 25%) represents the PRC Enterprise Income Tax rate of which the Group's operations are substantially based.

8. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
2011 final dividend proposed of HK20.8 cents (equivalent to RMB16.9 cents) (2010: HK11.6 cents (equivalent to RMB9.8 cents)) per ordinary share	**186,543**	105,394
2012 final dividend proposed of HK23.8 cents (equivalent to RMB19.19 cents) (2011: HK20.8 cents (equivalent to RMB16.9 cents)) per ordinary share	**210,965**	183,768

A final dividend of HK23.8 cents (equivalent to RMB19.19 cents) per ordinary share (2011: HK20.8 cents (equivalent to RMB16.9 cents) per share) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

9. EARNINGS PER SHARE

	2012	2011
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share – attributable to the owners of the Company	**710,137**	615,987
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,096,522,542**	1,087,883,997
Effect of dilutive potential ordinary shares – share options	**13,394,475**	14,499,506
Weighted average number of ordinary shares for the purpose of calculating diluted earnings for share	**1,109,917,017**	1,102,383,503

10. BILLS, TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Bills receivables	**621,269**	356,428
Trade receivables	**643,323**	325,259
Less: Allowance for bad and doubtful debts	**(55,400)**	(48,272)
	587,923	276,987
Other receivables	**50,923**	28,774
Less: Allowance for bad and doubtful debts	**(5,703)**	(5,241)
	45,220	23,533
Prepayments	**100,601**	63,807
Value Added Tax receivables	**202,629**	101,411
	1,557,642	822,166

The following is an aged analysis of bills receivables at the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
0 to 180 days	**621,269**	354,928
181 to 365 days	**–**	1,500
	621,269	356,428

The Group has a policy of allowing an average credit period of 45 days (2011: 45 days) for trade debtors. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2012	2011
	RMB'000	*RMB'000*
0 to 45 days	**459,186**	227,705
46 to 90 days	**92,052**	17,714
91 to 180 days	**27,653**	21,802
181 to 365 days	**9,032**	9,766
	587,923	276,987

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

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

Other receivables are unsecured, interest-free and are repayable on demand.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB128,737,000 (2011: RMB49,282,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2012	2011
	RMB'000	*RMB'000*
46 – 90 days	**92,052**	17,714
91 – 180 days	**27,653**	21,802
181 – 365 days	**9,032**	9,766
	128,737	49,282

Based on the historical experience of the Group, trade receivables which are past due for less than one year but not impaired are generally recoverable. The Group does not hold any collateral over these balances.

The Group has no significant concentration of credit risk on bills, trade and other receivables, with exposure spreading over a large number of counterparties and customers.

The Group has provided fully for trade and other receivables over 1 year which are expected not recoverable because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable. Impairment for trade receivables over 45 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and objective evidences of impairment.

Movement in the allowance for doubtful debts – trade receivables

	2012	2011
	RMB'000	*RMB'000*
1 January	**48,272**	39,220
Allowance for bad and doubtful debts	**7,483**	9,366
Reversal of bad and doubtful debts	**(355)**	(314)
31 December	**55,400**	48,272

Movement in the allowance for doubtful debts – other receivables

	2012	2011
	RMB'000	*RMB'000*
1 January	**5,241**	5,131
Allowance for bad and doubtful debts	**1,121**	504
Reversal of bad and doubtful debts	**(626)**	(394)
Amounts written off as uncollectible	**(33)**	–
31 December	**5,703**	5,241

In determining the recoverability of the trade and other receivables, the Group reassesses the credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date. Based on the historical experience of the Group, the directors believe that no further allowance is required.

