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(Incorporated in the Cayman Islands with limited liability) (Stock Code: 00819)

# RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

# **FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 59.95% to approximately RMB85.616 billion.
- Profit attributable to shareholders decreased by approximately 47.52% to approximately RMB1.300 billion.
- Basic earnings per share decreased by approximately 47.73% to approximately RMB1.15.
- A final dividend of HK40 cents per share is proposed.

#### **2021 ANNUAL RESULTS**

The board of directors (the "Board") of Tianneng Power International Limited (the "Company" or "Tianneng") hereby announces the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 together with the previous financial year as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2020
	Notes	RMB'000	RMB '000
Revenue	4	85,615,917	53,525,039
Cost of sales		(80,994,895)	(48,032,934)
Gross profit		4,621,022	5,492,105
Interest revenue		218,204	137,930
Other income	5	876,103	530,491
Other gains and losses		46,401	36,408
Impairment losses, net of reversal		(113,459)	(9,348)
Selling and distribution costs		(1,037,235)	(937,657)
Administrative expenses		(989,376)	(791,154)
Research and development costs		(1,483,162)	(1,270,497)
Other expenses		(44,732)	(25,643)
Share of loss of associates		(2,735)	(776)
Finance costs	6	(254,089)	(212,131)
Profit before taxation		1,836,942	2,949,728
Taxation	7	(285,730)	(445,153)
Profit for the year	8	1,551,212	2,504,575

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

# **COMPREHENSIVE INCOME** (Continued)

For the year ended 31 December 2021

Ν	Votes	2021 <i>RMB</i> '000	2020 RMB '000
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investment at fair value through other comprehensive income		(104,611)	21,513
		(104,611)	21,513
Items that may be reclassified to profit or loss:			
Fair value change of debt instruments measured at fair value through other comprehensive income Income tax relating to items that may		8,647	(10,414)
be reclassified subsequently	(2,153)	2,456	
		6,494	(7,958)
Total comprehensive income for the year		1,453,095	2,518,130
<b>Profit for the year attributable to:</b> Owners of the Company Non-controlling interests		1,299,952 251,260	2,476,921 27,654
		1,551,212	2,504,575
<b>Total comprehensive income for the year attributable</b> Owners of the Company Non-controlling interests	e to:	1,201,835 251,260 1,453,095	2,490,476 27,654 2,518,130
Earnings per share	10		
-Basic (RMB)		1.15	2.20
– Diluted (RMB)		1.13	2.15

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	2021	2020
Note	es <b>RMB'000</b>	RMB '000
Non-current assets		
Property, plant and equipment	6,504,488	5,455,025
Goodwill	23,305	23,305
Right-of-use assets	1,099,183	793,956
Interest in associates	36,115	20,670
Equity investments at fair value through		
other comprehensive income	267,489	327,101
Deferred tax assets	688,263	459,597
Deposit paid for acquisition of property,		
plant and equipments	743,273	244,377
Loan receivables	284,928	188,808
Long-term receivables	5,136	13,098
	9,652,180	7,525,937
Current assets		
Inventories	4,484,624	4,485,900
Properties for sale under development	768,189	389,696
Trade and other receivables 11	3,328,917	2,349,281
Loan receivables	203,954	34,825
Amounts due from related parties	3,479	13,475
Amounts due from an associate	70,000	—
Debt instruments at fair value through		
other comprehensive income	987,055	2,069,365
Financial assets at fair value through profit or loss	1,600,095	572,591
Pledged bank deposit	2,943,087	1,303,060
Bank balances and cash	8,697,364	4,456,305
	23,086,764	15,674,498

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2021

		2021	2020
	Notes	RMB'000	RMB '000
Current liabilities			
Bills, trade and other payables	12	8,923,504	7,356,002
Amounts due to related parties		239,970	142,308
Derivative financial instruments		263	_
Taxation payables		348,748	403,788
Borrowings – current portion		2,874,839	919,123
Deferred government grants		42,026	38,699
Lease liabilities		8,727	8,689
Provision		720,292	622,309
Contract liabilities		2,129,216	2,941,370
		15,287,585	12,432,288
Net current assets		7,799,179	3,242,210
TOTAL ASSETS LESS CURRENT LIABILITIE	S	17,451,359	10,768,147
Non-current liabilities			
Borrowings – non-current portion		1,408,682	718,917
Deferred government grants		591,701	509,833
Lease liabilities		13,637	16,274
Deferred tax liabilities		60,407	63,834
		2,074,427	1,308,858
NET ASSETS		15,376,932	9,459,289

