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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

- Revenue increased by 54.8% to approximately RMB5,919.2 million
- Gross profit margin decreased by 12.13 percentage points from 22.98% to 10.85%
- Profit attributable to shareholders decreased by 77.9% to approximately RMB83.0 million
- Basic earnings per share decreased by 78.2% to approximately RMB7.5 cents

INTERIM RESULTS

The board of directors (the “Board” or the “Directors”) of Tianneng Power International Limited (“Tianneng” or the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2013, together with the comparative figures for the same period in 2012. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s independent external auditors and the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	3	5,919,194	3,824,540
Cost of sales		<u>(5,277,147)</u>	<u>(2,945,752)</u>
Gross profit		642,047	878,788
Other income	4	81,505	43,712
Other gains and losses	5	(18,719)	5,324
Selling and distribution costs		(159,540)	(100,850)
Administrative expenses		(172,978)	(138,234)
Research and development costs		(154,205)	(119,257)
Other operating expenses		(51,962)	(27,593)
Share of loss of an associate		(184)	(173)
Finance costs		<u>(73,435)</u>	<u>(67,905)</u>
Profit before taxation	6	92,529	473,812
Taxation	7	<u>(9,416)</u>	<u>(97,543)</u>
Profit and total comprehensive income for the period		<u><u>83,113</u></u>	<u><u>376,269</u></u>
Profit and total comprehensive income for the period attributable to:			
Owner of the Company		83,000	376,269
Non-controlling interest		<u>113</u>	<u>—</u>
		<u><u>83,113</u></u>	<u><u>376,269</u></u>
Earnings per share	9		
– Basic		<u><u>RMB7.5 cents</u></u>	<u><u>RMB34.4 cents</u></u>
– Diluted		<u><u>RMB7.4 cents</u></u>	<u><u>RMB34.0 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	2,606,836	2,383,091
Goodwill		8,715	8,715
Prepaid lease payments	10	189,784	157,532
Interest in an associate		836	1,020
Deferred tax assets	11	131,126	126,944
Deposit for acquisition of property, plant and equipment and prepaid lease payments		112,567	107,117
		<u>3,049,864</u>	<u>2,784,419</u>
Current assets			
Inventories		1,822,647	1,953,846
Held-for-trading investments	12	29,959	46,993
Bills, trade and other receivables	13	1,352,741	1,557,642
Prepaid lease payments	10	4,756	3,837
Time deposit		—	160,000
Other financial assets		—	4,500
Pledged bank deposits		135,448	120,305
Bank balances and cash		980,767	813,669
		<u>4,326,318</u>	<u>4,660,792</u>
Current liabilities			
Bills, trade and other payables	14	1,251,971	1,280,522
Amounts due to related parties		53,819	15,810
Taxation payable		19,400	102,254
Bank borrowings – current portion	15	2,216,500	2,357,796
Short-term loan notes	16	400,000	400,000
		<u>3,941,690</u>	<u>4,156,382</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**At 30 June 2013*

	<i>NOTES</i>	30.6.2013 <i>RMB'000</i> (unaudited)	31.12.2012 <i>RMB'000</i> (audited)
Net current assets		384,628	504,410
Total assets less current liabilities		3,434,492	3,288,829
Non-current liabilities			
Bank borrowings – non-current portion	<i>15</i>	315,194	70,000
Deferred tax liabilities	<i>11</i>	27,055	17,893
Long-term loan notes	<i>16</i>	78,696	78,593
		3,013,547	3,122,343
Capital and reserves			
Share capital	<i>17</i>	108,710	107,696
Reserves		2,835,276	2,945,199
Attributable to the owners of the Company		2,943,986	3,052,895
Non-controlling interest		69,561	69,448
Total equity		3,013,547	3,122,343

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Group’s condensed consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value.

Except for the application of new and revised accounting standards as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures;
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 Fair Value Measurement *(Continued)*

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Change in presentation of condensed consolidated statement of comprehensive income

During the year ended 31 December 2012, the directors of the Company decided to change the classification of certain line items in the consolidated statement of profit or loss and other 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. The same classification has been applied in the current interim period and the preceding interim period 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 six-month period ended 30 June 2012.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Change in presentation of condensed consolidated statement of comprehensive income (Continued)

The effect of changes in presentation for the preceding interim period by line items presented in the condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	Original stated RMB	Adjustments RMB	Restated RMB
Cost of sales	(2,838,694)	(107,058)	(2,945,752)
Selling and distribution costs	(207,908)	107,058	(100,850)
Change in profit for the period		<u>—</u>	

3. TURNOVER

Six months ended 30 June	
2013	2012
RMB'000	RMB'000
(unaudited)	(unaudited)

An analysis of turnover is as follows:

Lead-acid battery products:		
Electrical Bicycle Battery	5,570,048	3,541,095
Storage Battery	14,381	22,383
Pure Electric Car Battery (Note)	224,733	196,395
Nickel hydride and lithium-ion battery products	65,404	44,472
Electrode plates	14,988	—
Others	29,640	20,195
	<u>5,919,194</u>	<u>3,824,540</u>

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

4. OTHER INCOME

Six months ended 30 June	
2013	2012
RMB'000	RMB'000
(unaudited)	(unaudited)

Government grants (Note)	57,099	31,753
Interest income	8,811	9,984
Sales of raw material	10,837	1,598
Others	4,758	377
	<u>81,505</u>	<u>43,712</u>

Note: The government grants mainly represent subsidies from the relevant new development zones administrative committees and PRC local government to encourage the operations of certain subsidiaries in new development zones.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net (losses) gains on held-for-trading investments (<i>note 1</i>)	(14,823)	13,277
Allowance for bad and doubtful debts	(2,261)	(1,453)
Written off/loss on disposal of property, plant and equipment (<i>note 2</i>)	(2,472)	(5,078)
Written off of inventories (<i>note 2</i>)	(215)	(1,422)
Net foreign exchange gains	1,052	—
	<u>(18,719)</u>	<u>5,324</u>

Notes:

- Net losses on held-for-trading investments included dividend income of approximately RMB2,102,000 (1.1.2012 to 30.6.2012: gain of RMB2,823,000), gains on disposals of approximately RMB219,000 (1.1.2012 to 30.6.2012: loss of RMB62,000) and loss arising on change in fair value of approximately RMB17,144,000 (1.1.2012 to 30.6.2012: gain of RMB10,516,000), resulting from these held-for-trading investments during the six months ended 30 June 2013.
- During the period ended 30 June 2013, the carrying amount of certain property, plant and equipment of approximately RMB5,785,000 (1.1.2012 to 30.6.2012: RMB29,532,000), net of insurance compensation receivable of approximately RMB5,000,000 (1.1.2012 to 30.6.2012: RMB24,699,000), resulting in a loss of approximately RMB785,000 (1.1.2012 to 30.6.2012: RMB4,833,000) and inventories written off of approximately RMB215,000 (1.1.2012 to 30.6.2012: RMB1,422,000) were recognised due to fire accidents occurred in the factories. The remaining carrying amount of property, plant and equipment of approximately RMB2,298,000 (1.1.2012 to 30.6.2012: RMB521,000) was derecognised upon disposals of property, plant and equipment or written off with proceeds of approximately RMB611,000 (1.1.2012 to 30.6.2012: RMB276,000), resulting in a loss of approximately RMB1,687,000 (1.1.2012 to 30.6.2012: RMB245,000).

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	1,732	993
Depreciation of property, plant and equipment	92,050	50,740
Write down of inventories to net realizable values (included in cost of sales)	167,575	98,984
Allowance for inventories (included in cost of sales)	<u>25</u>	<u>(262)</u>

Share-based payments expense of approximately RMB6,371,000 (1.1.2012 to 30.6.2012: RMB10,144,000) were recognised in profit or loss during the six months ended 30 June 2013 in respect of share options of the Company granted in prior years. Details of transactions are set out in note 18.

7. TAXATION

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")		
– Current tax	18,409	97,891
– Over provision of EIT in prior years	(3,873)	(13,947)
– Withholding tax on undistributed profits	–	15,999
– Over provision of withholding tax on undistributed profits in 2012 (<i>note</i>)	(10,100)	–
	4,436	99,943
Deferred taxation	4,980	(2,400)
	<u>9,416</u>	<u>97,543</u>

Note:

During the six months ended 30 June 2013, withholding tax on undistributed profits from PRC subsidiaries provided for the year ended 31 December 2012 was reversed upon the Group's obtaining an approval issued by the relevant tax bureau in the PRC for the Group to use the non-resident's claim treatment under the Double Taxation Agreement between Hong Kong and the Mainland China in respect of Tianneng Power (Hong Kong) Limited, a subsidiary of the Company. Accordingly, a reduced withholding tax rate of 5% was applied on amount of withholding profits from PRC subsidiaries for the year ended 31 December 2012.

During the six months ended 30 June 2013, withholding tax of approximately RMB1,260,000 (30.6.2012: RMB8,799,000) has been provided for in the period with reference to the anticipated dividends to be distributed by the PRC entities to non-PRC residents.

The income tax expense of the Group is recognised based on the PRC Enterprise Income Tax rate of 25% (1.1.2012 to 30.6.2012: 25%) for the periods under review, except that, Tianneng Battery Group Co., Ltd., Tianneng Battery (Wuhu) Co., Ltd. and Zhejiang Tianneng Energy Technology Co., Ltd., subsidiaries of the Company in the PRC, were recognised as High-Tech companies and enjoyed a tax rate of 15% in both periods.

8. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
2011 final dividend declared of HK20.8 cents (equivalent to RMB16.9 cents) per share	–	186,544
2012 final dividend declared of HK23.8 cents (equivalent to RMB18.94 cents) per share	210,648	–
	<u>210,648</u>	<u>186,544</u>

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013.

9. EARNINGS PER SHARE

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share – attributable to the owners of the Company	<u>83,000</u>	<u>376,269</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,105,139,556	1,093,681,560
Effect of dilutive potential ordinary shares in respect of share options	<u>13,240,497</u>	<u>14,138,534</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><u>1,118,380,053</u></u>	<u><u>1,107,820,094</u></u>

During the six-month period ended 30 June 2012, certain outstanding share options of the Company had not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2012 because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during that period.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

The Group spent approximately RMB48,434,000 and RMB275,445,000 (1.1.2012 to 30.6.2012: RMB133,287,000 and RMB261,461,000) on additions of machinery and manufacturing plant and construction in progress in the PRC respectively.

During the period, the Group spent approximately RMB34,903,000 on additions of prepaid lease payments in the PRC (1.1.2012 to 30.6.2012: RMB86,579,000).

As at 30 June 2013, the official legal titles of buildings with an aggregate carrying amount of approximately RMB127,103,000 (31.12.2012: RMB128,004,000) and land use right certificates with carrying amounts of approximately RMB4,665,000 (31.12.2012: RMB4,714,000) have not been obtained by the Group.

11. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior period:

	Deferred income	Withholding tax	Fair value adjustment on property, plant and equipment and prepaid lease payment arising from acquisition of subsidiaries	Interest capitalisation	Fair value change of held-for-trading investment	Provision for inventories, and other receivables	Accrued warranty	Accrued expenses	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (audited)	–	(18,000)	–	–	(55)	11,974	7,462	31,618	–	–	32,999
Arising on acquisition of subsidiaries	–	–	(2,768)	–	–	99	–	–	–	–	(2,669)
Credit (charge) to profit or loss	41,944	(22,799)	1,126	(8,548)	(734)	1,534	2,547	29,064	–	(6,212)	37,922
Transfer to withholding tax on distribution of earnings from PRC subsidiaries	–	40,799	–	–	–	–	–	–	–	–	40,799
At 31 December 2012 and 1 January 2013 (audited)	41,944	–	(1,642)	(8,548)	(789)	13,607	10,009	60,682	–	(6,212)	109,051
Credit (charge) to profit or loss	2,780	(1,260)	–	(4,272)	–	682	1,923	(20,246)	11,772	3,641	(4,980)
At 30 June 2013	44,724	(1,260)	(1,642)	(12,820)	(789)	14,289	11,932	40,436	11,772	(2,571)	104,071

The following is the analysis of the deferred tax balances for financial reporting purposes:

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Deferred tax assets	131,126	126,944
Deferred tax liabilities	(27,055)	(17,893)
	104,071	109,051

At 30 June 2013, the Group has not recognised deductible temporary differences on provision for inventories, trade and other receivables, accrued warranty and other accrued expenses of approximately RMB23,489,000 (31.12.2012: RMB22,396,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At 30 June 2013, the Group had unused tax losses of approximately RMB88,317,000 (31.12.2012: RMB54,920,000) available to offset against future profits. As at the end of the current interim period, a deferred tax asset of RMB11,772,000 (31.12.2012: Nil) in respect of tax losses of RMB47,088,000 (31.12.2012: Nil) has been recognised. No deferred tax assets has been recognized in respect of the remaining tax losses of RMB41,229,000 (31.12.2012: RMB54,920,000) due to unpredictability of future profit streams. Such unrecognised losses will expire at various dates up to and including 2018 (31.12.2012: 2017).

11. DEFERRED TAXATION *(Continued)*

Under the PRC Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB1,603 million (31.12.2012: RMB1,550 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. HELD-FOR-TRADING INVESTMENTS

At 30 June 2013 and 31 December 2012, the investments represent equity securities listed in Hong Kong.

13. BILLS, TRADE AND OTHER RECEIVABLES

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Bills receivables	478,643	621,269
Trade receivables	540,085	587,923
Other receivables	48,454	45,220
Prepayments	76,063	100,601
Value added tax receivables	209,496	202,629
	1,352,741	1,557,642

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

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
0 to 180 days	478,643	621,629

Payment terms with customers are mainly on credit. The Group allows an average credit period of 45 days to its trade customers. The following is an aged analysis of trade receivables, presented based on invoice dates at the end of the reporting period:

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
0 – 45 days	448,551	459,186
46 – 90 days	31,755	92,052
91 – 180 days	20,221	27,653
181 – 365 days	39,558	9,032
	540,085	587,923