11. BILLS, TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**533,863**	273,958
Bills payables	**–**	19,130
Other payables and accrued charges *(note)*	**746,659**	416,892
	1,280,522	709,980

Note: Included in the other payables and accrued charges is an amount of RMB43,103,000 (2011: RMB32,309,000) being warranty provisions which represents management's best estimate of the Group's liability under 8 to 15 months warranty period granted on battery products, based on prior experience and industry averages for defective products, details of the movement in the warranty provisions are set out as below:

	2012	2011
	RMB'000	*RMB'000*
At 1 January 2012	**32,309**	21,175
Provision in the year	**200,719**	97,043
Utilisation of provision	**(189,925)**	(85,909)
At 31 December 2012	**43,103**	32,309

The Group normally receives credit terms of 5 days to 90 days (2011: 5 days to 90 days) from its suppliers. The following is an aged analysis of trade payables at the end of the reporting period, presented based on the invoice date:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**474,281**	224,008
91 to 180 days	**40,769**	31,555
181 to 365 days	**11,711**	14,834
1 to 2 years	**3,647**	1,600
Over 2 years	**3,455**	1,961
	533,863	273,958

MANAGEMENT ANALYSIS AND DISCUSSION

The Group is principally engaged in the production and sale of motive batteries applicable to electric vehicles. Its motive battery products are sold under its own brand name "TIANNENG" and are predominantly used in electric bikes, electric motorcycles and electric cars sold and distributed in the People's Republic of China. The Group also manufactures new energy storage battery mainly for wind and solar power generation system. For the year 2012, the Group is one of the largest manufacturer of lead-acid motive battery for electric bike and electric vehicle ("EV") in China.

REVIEW OF OPERATIONS

In respect of sales, during the year under review, the electric bike lead-acid motive battery sales revenue generated from primary market reached RMB2,956 million, an increase of 60.9% when compared with the previous year. The electric bike lead-acid motive battery sales revenue generated from the secondary market (or replacement market) was RMB6,276 million, an increase of 100.0% when compared with the previous year. As at 31 December 2012, the Group had 1,314 distributors in total, representing an increase of 362 distributors as compared with 952 distributors as at 31 December 2011. This enabled the Group's sales and distribution network for the secondary market to cover most provinces of China. The electric bike lead-acid motive battery sales revenue generated from primary and secondary market was approximately 32.0% and 68.0% respectively in proportion.

In respect of raw materials, during the year ended 31 December 2012, the weighted average lead purchase price net of value added tax was approximately RMB13,081 per metric ton (2011: approximately RMB13,795 per metric ton), representing a decrease of 5.2% as compared with last year. On the other hand, the weighted average motive lead-acid motive battery selling price net of value added tax was approximately RMB104.4 (2011: approximately RMB117.3), representing a decrease of 11.0% as compared with last year. The gross profit margin of the Group was 18.76% (2011: 26.39%).

In respect of the development of the motive battery for electric car, the sales of motive battery for electric car for the year was RMB393 million, accounting for 4.0% of total sales. The Group's motive batteries have been assembled with the products of various electric car manufacturers with different scales of mass production. By the end of year 2012, the Group has built up strategic relationship with Chery Automobile, Shanghai Automobile, Shifeng Group and Kandi Auto etc.

In respect of the used battery recycling project, in order to recycle and handle the used batteries in a better way, the Group commenced the construction of project locating in Changxing Wushan base in 2009. In September 2010, the relevant departments of the Chinese government put this project under "Revival and Technology Reform Investment Scheme for National Major Industries", from which RMB5.6 million subsidy was granted. It was also a recognition by the Chinese government of its contribution towards the technological improvement in the battery recycling industry. In 2012, a further RMB3 million special fund was approved by the government.

In respect of the building of production base, the construction of Tianneng Recycling Economic Industrial Park in Wushan, Changxing, Zhejiang Province was completed and commenced trial production in September 2012. In 2013, the motive battery production capacity of Tianneng Recycling Economic Industrial Park will be 17 million and the annual processing capacity of used battery will be 150,000 tonnes with a recycled lead production capacity of 100,000 tonnes. By the end of 2012, lead-acid motive battery capacity of the Group reached 80 million units (2011: 65 million units), an increase of 23%. In addition, the Group announced in September 2011 that a production base would be established at Puyang City, Henan Province. The total investment of RMB3 billion will be made within 5 to 6 years. Construction for the first phase started in June 2012. Please refer to the Group's announcement dated 19 September 2011 for the further details.