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2021

	2021	2020
Notes	RMB'000	RMB '000
	109,850	109,850
	12,870,646	8,636,310
	12,980,496	8,746,160
	2,396,436	713,129
	15,376,932	9,459,289
	Notes	2021 Notes RMB'000 109,850 12,870,646 12,980,496 2,396,436 15,376,932

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 1. GENERAL INFORMATION

Tianneng Power International Limited (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 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with effect from 11 June 2007.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group".

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

# 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (the "HKFRS"); Hong Kong Accounting Standards (the "HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

#### 3. SEGMENT INFORMATION

The Group's operating and reportable segments are based on information prepared and reported to the chief operating decision makers ("CODM"), being the board of directors of the Company, for the purposes of resource allocation and performance assessment. For the sales of batteries and battery related accessories operation, there were no further discrete financial information since the financial information provided to the CODM does not contain profit or loss information of each product line or each market segment and the CODM review the operating results of the sales of batteries and battery related accessories operation on a consolidated basis. Therefore, the operation of the Group constitutes two single operating and reportable segments, (1) sales of batteries and battery related accessories, (2) trading of new energy materials.

These segments are the basis on which the Group reports its segment information.

The CODM makes decisions according to operating result of each segment. No analysis of segment assets and segment liabilities presented is as the CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented. The accounting policies of the operating and reportable segment are the same as the Group's accounting policies. Segment results represent the profits earned by each segment and exclude certain other gains and losses, corporate administrative expenses and finance costs. Intersegment sales are charged at cost plus profit approach.

#### Segment revenue and results

	Sales of batteries and battery related accessories <i>RMB'000</i>	Trading of new energy materials <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue derived			
from the group's external customer	37,920,576	47,695,341	85,615,917
Inter-segment sales		425,539	425,539
Reportable segment revenue	37,920,576	48,120,880	86,041,456
Segment profit	1,613,606	15,241	1,628,847
Other gains and losses			(67,778)
Corporate administrative expenses			(9,110)
Finance costs			(747)
Profit for the year			1,551,212

#### For the year ended 31 December 2021

# For the year ended 31 December 2020

	Sales of		
	batteries and		
	battery related	Trading of new	
	accessories	energy materials	Total
	RMB '000	RMB '000	RMB '000
Reportable segment revenue derived			
from the group's external customer	31,911,346	21,613,693	53,525,039
Inter-segment sales	1,609	9,391	11,000
Reportable segment revenue	31,912,955	21,623,084	53,536,039
Segment profit	2,490,997	33,015	2,524,012
Other gains and losses			10,226
Corporate administrative expenses			(28,829)
Finance costs			(834)
Profit for the year			2,504,575
Finance costs Profit for the year			(834

# Other segment information

For the year ended 31 December 2021	Sales of batteries and battery related accessories <i>RMB'000</i>	Trading of new energy materials <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation of property, plant and equipments	570,701	1,921	-	572,622
Amortisation of right-of-use assets	29,954	-	_	29,954
Loss on disposal/written off of property,				
plant and equipments	45,985	_	_	45,985
Interest revenue	211,166	7,037	1	218,204
Income tax expense	270,299	15,431	-	285,730
Write-down of inventories	12,888		_	12,888

	Sales of			
	batteries and	Trading of		
	battery related	new energy		
For the year ended 31 December 2020	accessories	materials	Unallocated	Total
	RMB'000	RMB '000	RMB '000	RMB '000
Depreciation of property, plant and equipments	510,116	112	_	510,228
Amortisation of right-of-use assets	19,011	_	_	19,011
Loss on disposal/written off of property,				
plant and equipments	51,234	_	_	51,234
Interest revenue	122,831	14,931	168	137,930
Income tax expense	433,279	11,874	_	445,153
Write-down of inventories	4,831			4,831

#### Information about major customers

During the year ended 31 December 2021 and 2020, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

#### 4. **REVENUE**

Revenue represents the amounts received and receivable for goods sold excluding value added taxes, less returns and allowances and services provided by the Group to outside customers during the year.