14. BILLS, TRADE AND OTHER PAYABLES

	30.6.2013 <i>RMB'000</i> (unaudited)	31.12.2012 <i>RMB'000</i> (audited)
Trade payables	541,528	533,863
Bills payables	1,820	—
Other payables and accrued charges	708,623	746,659
	<u>1,251,971</u>	<u>1,280,522</u>

The following is an aged analysis of trade payables, presented based on invoice dates at the end of the reporting period:

	30.6.2013 <i>RMB'000</i> (unaudited)	31.12.2012 <i>RMB'000</i> (audited)
0 – 90 days	469,332	474,281
91 – 180 days	28,451	40,769
181 – 365 days	29,152	11,711
1 – 2 years	8,245	3,647
Over 2 years	6,348	3,455
	<u>541,528</u>	<u>533,863</u>

The following is an aged analysis of bills payables from issue date at the end of the reporting period:

	30.6.2013 <i>RMB'000</i> (unaudited)	31.12.2012 <i>RMB'000</i> (audited)
0 – 180 days	<u>1,820</u>	<u>—</u>

15. BANK BORROWINGS

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Secured	786,000	1,033,670
Unsecured	1,745,694	1,394,126
	2,531,694	2,427,796
Analysed as:		
Current portion	2,216,500	2,357,796
Non-current portion	315,194	70,000
	2,531,694	2,427,796

Details of assets pledged by the Group at the end of the reporting period are set out in note 19.

16. LOAN NOTES

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Unsecured loan notes	478,696	478,593
Analysed as:		
Short-term loan notes (note 1)	400,000	400,000
Long-term loan notes (note 2)	78,696	78,593
	478,696	478,593

Notes:

- (1) On 19 September 2012, Tianneng Battery Group Co., Ltd (“Tianneng Battery”), a wholly-owned subsidiary of the Company, obtained the notification of acceptance from relevant PRC government authority for the registration and issue of short-term financing loan notes with a total amount of RMB750 million issuable within two years from the date of issue of the above notification of acceptance. On 24 October 2012, Tianneng Battery issued the first tranche of such loan notes with a principal amount of RMB400 million which bears interest at 6.55% per annum and is repayable within one year from the date of issue.
- (2) On 19 July 2012, Tianneng Battery(Wuhu) Co., Ltd issued a long-term loan notes with principal amount of RMB80,000,000 at a discount and received proceed of RMB78,500,000. The long-term loan notes bear interest at 7.3% per annum and is repayable on 19 July 2018.

At 30 June 2013 and 31 December 2012, the amount is stated at amortised cost with effective interest rate at 7.70% per annum.

17. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of the Company with nominal value of HK\$0.10 each		
Authorised:		
At 1 January 2012, 31 December 2012, 1 June 2013 and 30 June 2013	2,000,000,000	212,780
Issued and fully paid:		
At 1 January 2012	1,089,799,000	106,917
Exercise of share options (<i>Note a</i>)	9,549,000	779
At 31 December 2012 and 1 January 2013	1,099,348,000	107,696
Exercise of share options (<i>Note b</i>)	12,560,000	1,014
At 30 June 2013	1,111,908,000	108,710

Notes:

- (a) During the year ended 31 December 2012, 9,549,000 share options were exercised at a subscription price of HK\$1.22 per share (equivalent to approximately RMB0.995 per share), resulting in the issue of 9,549,000 ordinary shares of HK\$0.10 each in the Company.
- (b) During the six months ended 30 June 2013, 12,560,000 share options were exercised at a subscription price of HK\$1.22 per share (equivalent to approximately RMB0.985 per share), resulting in the issue of 12,560,000 ordinary shares of HK\$0.10 each in the Company.

All the shares issued by the Company during the six months ended 30 June 2013 and year ended 31 December 2012 ranked pari passu in all respects with all shares in issue.

18. SHARE OPTIONS

The Company has a share options scheme (the “Scheme”) for eligible directors of the Company, eligible employees of the Group and other selected participants. According to the terms of the Scheme, option granted must be taken up within 28 days from the date of grant, upon payment of HK\$1.00. The options may be exercised in accordance with the terms of the Scheme at any time during the exercise period determined by the board of directors which shall in any event not be more than ten years from the date of grant. Share options are vested over a period up to a maximum of four years after the date of grant.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in general meeting. The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares in issue on the date on which dealings in the shares first commence on the Stock Exchange of Hong Kong Limited, i.e. a total of 100,000,000 shares.