In respect of research and development, in order to maintain product competitiveness, the Group made extensive investment in research and development. The Group's research and development activities focused on developing clean, durable and environmental-friendly new energy products. In July 2008, the Chinese government approved the upgrade of the Group's Postdoctoral Scientific Research Workstation from provincial level to national level and Tianneng Energy Research Centre (天能能源科技研究院) was established in June 2009, enabling the Group to recruit and attract top research scientists and enjoy more benefits from the Chinese government. Moreover, the Group set up Pb-C Super Battery Joint Lab with Harbin Institute of Technology in April 2010 and established Academician and Expert Workstation in September 2010, focusing on the research of new type of battery material and new energy battery. In 2011, the Group's subsidiaries Tianneng Battery Group Co., Ltd., Zhejiang Tianneng Energy Technology Co., Ltd., Zhejiang Tianneng Battery (Jiangsu) Co., Ltd. and Tianneng Battery (Wuhu) Co., Ltd. were approved as High Technology Enterprise respectively. In November 2012, the Group's Technology Centre was rated as the first State-level enterprise technology centre in the industry.

Major R&D Achievements:

In May 2012, the "energy-efficient rare earths silicon motive storage battery (6-DZM-20)" was awarded the certificate of "National New Product";

In October 2012, the "new type high-capacity photovoltaic storage battery" was awarded the certificate of "Zhejiang Province Provincial Industrial New Product";

In October 2012, the "high capacity new cadmium-free nano silica gel motive battery" was awarded the certificate of "Zhejiang Province Provincial Industrial New Product";

In December 2012, the "Tianneng Cylindrical lithium battery (36V-10AH)" passed the Germany BATSO authentication.

As at 31 December 2012, the Group's research team consisted of 388 staff and the research and development costs increased by approximately 48.3% as compared with the previous year. The increase was mainly due to the Group's allocation of more resources to individual major projects such as lithium iron phosphate battery project, silica gel battery project and nano rare earth battery project, etc. In order to speed up the development of motive battery for pure electric cars, the Group entered into various technical cooperation arrangements with certain car manufacturers such as Chery Automobile, SAIC Group and Kandi Auto.

In respect of environmental protection, as a listed company, the Group places great emphasis on taking up social responsibilities. It strives to provide customers with clean power. The Group has put a high regard on environmental protection work. The Group has engaged Changxing Environmental Monitoring Centre, Wuhu Environmental Monitoring Centre and Shuyang Environmental Monitoring Centre to measure the level of various types of wastage discharged at each of the production plants on a monthly basis after the listing. The Group has also engaged MWH Environmental Engineering (Shanghai) Company Limited, an independent international environmental consulting company, to perform an annual environmental assessment at the Group's main production plants. Since the production facilities are mainly located at the local industrial parks, a series of monthly review and annual assessment concluded that the Group has complied with the relevant environmental standards in China.

In respect of brand building, the Group has established strong brand awareness and its brand is widely recognised by the community.

In respect of internal control, with an aim to improve its internal control systems, the Group has engaged an associate of an international accounting firm, Baker Tilly Hong Kong Risk Assurance Limited, to review its internal control system operating in the year ended 31 December 2012. The review has covered all material controls including financial, operational and compliance controls and risk management functions. The Group also conducted regular review of its internal control system and its effectiveness to ensure that the interest of the Shareholders is safeguarded.

To enhance communication with investors, the Group has appointed Strategic Financial Relations (China) Limited ("SPRG") as our adviser in Hong Kong in relation to the investors and media relations. SPRG is the largest independent public relations network in Hong Kong and Asia Pacific. SPRG received the "Asia Pacific Network of the Year" by Campaign Asia-Pacific PR Awards 2010 in 2010, and "Local Hero of the Public Relations Agency of the Year" and "Local Hero of the Media Relations Agency of the Year" by Marketing Magazine from 2010 to 2012.