	2021	2020
	RMB'000	RMB '000
Sales of batteries and battery related accessories		
Lead-acid battery products (note)	31,820,839	28,337,484
Renewable resources product	2,678,280	1,207,542
Lithium-ion battery products	987,231	1,059,440
Others	2,434,226	1,306,880
Trading of new energy materials	47,695,341	21,613,693
	85,615,917	53,525,039

*Note:* It includes battery products mainly for electrical bicycle, electrical tricycle, tubular battery, lead-acid starter battery, energy storage battery and standby battery.

#### 5. OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	RMB '000
Net gains/(losses) on financial assets at FVTPL		
<ul> <li>structured bank deposits</li> </ul>	73,274	54,214
– held-for-trading investments (note i)	(14,074)	32,664
- commodity derivative contracts (note ii)	21,352	(26,300)
Write off/loss on disposal of property, plant and equipments	(45,985)	(51,234)
Net foreign exchange losses	11,834	27,064
	46,401	36,408

Notes:

- Net (losses)/gains on held-for-trading investments included losses arising on changes in fair value of RMB14,074,000 (2020: gain of RMB32,664,000), which were earned on these investments in listed equity securities during the year ended 31 December 2021. Such gains/ (losses) included unrealised losses of RMB15,511,000 (2020: gains of RMB32,664,000) and realised gains of RMB1,437,000 (2020: Nil).
- Net gains/(losses) on commodity derivative contracts represented realised gains of RMB21,615,000 (2020: losses of RMB28,057,000) and unrealised losses of RMB263,000 (2020: gains of RMB1,757,000) arising on changes in fair value of commodity derivative contracts.

#### 6. FINANCE COSTS

	2021	2020
	RMB'000	RMB '000
Interest on borrowings	207,276	130,902
Effective interest on long-term loan note	-	24,217
Interest on factorised bills	45,281	47,472
Lease liabilities interest	1,332	1,358
Others	200	8,182
	254,089	212,131

#### 7. TAXATION

	2021	2020
	<i>RMB'000</i>	RMB'000
Hong Kong Profits Tax:		
– Current tax	-	_
PRC Enterprise Income Tax ("EIT"):		
– Current tax	509,976	479,880
<ul> <li>Over provision in prior years</li> </ul>	-	(25,076)
Deferred tax:	(224,246)	(9,651)
	285,730	445,153

The Company was incorporated in the Cayman Islands and is exempted from income tax.

For the year ended 31 December 2021 and 2020, Hong Kong Profits Tax is calculated under two-tier profits tax system where the first HK\$2 million of estimated assessable profits is taxed at a reduced rate of 8.25% and the remaining of estimated assessable profits is taxed at 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable tax rate of PRC subsidiaries is 25% during the year ended 31 December 2021 except that, Tianneng Battery Group Co., Ltd. ("Tianneng Battery"), Tianneng Battery Group (Anhui) Co., Ltd. ("Tianneng Battery Anhui"), Zhejiang Tianneng Energy Technology Co., Ltd. ("Zhejiang Tianneng Energy"), Zhejiang Tianneng Power Energy Co., Ltd. ("Zhejiang Tianneng Power"), Tianneng Battery (Wuhu) Co., Ltd. ("Tianneng Battery Wuhu"), Anhui Zhongneng Power Supply Co., Ltd. ("Anhui Zhongneng"), Tianneng Group (Henan) Energy Technology Co., Ltd. ("Tianneng Henan"), Jiyuan Wanyang Green Energy Co., Ltd. ("Jiyuan Wanyang"), Tianneng Battery Group Jiangsu Technology Co., Ltd. ("Tianneng Jiangsu Technology"), Zhejiang Tianneng Battery (Jiangsu) New Energy Co., Ltd., Zhejiang Hercules Energy Co., Ltd., Anhui Hongda Power Supply Co., Ltd. ("Anhui Hongda"), 浙江暢通能源有限公 司, 天能集團江蘇特種電源有限公司 and 浙江天能汽車電池有限公司 which were recognised as High-Tech companies and enjoyed a tax rate of 15% for the year ended 31 December 2021 (1.1.2020 to 31.12.2020: 15% applicable for Tianneng Battery, Tianneng Battery Anhui, Zhejiang Tianneng Energy, Zhejiang Tianneng Power, Tianneng Battery Wuhu, Anhui Zhongneng, Tianneng Henan, Jiyuan Wanyang, Tianneng Jiangsu Technology, Zhejiang Tianneng Battery (Jiangsu) New Engergy Co., Ltd., Zhejiang Hercules Energy Co., Ltd, Anhui Hongda, 天能集團江蘇科技有限公司, 天能帥 福得能源股份有限公司,浙江吴楊新能源科技有限公司 and 浙江暢通能源有限公司).