All holders of options granted under the Scheme may only exercise their options in the following manner:

Maximum percentage of options exercisable

Vesting period

10% of the options

Upon the first anniversary of the date of grant

Additional 20% of the options

Upon the second anniversary of the date of grant

Additional 30% of the options

Upon the third anniversary of the date of grant

Additional 40% of the options

Upon the fourth anniversary of the date of grant

The following tables disclosed movements of the Company’s options granted under the Scheme during the six months ended 30 June 2013 and 30 June 2012:

Grant date	Exercisable period	Exercise price	Outstanding at 1.1.2013	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2013
30.3.2009	30.3.2010-25.2.2017	HK\$1.22	12,632,000	–	(12,560,000)	(72,000)	–
22.11.2010	22.11.2011-21.11.2020	HK\$3.18	39,720,000	–	–	(570,000)	39,150,000
			<u>52,352,000</u>	<u>–</u>	<u>(12,560,000)</u>	<u>(642,000)</u>	<u>39,150,000</u>
Grant date	Exercisable period	Exercise price	Outstanding at 1.1.2012	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2012
30.3.2009	30.3.2010-25.2.2017	HK\$1.22	22,281,000	–	(9,549,000)	–	12,732,000
22.11.2010	22.11.2011-21.11.2020	HK\$3.18	41,880,000	–	–	(950,000)	40,930,000
			<u>64,161,000</u>	<u>–</u>	<u>(9,549,000)</u>	<u>(950,000)</u>	<u>53,662,000</u>

The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised was HK\$4.65 (1.1.2012 to 30.6.2012: HK\$4.38).

The Group recognised total expense of approximately RMB6,371,000 (1.1.2012 to 30.6.2012: RMB10,144,000) in relation to share options granted by the Company under the Scheme.

19. PLEDGE OF ASSETS

At the end of reporting period, the Group has pledged the following assets to secure the general banking facilities granted to the Group.

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Bank deposits	135,448	120,305
Bills receivables	1,000	148,774
Trade receivables	285,038	409,981
Property, plant and equipment	50,123	34,661
Prepaid lease payments	17,660	17,879
	489,269	731,600

20. CAPITAL COMMITMENTS

	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	535,109	369,525

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurement s are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Basis of fair value measurement	Significant unobservable input	Relationship of unobservable inputs to fair value
	30.06.2013	31.12.2012				
Listed equity securities classified as held-for-trading investments in the condensed consolidated statements of financial position	Listed equity securities in Hong Kong: – Manufacturing industry – RMB29,959,000	Listed equity securities in Hong Kong: – Manufacturing industry – RMB46,993,000	Level 1	Quoted bid prices in an active market.	N/A	N/A

22. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with its related companies:

Name of related company	Nature of transactions	Six months ended 30 June	
		2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Zhejiang Changxing Xin Xin Packaging Co., Ltd. (note i)	Purchase of consumables	451	196
Jiyuan City Wangyang Smelting (Group) Co., Ltd. (note ii)	Purchase of materials	159,184	—
	Rental expense	3,802	—
Changxing Jin Ling Hotel (note iii)	Hotel expense	3,157	2,334

Notes:

- (i) Zhejiang Changxing Xin Xin Packaging Co., Ltd. is beneficially owned by Ms. Chen Pingping and Ms. She Fangli, who are the cousin and niece respectively of Mr. Zhang Tianren (“Mr. Zhang”). As at 30 June 2013, 407,593,650 shares (31.12.2012: 407,593,650 shares) of the Company (approximately 36.66% of the total issued shares of the Company as at 30 June 2013) are held by Prime Leader Global Limited which is incorporated in the British Virgin Island and is wholly-owned by Mr. Zhang. Mr Zhang is also a director of the Company.
- (ii) Jiyuan City Wangyang Smelting (Group) Co., Ltd. is a party which holds 49% interest of Jiyuan Wangyang Green Energy Co., Ltd., a 51% owned subsidiary of the Group.
- (iii) Changxing Jin Ling Hotel is controlled by Mr. Zhang.

22. RELATED PARTY TRANSACTIONS *(Continued)*

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Short term employee benefits	2,743	3,082
Share-based payments	205	275
	2,948	3,357

The remuneration of directors and key executives are determined by the remuneration committee and executive directors respectively having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

Tianneng Power International Limited (“Tianneng” or the “Company” and together with its subsidiaries, the “Group”) is principally engaged in four business segments, i.e. the production and sale of 1) electric bike motive batteries; 2) electric car motive batteries; and 3) storage batteries for wind and solar power; and production of 4) recycled lead in the People’s Republic of China (“PRC” or “China”). According to the release in Fortune magazine in July 2013, the Group was listed in the Fortune China Top 500 for the first time.

REVIEW OF OPERATIONS

During the six months ended 30 June 2013 (the “period under review”), the Chinese Government continued to take environmental renovation actions against the lead-acid motive battery industry, which drove the consolidation in the industry and resulted in more lead-acid battery enterprises being eliminated. This also led to more battery customers relied on the large battery enterprises. On the other hand, as a leading electric bike motive battery supplier in China, the Group is to lead the market through further expanding and strengthening its market share, increasing OEM production to expand its production capacity and continuous implementation of low-priced strategy adopted in the period from the second half of 2012 to the period under review. Driven by such market conditions and appropriate strategies, the Group recorded RMB5,570 million from the sale of its major product -- electric bike motive battery, representing a growth of 57.3% as compared with the same period last year and accounted for 94.1% of the Group’s total sales; of which, sales quantity and weighted average unit selling price amounted to 57.02 million units and RMB97.7 respectively, representing a growth of 79.9% and decrease of 12.6% as compared with the same period last year respectively.