In addition to arranging investors and analysts for site visits and attending luncheons and conferences, the management of the Group also took an initiative to meet investors by arranging roadshows through various channels. The roadshows provided excellent opportunities for the management of the Group to communicate with worldwide investors and meet fund managers and analysts to introduce the strategies and future development of the Group. The Group believes that regular communication with investors is extremely important.

FUTURE PROSPECTS

In order to seize the opportunities brought by the national policy of energy saving, the Group will allocate more resources to storage battery products for wind and solar power, lead-acid, nickel hydride and lithium motive battery products applicable to pure electric cars. Foreseeing the great demand for energy saving products, the Group is confident that these products will become its future revenue growth driver.

OPERATING RESULTS

Turnover

The Group's turnover increased from approximately RMB5,438.32 million for the year ended 31 December 2011 to approximately RMB9,887.64 million for the year ended 31 December 2012, representing an increase of approximately 81.81% as compared to the previous year, which was mainly due to the strong demand for motive batteries for electric bike. The turnover of the motive battery for electric cars was RMB393.48 million, representing an increase of 42.34% as compared with previous year. The Group expects that the demand for such products will keep growing.

Gross profit

The Group's gross profit increased by approximately 29.27% from approximately RMB1,435.12 million for the year ended 31 December 2011 to approximately RMB1,855.14million for the year ended 31 December 2012. Gross profit margin decreased from approximately 26.39% for the year ended 31 December 2011 to approximately 18.76% for the year ended 31 December 2012. Such decrease was mainly due to the decrease in average selling price and the increase in unit production cost arising from increase in OEM production.

Other income

Other income of the Group increased by approximately 42.69% from approximately RMB91.01 million for the year ended 31 December 2011 to approximately RMB129.85 million for the year ended 31 December 2012. The increase was mainly attributable to the increase in subsidy income and interest income.

Selling and distribution costs

Selling and distribution costs increased by approximately 51.80% from approximately RMB164.87million for the year ended 31 December 2011 to approximately RMB250.26 million for the year ended 31 December 2012. Such increase was mainly due to the increase in sales volume.

Administrative expenses

Administrative expenses increased by approximately 52.80% from approximately RMB197.94 million for the year ended 31 December 2011 to approximately RMB302.45 million for the year ended 31 December 2012. Such increase was mainly due to the increase in staff cost, depreciation, amortization and industrial events organization expenses.

Finance costs

Finance costs increased by approximately 55.28% from approximately RMB78.82 million for the year ended 31 December 2011 to approximately RMB122.39 million for the year ended 31 December 2012. Such increase was mainly due to the increase in average balance of bank borrowings.

Taxation

The enterprise income tax of the Group amounted to approximately RMB203.12 million for the year ended 31 December 2012, representing an decrease of approximately 4.95% from approximately RMB213.70 million for the year ended 31 December 2011. Such decrease was due to individual subsidiaries starting to enjoy favourable tax rate during the year and adjustment to the over-provision in prior years.

Gross margin analysis of first and second half of year 2012

The gross profit margin of the Group decreased from 22.98% in the first half of year 2012 to 16.10% in the second half year 2012,representing a decrease of 6.88 percentage point. It was mainly due to the decrease in average selling price and the increase in unit production cost arising from increase in OEM production.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash used in investing activities mainly consisted of capital expenditure for the purchase of property, plant and equipment.The net cash from operating activities amounted to approximately negative RMB172.14 million for the year ended 31 December 2012 (2011:RMB412.19 million). The decrease was mainly due to the expansion of the scale of inventories, bills and trade receivables and other receivables. As at 31 December 2012, the bank balances and cash (including time deposit and the pledged bank deposits) of the Group was approximately RMB1,093.97 million (31 December 2011: approximately RMB1,028.99 million). As at 31 December 2012, the Group obtained undrawn banks facilities of approximately RMB1,300.28 million (31 December 2011: approximately RMB1,068.00 million). The amount RMB1,005.68 million, RMB86.60 million and RMB1.69 million of bank balances and cash (including time deposit and the pledged bank deposits) are denominated in Renminbi, Hong Kong Dollars and US Dollars respectively. As the bank balances in Hong Kong Dollars could be used for the repayment of Hong Kong Dollars bank borrowings, the Company is able to control the level of currency risk.