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

	2021	2020
	RMB'000	RMB '000
Profit before taxation	1,836,942	2,949,728
Tax at the applicable income tax rate of 25% (2020: 25%)	459,236	737,432
Tax effect of income not taxable and expenses		
not deductible for tax purposes	3,167	(3,931)
Tax effect of tax losses not recognised	11,788	17,976
Utilisation of tax losses previously not recognised	(39,317)	(23,222)
Income tax at concessionary rates	(9,316)	(122,719)
Over provision in prior years	_	(25,076)
Tax effect of additional deduction related to research and		
development costs and certain staff costs	(148,565)	(132,372)
Withholding tax on undistributed profits of PRC subsidiaries	8,737	(2,935)
	285,730	445,153

#### 8. **PROFIT FOR THE YEAR**

The Group's profit for the year is stated after charging the following:

	2021	2020
	RMB'000	RMB '000
Auditor's remuneration	1,920	1,720
Cost of inventories sold	80,994,895	48,032,934
Write-down of inventories (included in cost of sales)	12,888	4,831
Depreciation of property, plant and equipments	572,622	510,228
Amortisation of right-of-use assets	29,954	19,011
Expenses related to short-term leases	4,113	10,548
Expenses related to variable lease payments not included		
in lease liabilities	-	9,140
Directors' remuneration	4,528	4,489
Other staff costs	2,403,002	2,111,060
Retirement benefits scheme contributions, excluding directors	286,116	134,577
Share-based payments	13,316	13,084
Total staff costs	2,706,962	2,263,210

At 31 December 2021 and 2020, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in the future years.

#### 9. **DIVIDENDS**

2021	2020
RMB'000	RMB '000
374,810	404,261
	2021 <i>RMB</i> '000 374,810

Subsequent to the end of the reporting period, a final dividend of HK40 cents (equivalent to RMB32.54 cents) (2020: HK40.00 cents (equivalent to RMB33.67 cents)) in respect of the year ended 31 December 2021 per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

#### 10. EARNINGS PER SHARE

	2021 <i>RMB'000</i>	2020 <i>RMB</i> '000
Earnings for the purposes of calculating basic and diluted		
<ul> <li>Profit for the year attributable to the owners of the Company</li> </ul>	1,299,952	2,476,921
	2021	2020
Number of shares:		
Weighted average number of ordinary shares for the		
purpose of calculating basic earnings per share	1,126,124,500	1,126,376,156
Effect of dilutive potential ordinary shares – share options	27,132,350	27,420,469
Weighted average number of ordinary shares for the purpose		
of calculating diluted earnings per share	1,153,256,850	1,153,796,625

#### 11. TRADE AND OTHER RECEIVABLES

	2021	2020
	<i>RMB'000</i>	RMB '000
Trade receivables	1,868,648	1,144,620
Less: Allowance for credit losses	(253,511)	(227,372)
	1,615,137	917,248
Other receivables	184,524	229,788
Less: Allowance for credit losses	(36,709)	(35,689)
	147,815	194,099
Prepayment	1,203,124	996,888
PRC value added tax receivables	362,841	241,046
	3,328,917	2,349,281

Trade receivables are non-interest-bearing, except for trade receivables from factoring loan services of RMB276,675,000 (2020: RMBNil) which bear interest at 7.5% to 11% per annum (2020: Nil).