The electric bike industry has been developing rapidly for over a decade in China. The industry is getting more consolidated. The Group further captured premium customers in the motive battery market and actively established strategic alliance with electric bike manufacturers. As a result, during the period under review, the Group’s sales revenue generated from the primary market increased by 23.5% to approximately RMB1,503.7 million from the same period last year and accounted for approximately 27% of the turnover of lead-acid E-bike motive battery, as compared with approximately 34.4% in the same period last year.

The increase in total number of electric bikes ownership in China resulted in strong demand in the secondary market of motive battery, i.e. the replacement market. The Group’s sales and distribution strategy is to continue engaging exclusive distributors to further expand the distribution network. As at 30 June 2013, there were a total of 1,650 exclusive distributors, an increase of 336 from 1,314 as at 31 December 2012. The Group’s sales and distribution network covers most parts of China. For the six months ended 30 June 2013, the Group’s sales revenue from secondary market increased by 75% to RMB4,066.4 million from the same period last year and accounted for approximately 73% of the turnover of lead-acid E-bike motive battery, as compared with approximately 65.6% in the same period last year.

In respect of the pure electric car motive battery business, the Group has established cooperative relationship with a lot of new energy vehicle enterprises. It also started the building of sales, distribution and after-sales network. For the six months ended 30 June 2013, the Group generated approximately RMB224.7 million revenue from the sale of the pure electric car battery, up by 14.4% as compared with the same period last year and accounted for approximately 3.8% of the Group’s sales turnover.

In respect of the lead recycling business, the European advanced facility-based recycling plant located in Zhejiang Wushan production base has been completed and started the trial production in 2012. It has the annual capacities of 150,000 ton used battery collection and 100,000 ton recycled lead production respectively.

In May 2012, the Ministry of Industry and Information Technology (“MIIT”) and the Ministry of Environmental Protection (“MEP”) of PRC jointly announced the “Entry Requirements of Lead-Acid Storage Batteries Industry” (“Entry Requirements”). It regulates the existing and new lead-acid batteries factories to follow a series of requirements including the plant location selection, production capacity, automation, environmental protection, occupational safety and recycling. During the period under review, the Group is well prepared for such entry requirements.

Note: The pure electric car motive battery is mainly used in pure electric sedans, electric forklifts, electric patrol cars and special purpose electric cars etc.

FUTURE PROSPECTS

As the Chinese Government speed up the rural area urbanization, the mobility of the local residents will increase. The electric bike would become the top-pick among the individual transportation devices as it could help the users to make a comparatively long-distance travelling with comfortable experience. It is believed that the market potential of electric bike will be further increased. As the lead-acid battery technology is mature while application safety is high, it is also anticipated that lead-acid battery will occupy the leading position in the electric bike motive battery market.

In respect of the pure electric car motive battery industry development, the State Council issued the Plan of 2012-2020 of Energy Saving and New Energy Vehicles Industry Development (“Plan”) on 28 June 2012. The Plan indicates that critical strategic opportunities for technology upgrading will arise in the global motor vehicles industry. China will speed up to cultivate and develop the energy saving and new energy vehicles industry. It is expected that the output sales of pure electric vehicles and plug-in hybrid vehicles will reach 5 million by 2020. The Plan also emphasizes the importance of used batteries recycling. The Group also noticed that there are various discussions about the low-speed electric car which is considered as an inexpensive vehicle which is suitable to be used within the city and conform with the current national condition. The mass production of low-speed electric vehicles has already started in new energy vehicle enterprises in some provinces and regions in China. The Group will continue to closely monitor the development of low-speed electric car in China. The Group will also actively cooperate with new energy vehicles enterprises to jointly develop both electric cars and motive batteries which are suitable for the Chinese market in order to make our contribution to the development of pure electric car in China.

In respect of the used battery recycling business, the Group has targeted to be the benchmark of the motive battery production and the battery recycling operation in China through the possession of the best technology, facilities and talent. The Group will focus on the newly built recycling plant in Zhejiang Wushan production base and continue to plan the second recycling project in Henan Puyang production base.

According to the Entry Requirements, all relevant enterprises are required to fulfil most of the conditions thereunder by the end of this year. It is anticipated that a new market strategy subsequent to the consolidation will be formed in 2014/15. The Group strongly believes that it is a good chance to further enlarge its market share and to consolidate its leading position. The Group will continue to closely monitor the development of industry consolidation and to assess the competitiveness landscape in order to devise suitable strategies towards sales and tactical cooperation.