As at 31 December 2012, the held-for-trading investments of the Group was RMB46.99 million (31 December 2011: RMB34.61 million). The objectives of this investment were to efficiently use the working capital of the Group and to capture good chance of investment. The investment mainly focused on the battery related Hong Kong listed companies. The investment was in line with the Company's treasury policy.

As at 31 December 2012, the net current assets of the Group was approximately RMB504.41 million (31 December 2011: approximately RMB752.94 million). Based on the growing operating results and the sufficient level of cash and bank balances, the Company believes that it will be able to meet its liabilities as and when they fall due and meet the capital required for operations. The Company is able to control the level of its liabilities and financial risks.

As at 31 December 2012, the bank borrowings and loan notes (together as "interest bearing loans") of the Group with maturity of within one year amounted to approximately RMB2,757.80 million (At 31 December 2011: approximately RMB1,470.39 million). The interest bearing loans of the Group with maturity of more than one year was 148.59 (At 31 December 2011: nil). The amounts of RMB2,748.26million and RMB158.13 million interest bearing loans are denominated in Renminbi and Hong Kong Dollar respectively, and carry fixed and variable interest rates ranging from 3.59% to 7.60% (2011: 3.75% to 8.20%) per annum. The Company will closely monitor the changes in interest rate and assess the interest rate risk.

The objective of the Company's financial policy is to maintain an optimal capital structure to minimize the capital cost through prudent financial management. During the period under review, the Group started to make use of long-term loan in order to optimize its loan structure.

FINANCIAL POSITION

Assets

As at 31 December 2012, the total assets of the Group was approximately RMB7,445.21 million, representing an increase of 55.66% as compared to approximately RMB4,782.85 million as at 31 December 2011. Among them, non-current assets increased by approximately 57.70% to approximately RMB2,784.42 million and current assets increased by approximately 54.47% to approximately RMB4,660.79 million. The major reason for the increase of non-current assets was due to continuous capital expenditure on production plants. The increase in current assets was mainly attributable to the increase in inventories and bill and accounts receivables.

Liabilities

As at 31 December 2012, the total liabilities of the Group was approximately RMB4,322.87 million, representing an increase of approximately 89.40% from approximately RMB2,282.38 million as at 31 December 2011. Among them, current liabilities increased by approximately 83.56% to approximately RMB4,156.38 million. The increase was mainly due to the increase in accounts payables, short-term loan notes and short-term bank borrowings. Non-current liabilities increased from RMB18.06 million to approximately RMB166.49 million as at 31 December 2012. The increase was mainly due to the increase in long-term interest bearing loans.

Major financial position ratio

	2012	2011
Current ratio	**1.1**	1.3
Quick ratio	**0.7**	0.8
Interest cover	**8.5**	11.5

Both current ratio and quick ratio decreased when compared to the beginning of the year, which were mainly due to the increase in short-term interest bearing loans. The interest cover ratio reduction to 8.5 was also mainly due to the increase in interest bearing loans.

CAPITAL EXPENDITURE

The capital expenditure as at 31 December 2012 was approximately RMB1,075.39 million (At 31 December 2011: approximately RMB703.02 million). A majority of expenditure was incurred on the construction of Changxing Wushan base, the expansion of Jiangsu Shuyang base and the acquisition of 3 projects.

CAPITAL COMMITMENTS

The amount contracted for but not stated in the consolidated financial statements in respect of the acquisition of property, plant and equipment as at 31 December 2012 was approximately RMB369.53 million (At 31 December 2011: approximately RMB341.43 million).

GEARING RATIO

The Group's gearing ratio as at 31 December 2012 (which is based on the amount of total interest bearing loans divided by total assets multiplied by 100%) was approximately 39.04% (At 31 December 2011: approximately 30.74%).

EXPOSURE IN EXCHANGE RATE FLUCTUATION

As the Group's operations were mainly conducted in China and the majority of the sales and purchases were transacted in Renminbi, the Board is of the view that the Group's operating cash flow and liquidity is not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2012 (At 31 December 2011: nil).