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	2021	2020
	RMB'000	RMB '000
0 to 45 days	978,311	725,779
46 to 90 days	349,392	101,132
91 to 180 days	160,253	51,559
181 to 365 days	86,048	12,939
1 year to 2 years	24,986	11,911
Over 2 years	16,147	13,928
	1,615,137	917,248

#### 12. BILLS, TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	RMB '000
Trade payables	3,004,111	2,538,199
Bills payables	3,278,323	2,426,921
Other payables and accrued charges	2,641,070	2,390,882
	8,923,504	7,356,002

The Group normally receives credit terms of 5 days to 90 days (2020: 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:

	2021	2020
	<i>RMB'000</i>	RMB'000
0 to 90 days	2,879,511	1,984,179
91 to 180 days	5,883	370,169
181 to 365 days	61,971	85,243
1 to 2 years	27,333	70,283
Over 2 years	29,413	28,325
	3,004,111	2,538,199

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

	2021	2020
	RMB'000	RMB'000
0 to 180 days	3,228,323	2,329,841
181 to 365 days	50,000	97,080
	3,278,323	2,426,921

## MANAGEMENT DISCUSSION AND ANALYSIS

## **OPERATION REVIEW**

2021 is the start of China's "14th Five-Year Plan" and also the first year of the "Carbon Peaking" and "Carbon Neutrality" ("Dual Carbon") plan. In 2021, China issued a series of policies at both the state and local level to better achieve the "Dual Carbon" goal. Those policies boostered the development of environmental and energy-saving industries, the construction of new power systems, and the upgrading and transformation of China's manufacturing industry. As a world-leading green energy solution provider, Tianneng has participated in the state and global "Carbon Peaking" and "Carbon Neutrality" process, to fulfill its missions in green commuting, new energy storage, and recycling.

Under the leadership of the Group's management and the support from governments at all levels, all the staff of the Group worked in a down-to-earth manner and dedicated themselves to the long-term prospect, laying the foundation and fostering the growth drivers for a sustainable, healthy and high-quality development. During the reporting period, the Group realised a turnover of approximately RMB85,616 million and a net profit of approximately RMB1,551 million, representing an increase of 59.95% and a decrease of 38.06% respectively year-on-year, primarily because the raw and auxiliary materials' prices of the Company's major products recorded a year-on-year increase. The major raw and auxiliary materials of the Company include lead metal and alloy, PE plastics, as well as anode and cathode materials, diaphragm and electrolyte for lithium-ion batteries.

In 2021, Tianneng forged ahead with determination, made a series of innovations and breakthroughs in the dynamic environment, implemented the strategy of "intelligence, platformbuilding, globalization", utilized "Industry, Technology, Capital" as the development guidance, and achieved good operating results.

During the reporting period, the Group saw synergetic development of lead batteries and lithiumion batteries, proceeded with the industrialisation of fuel cells steadily, and deeply deployed five application scenarios, including micro-mobility, passenger vehicles, commercial vehicles, smart energy storage, and recycling. It provided multi-technology, multi-product and systematic green energy solutions for each scenario and created a new recycling business model with a fully closed loop of the production, application, echelon utilization, recycling, and regeneration for batteries. Currently, the Group has established production bases and logistics systems in places where the demands for batteries are vigorous, such as Zhejiang, Anhui and Henan provinces. The total battery production capacity exceeds 100 GWh. Three internationally advanced industrial parks for circular economy have been built and operated, which can process over 700,000 tons of used lead batteries and lithium-ion batteries every year. In tandem with that, Tianneng actively developed its internal and external circulation and established offices in Vietnam, India and multiple African countries, as the Company actively engages itself in global operations. The Group's overall strength ranked among the Global 500 New Energy Companies in 2021, Fortune China 500 in 2021 by the Fortune magazine, Top 500 Chinese Civilian-run Enterprises in 2021, Top 500 Chinese Manufacturing Enterprises in 2021 and other rankings. On the list of 2021 Fortune China 500 released in July 2021, Tianneng ranked 17th in terms of return on equity (ROE).