The Group will continue to carry out R&D, production and sale of the electric car motive battery, electric bike motive battery, wind and solar energy storage battery, Ni-MH battery and lithium battery. The Group will actively expand the production capacity. The Group will continue to devote to environmental protection in building and optimizing the production capacities in the eight production bases: Zhejiang Changxing Headquarter, Zhejiang Meishan, Zhejiang Wushan, Anhui Wuhu, Anhui Jieshou, Jiangsu Shuyang, Henan Puyang and Henan Jiyuan.

FINANCIAL REVIEW

Turnover

The Group's turnover for the period under review was approximately RMB5,919.2 million, an increase of approximately 54.8% as compared with the same period last year.

Gross Profit

The Group's gross profit and gross profit margin during the period under review were approximately RMB642 million and 10.85% respectively, representing a decrease of approximately 26.9% and 12.13 percentage points respectively as compared with the same period last year, mainly due to two reasons: 1) the decrease in weighted average unit selling price of main products driven by the low-priced strategy; and 2) the increase in weighted average unit cost as a result of the increased OEM production as compared with the same period last year.

Other income

The Group's other income for the Period under Review was approximately RMB81.5 million (for the six months ended 30 June 2012: approximately RMB43.7 million), an increase of approximately 86.5% as compared with the same period last year. It was mainly resulted from the increase in both the government grant and subsidies as well as the sales of raw material.

Selling and distribution costs

Selling and distribution costs increased from approximately RMB100.9 million in the same period last year to approximately RMB159.5 million, mainly due to the increase in sales volume and transportation costs.

Administrative expenses

Administrative expenses increased from approximately RMB138.2 million in the same period last year to approximately RMB173.0 million, mainly due to the increase in staff cost and depreciation cost.

Research and development costs

R&D costs increased by 29.3% from approximately RMB119.3 million in the same period last year to approximately RMB154.2 million, mainly due to the increase in R&D material costs and salaries.

Finance costs

Finance costs increased from approximately RMB67.9 million in the same period last year to approximately RMB73.4 million, mainly due to the increase in total amount of interest bearing loans.

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2013, the shareholders' equity of the Company amounted to approximately RMB2,944.0 million (31 December 2012: approximately RMB3,052.9 million). The Group's capital structure is the equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profit.

The Group has total assets of approximately RMB7,376.2 million (31 December 2012: approximately RMB7,445.2 million), representing a decrease of approximately RMB69 million, or approximately 0.9%. As at 30 June 2013, total current assets of the Group were approximately RMB4,326.3 million (31 December 2012: approximately RMB4,660.8 million), accounting for approximately 58.7% of total assets and representing a decrease of approximately 7.2% as compared with the financial year ended 31 December 2012. Total non-current assets were approximately RMB3,049.9 million (31 December 2012: approximately RMB2,784.4 million), representing an increase of approximately RMB265.5 million and accounting for approximately 41.3% of the total assets.

As at 30 June 2013, total liabilities of the Group were approximately RMB4,362.6 million (31 December 2012: approximately RMB4,322.9 million), with an increase of approximately 0.9%. As at 30 June 2013, total current liabilities of the Group were approximately RMB3,941.7 million (31 December 2012: approximately RMB4,156.4 million), accounting for approximately 90.4% of total liabilities and representing a decrease of approximately 5.2% as compared with the financial year ended 31 December 2012. Total non-current liabilities were approximately RMB420.9 million (31 December 2012: approximately RMB166.5 million), representing an increase of approximately RMB254.4 million and accounting for approximately 9.6% of the total liabilities.

As at 30 June 2013, the cash and bank balances of the Group (including pledged bank deposits and time deposit) was approximately RMB1,116.2 million (31 December 2012: approximately RMB1,094.0 million). The majority of cash and bank balances of the Group (including pledged bank deposits and time deposit) amounting to approximately RMB37.8 million are denominated in Hong Kong Dollar. As at 30 June 2013, the bank borrowings and loan notes (together as "interest bearing loans") of the Group with maturity of within one year amounted to approximately RMB2,616.5 million (At 31 December 2012: approximately RMB2,757.8 million). The interest bearing loans of the Group with maturity of more than one year was RMB393.9 million (At 31 December 2012: RMB148.6 million). The amounts of RMB2,794.2 million and RMB216.2 million interest bearing loans are denominated in Renminbi and United States Dollars respectively, and carry fixed and variable interest rates ranging from 5.00% to 7.70% (2012: 3.59% to 7.60%) per annum.

Pledge of Assets

As at 30 June 2013, the bank facilities and bank borrowings of the Group were secured by bank deposits, bills receivable, accounts receivable, property, plant and equipment, and land use rights. The aggregate net book value of the assets pledged amounted to approximately RMB489.3 million (31 December 2012: approximately RMB731.6 million).