PLEDGE OF ASSETS

As at 31 December 2012, the bank facilities of the Group are secured by bank deposits, bills receivables, property, plant and equipment and prepaid lease payments. The aggregate net book value of the assets pledged amounted to RMB731.60 million (At 31 December 2011: RMB333.08 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2012, the Group employed a total of 18,422 employees (31 December 2011: 13,420 employees). Staff costs excluding directors' emoluments of the Group for the year of 2012 amounted to RMB726.78 million (2011: RMB449.66 million). The costs included basic salaries and benefits as well as staff benefits such as discretionary bonus, medical and insurance plans, pension scheme (including the schemes required by the governments such as pension insurance in China and mandatory pension fund in Hong Kong), unemployment insurance plan and share options scheme etc. Competitive remuneration packages were offered to employees. The Company has adopted incentive programs (including share option scheme) to encourage employee performance and a range of training programs for the development of its staff.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group as at 31 December 2012 (31 December 2011: nil).

MATERIAL ACQUISITION AND DISPOSAL

For the year ended 31 December 2012, the Group acquired 100%, 70% and 51% of the equity interest in Zhejiang Hercules Energy Co., Ltd., Anhui Zhongneng Power Supply Co., Ltd. and Jiyuan Wanyang Green Energy Co., Ltd. respectively. Details of the acquisitions will be set out in note 34 to the consolidated financial statements in the annual report to be published later.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Save as the issue of 9,549,000 shares pursuant to the Company's share option scheme, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 May 2013 to 18 May 2013, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending the annual general meeting of the Company this year, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 May 2013.

The Register of Members of the Company will also be closed from 24 May 2013 to 27 May 2013, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for the final dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 23 May 2013.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in accordance with the requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Huang Dongliang (Chairman), Mr. Ho Tso Hsiu and Mr. Wang Jingzhong. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2012.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has adopted the provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "Code") during the period from 1 April 2012 to 31 December 2012 as contained in Appendix 14 to the Listing Rules. For the year ended 31 December 2012, except for the code provision A.2.1 the Company has complied with the provisions set out in the Code. Mr. Zhang Tianren is both the Chairman and CEO of the Company who is responsible for managing the Group's business. The Board considers that vesting the roles of Chairman and CEO in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operation. With the present board structure and scope of business, the Board considers that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of the Chairman and CEO is necessary.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

COMPLIANCE WITH THE MODEL CODE OF LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year 2012.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held at Conference Room, 3/F, Tianneng Group Building, Zhicheng Industry Zone, Changxing County, Zhejiang Province, the PRC on Saturday, 18 May 2013 at 2:00 p.m.. Notice of annual general meeting will be published on the Company's website at www.tianneng.com.hk and the website of the Stock Exchange at www.hkex.com. hk and despatched to the shareholders of the Company as soon as practicable.

PUBLICATION

The annual report containing all the information as required by Appendix 16 of the Listing Rules will be published on the Company's website at www.tianneng.com.hk and the website of the Stock Exchange at www.hkex.com.hk as soon as practicable.

GENERAL INFORMATION

As at the date of this announcement, the executive Directors are Mr. Zhang Tianren, Mr. Zhang Aogen, Mr. Chen Minru, Mr. Zhang Kaihong, Mr. Shi Borong and Mr. Yang Lianming; the independent non–executive Directors are Mr. Ho Tso Hsiu, Mr. Huang Dongliang and Mr. Wang Jingzhong.

This announcement will be published on the website of the Company at www.tianneng.com.hk and the website of the Stock Exchange at www.hkex.com.hk.

By Order of the Board
Zhang Tianren
Chairman

Hong Kong, 19 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Tianren, Mr. ZHANG Aogen, Mr. CHEN Minru, Mr. ZHANG Kaihong, Mr. SHI Borong and Mr. YANG Lianming; the independent non-executive directors of the Company are Mr. HO Tso Hsiu, Mr. HUANG Dongliang and Mr. WANG Jingzhong.