In recent years, Tianneng has capitalized on the opportunities of the digital economy to build a user ecosystem operation platform, an industrial Internet of Things platform and an enterprise intelligent manufacturing platform, forming a "Cloud-based Tianneng" (雲上天能). During the process of digital transformation, Tianneng created a user-centric green ecosystem model based on the characteristics of the industry and its own product attributes. For example, Tianneng independently developed a "green energy full life cycle management service platform", which is not only applicable to Tianneng's smart factories in cross-provincial production, order tracking, inventory control, smart logistics, etc., but is also useful for industrial chain collaboration. The platform greatly improves product quality and reduces defective rates, enabling flexible production. During the reporting period, the Group was selected into the list of "Future Factory" pilot enterprises in Zhejiang in 2021 and the list of provincial key industrial internet platform projects in 2021 announced by the Economic and Information Technology Department of Zhejiang Province.

Tianneng attaches great importance to the research and development ("R&D") and has established a three-tier R&D structure that comprises Central Research Institute, Technology Centres of Business Divisions, and Technology Departments of Production Bases, each of which has its own focus and synergizes with each other. Tianneng has also established an open innovation mechanism, and successively established open innovation centers in the Guangdong-Hong Kong-Macau Great Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei Region. Consolidating the lead battery business, the Group vigorously develops the lithium-ion battery business, steadily facilitates the industrialization of fuel cells, and continues to explore new battery technologies such as sodium-ion batteries and solid-state batteries. During the reporting period, Tianneng independently developed the Power Durable core technology system, launched the Balance Tech (衡科技) series lithium-ion manganese iron phosphate (LMFP) batteries and mass-produced liquid-cooled lithium-ion energy storage pack. Nanjing Jinlong Passenger Buses and Geely Passenger Buses, both equipped with Tianneng hydrogen fuel cell system, listed into the "Catalogue of Power-Driven Vehicle Manufacturing Enterprises and Products" of Ministry of Industry and Information Technology ("MIIT"). The key technologies for recycling of used motive batteries were listed in the 2021 Zhejiang Provincial Key Technology Innovation Project Plan. Up to now, Tianneng has obtained more than 2,900 authorized national patents and has won 9 Chinese Patent Awards. Tianneng ranked 53rd on the List of Top 500 Invention Patents of Civilian-run Enterprise in 2021 (2021年民營企業發明專利500家榜單) and ranked 83rd on the List of Top 500 R&D Investment of Civilian-run Enterprise in 2021 (2021年民營企業發明專利500家榜單) and ranked 83rd on the List of Top 500 R&D Investment of Civilian-run Enterprise in 2021 (2021年民營企業研發投入500家榜單) of All-China Federation of Industry and Commerce (中華全國工商業聯合會).

The Group will continue to cultivate scientific research, stimulate innovation, and devote itself to the R&D and application of new technologies, new techniques and new materials to meet the demands of diverse markets and customers and shape the core competitiveness for the Company's high-quality development.

In recent years, Tianneng has been striving to realize the transformation from a product supplier to a solution provider and from an accessory manufacturer to a manufacturing consumer brand. Tianneng is undergoing a transition from "TO B" to "TO B+C" dual drive mode at both the brand and product levels. For example, the Group launched the "Tianneng Smart Commute platform" (天能智行平台), which provided battery charging and replacement users with a complete set of solutions including battery sales, battery leasing, shopping mall service, and financial support. Another example is that the Group has developed the "Tianneng Recycling Cloud" platform (天 能回收雲平台) to delayer recycling channels and digitalize customers' information. Moreover, the Group has also built an online and offline integrated sales model through the "Tianneng Retail" platform (天能零售通平台) and "Integrated Vehicle for Sales and Service" (銷服一體專用 車), which provided customized distribution and sales services for terminals and opened up new opportunities for brand communication. Based on its stable and stellar product quality, systematic after-sales service, and strong sales base, "Tianneng" has become a well-known brand for new energy batteries.

The Company has been further recognised by capital markets for the robust growth of its performance over recent years. During the reporting period, the Company was included in the Hang Seng Shanghai-Shenzhen-Hong Kong Autonomous and Electric Vehicles Index and became the sole Hong Kong listed battery firm selected into such index. In January 2021, the Company's holding subsidiary, Tianneng Battery Group Co., Ltd. ("Tianneng Share", Stock code: 688819. SH), was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. In June 2021, Tianneng Share was included in the China A400 Index by FTSE (the second-largest global index compilation company) and amongst the constituent stocks of the STAR & CHINEXT 50 Index compiled by China Securities Index Co., Ltd (中證指數有限公司).