Gearing ratio

As at 30 June 2013, the Group's gearing ratio, defined as the sum of current and non-current portions bank of interest bearing loans as percentage of total assets, was approximately 40.8% (31 December 2012: approximately 39.0%).

Exposure in exchange rate fluctuations

As the Group's operations were mainly conducted in China and the majority of the sales and purchases were transacted in Renminbi, the directors of the Company (the “**Directors**”) are of the view that the Group's operating cash flow and liquidity are 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 30 June 2013 (31 December 2012: Nil).

Capital commitments

For details, please refer to note 20 to the Condensed Consolidated Financial Statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group employed a total of 18,585 employees. Staff cost of the Group for the period under review was approximately RMB401.1 million (for the six months ended 30 June 2012: approximately RMB296.3 million). The cost included basic salaries and staff benefits such as discretionary bonus, medical and insurance plans, pension scheme, unemployment insurance plan etc. Competitive remuneration packages were offered to employees. The Company has adopted incentive programs to encourage employees' performance and a range of training programs for the development of its staff.

INTERIM DIVIDEND

The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (same period of 2012: Nil).

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Company as at 30 June 2013.

MATERIAL ACQUISITION AND DISPOSAL

During the period under review, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

For details, please refer to note 18 to the Condensed Consolidated Financial Statements.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Since the end of the financial period covered by this report, there had been no significant events which would have an impact on the Group.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investors' confidence. The Company has adopted and complied with the code provisions of the Corporate Governance Code ("CG Code") during the period under review as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the code provision A.2.1 of the CG Code. Mr. Zhang Tianren is both the Chairman and Chief Executive Officer ("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.

The Company has established the Audit Committee in compliance with the Rule 3.21 of the Listing Rules. The Company's Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee (inter alia) are to review the financial reporting process and internal control system of the Group, and to make proposals to the Board as to appointment, renewal and resignation of the Company's independent external auditors and the related remuneration and appointment terms. The Audit Committee has reviewed this interim report with the management of the Company and the Company's independent external auditors and recommended its adoption by the Board.

The interim financial information of the Company in this report has not been audited. However, it has been prepared in accordance with HKAS 34 "Interim Financial Reporting" and has been reviewed by the Company's independent external auditors Deloitte Touche Tohmatsu in accordance with the Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry, all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

The Company has also complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules and appointed three independent non-executive Directors including one with financial management expertise.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed by the then shareholders on 26 February 2007 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. Details of the Company's share option scheme are set out in the note 18 to the financial statements.

On 30 March 2009, a total of 36,340,000 share options were offered to the eligible participants under the Scheme. 35,310,000 share options were accepted and granted on the same day. On 22 November 2010, a total of 44,720,000 share options were offered and granted to Directors and eligible participants under the Scheme. The details movement of Company's share options during the period under review are as follows:

Name of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK\$)	Closing price of Company's shares immediately before the date of grant (HK\$)	Weighted average closing price of Company's shares immediately before the date of exercise (HK\$)	Number of option outstanding as at 1 January 2013	Number of options granted during the period	Number of options exercised during the period	Number of options cancelled during the period	Number of options or the share option scheme during the period	Number of options outstanding as at 30 June 2013	Approximate shareholding percentage of the underlying shares for the Options in the share capital of the Company
Ho Tso Hsiu (Independent non-executive Director)	30/3/2009	30/3/2010 to 25/02/2017	1.22	1.22	4.65	140,000	–	(140,000)	–	–	–	–
Huang Dongliang (Independent non-executive Director)	30/3/2009	30/3/2010 to 25/02/2017	1.22	1.22	4.65	140,000	–	(140,000)	–	–	–	–
Wang Jingzhong (Independent non-executive Director)	30/3/2009	30/3/2010 to 25/02/2017	1.22	1.22	4.65	140,000	–	(140,000)	–	–	–	–
Other eligible participants	30/3/2009	30/03/2010 to 25/02/2017	1.22	1.22	4.65	12,212,000	–	(12,140,000)	–	(72,000)	–	–
	22/11/2010	22/11/2011 to 21/11/2020	3.18	3.02	–	39,720,000	–	–	–	(570,000)	39,150,000	3.52%
						<u>52,352,000</u>	<u>–</u>	<u>(12,560,000)</u>	<u>–</u>	<u>(642,000)</u>	<u>39,150,000</u>	<u>3.52%</u>

No share option was granted during the period under review, no price disclosure is applicable.

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

Save as disclosed in notes 17 and 18 to the condensed consolidated financial statements, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

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 Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the Company's website at www.tianneng.com.hk.

By order of the Board
Zhang Tianren
Chairman

Hong Kong, 30 August 2013