Tianneng actively builds an eco-friendly enterprise and embeds the concept of sustainable development throughout the entire life cycle of its production. Up to now, the Group has been selected for more than 40 green manufacturing lists, including the national green factories, green design products, green supply chain management enterprises. Tianneng has been actively making plans to support farmers and students constantly to fulfill its social responsibilities with actions. In Xinchuan Village, Zhejiang, Tianneng carried out the "Strengthening the Village and Helping the People" campaign, to lead the villagers to the path of common prosperity. Tianneng has also formed a one-to-one funding relationship with Dadong Village in Anhui and Jijia Village in Guizhou near the production bases to build poverty alleviation workshops. Excellent environmental, social and corporate governance (ESG) allowed Tianneng to be included in the "Excellent Case of Chinese Civilian-run Enterprise for Social Responsibility" (中國民營企業社 會責任優秀案例) and the "Top 100 Chinese Civilian-run Enterprises for Social Responsibility" (中國民營企業社 會責任100強), and to obtain the AA rating for ESG from MSCI.

The Group is mainly engaged in three lines of business, namely, the R&D, manufacturing and sale of 1) high-end eco-friendly batteries; 2) new energy batteries; 3) renewable new materials.

# I. HIGH-END ECO-FRIENDLY BATTERIES

High-end eco-friendly batteries are a series of sealed maintenance-free lead battery products created by Tianneng relying on its R&D and technology innovations.

Lead batteries have the advantages of cost-effective, safety, stability, and high recyclability. They are the most commonly used batteries for vehicles and equipment such as light electric vehicles, special electric vehicles and start-stop systems in automobiles. Lead batteries enjoyed a stable overall growth in market demand during the reporting period. According to the National Bureau of Statistics, the cumulative output of lead batteries in China of 2021 was 251.9 million kVAh, representing a year-on-year increase of 13.7%.

Tianneng is a leading enterprise in lead batteries, and enjoys wide brand recognition and quality recognition among consumers. According to the data from China Battery Industry Association, Tianneng's market share exceeded 40% in lead motive batteries for domestic light electric vehicles, and has sustained a momentum of year-on-year growth in market share over the past few years.

During the reporting period, the operating revenue of high-end eco-friendly battery business amounted to approximately RMB31,821 million, representing an increase of 12.29% year-on-year. As the Group's key business, high-end eco-friendly batteries have maintained the momentum of high-quality sustainable development.

In recent years, apart from establishing production bases and logistics systems in the eastern coastal areas of China, the Group has also strategically deployed in Southwest China and utilized local raw material advantages and logistics advantages to exert its influence in Yunnan, Guizhou, Guangxi, and other markets, as well as prepare for the Southeast Asian market. During the reporting period, Tianneng Guizhou Taijiang Base (Phase II) was put into operation, which marked another milestone in the rapid development of Taijiang company.

#### 1. Two-wheeled and three-wheeled electric vehicles battery

Lead batteries are currently one of the most commonly used batteries for twowheeled and three-wheeled electric vehicles such as electric bicycles, tricycles, light motorcycles, and scooters, with primary application to the power systems of vehicles for daily commuting, logistics and express delivery. Thanks to their safety, stability, and good cost-effective performance as well as the rigidity of demand, lead batteries have grown into essential consumer goods for commuting among the Chinese public with a huge market size. In recent years, the thriving new economy has driven the demand for two-wheeled and three-wheeled electric vehicles in short-distance delivery and express delivery. Meanwhile, the COVID-19 pandemic has propelled the transformation to the "one person one vehicle" commuting mode for end consumers. Thus, the market of two-wheeled and three-wheeled electric vehicles has embraced another peak in its growth.

According to the White Paper for the Development of the Chinese Two-wheeled Electric Vehicles Industry (2021) (《中國電動二輪車行業發展白皮書(2021)》) published by EVTank, a research institute, a total of 48.34 million two-wheeled electric vehicles were produced in 2020, representing a year-on-year increase of approximately 27.22%. Given the aggregate ownership of 340 million vehicles, approximately every four Chinese people own a two-wheeled electric vehicle. Due to the frequent daily use of the consumers, lead batteries need replacement every 0.5 to 3 years, generating an even greater replacement demand from a massive base of individual consumers.

The Company has established a wide range of deep-rooted sales and after-sales service channels. Following years of development and accumulation, the Company has built an integrated marketing and after-sales network of over 3,000 distributors that covers extensive end markets. In recent years, the Company has been engaged in an ongoing digital transformation of its sales network. Tianneng has launched the Tabor Cloud (泰博雲), a digital tool to help its distributors to know about the latest market supply and demand situation and to grasp market growth points immediately. Distributors' capabilities of business operation have been sharpened and refined.

On 15 April 2019, China formally implemented the Safety Technical Specifications for Electric Bicycles GB17761-2018 as the new national standard (the "New National Standard"), which specifies such standards as the weight and maximum hourly speed for electric bicycles. The implementation of the New National Standard has promoted the healthy growth of the light electric vehicles market and fostered the elimination of the outdated production capacity of the industry.

Amidst the healthy industry development, the Company continued to enhance its R&D and product quality, launched a product series that fully met the requirements of the New National Standard, and provided better services combined with digital experience, improving its leading position. During the reporting period, the Company presented its Nano-Carbon Crystal vehicle batteries that pioneered the industry with its application of the new materials, namely nano carbon alloy and lanthanum crystal alloy, as well as the cutting-edge technology of 720° 3D mixed paste (立體混膏). The new product has addressed the issues of lead batteries in respect of anode and cathode additives. The Company also launched the T9-MAX electric graphene battery equipped with the durable technology in a warranty of up to 24 months, which provides a quick charge of more than 85% within an hour so as to satisfy the consumers' demand for endurance, high qualty, and sound pricing.

As of the present, the Company has developed two brands of "Tianneng" and "Huiyuan", and a series of products such as Electric Graphene (極電石墨烯), Nano Carbon Crystal (納米碳晶), King Kong (金剛), New Black Gold (真黑金), Longevity King (長壽王), Long Mileage King (長跑王) and Big Black Bull (大黑牛), catering to the demands from various market segments.

#### 2. Start-stop batteries

Start-stop batteries are applied to the ignition and lighting of automobiles, motorcycles, vessels, and internal combustion engines. Capable of effectively reducing emissions, the start-stop system is an energy-saving and emissions-reducing technology that has been growing rapidly in recent years. The system has marked an uptick in its penetration rate since 2016. According to the China Industry Information Network, China reached a 70% market penetration for its automobile start-stop batteries in 2020. Lead batteries have become the mainstream batteries in automobile tstart-stop systems, due to safety, cost-effective performance, and wide temperature range. The start-stop battery business is one of the key industries developed by the Company on the basis of consolidating its leading position in lead motive batteries.

Based on different customers segments, the market of start-stop batteries can be divided into new car and stock replacement markets. Automobile start-stop batteries have an average operating life of three to five years, with approximately a fifth of operating vehicles in need of battery replacement each year. During the reporting period, based on optimizing and integrating the existing sales network and consolidating and deepening the stock replacement market, the Company has made breakthroughs in the new car market. The Company has realized volume shipment to Jiangling Motors, Sinotruk, and Cowin Auto; in addition, the Company has met the standard of OEM factories for passenger vehicles and has been in contact with many OEMs. During the reporting period, Tianneng also set up an overseas sales team for automobile batteries to expand overseas channels by taking advantage of the Company's strength in the new car market and brand recognition.

In June 2021, Tianneng held a press conference on its strategies for new automobile start-stop batteries. At the press conference, Tianneng presented a new concept, "Replacement and Upgrade Deliver Greater Durability than Original Installations", to upgrade the brand; at the same time, it released five new product series, including the superior start battery series of Classic, Premium, Selection, and the start-stop battery series of AGM and EFB, to build a complete spectrum for vehicle battery products.

Looking forward, Tianneng's automobile start-stop batteries will leverage the Group's brand merits and technology accumulation to keep exploring its market potential.

#### 3. Energy storage batteries and backup batteries

Energy storage batteries are mainly used in solar and wind power generation equipment as well as other electric equipment. Backup batteries are mainly used for communication backup, continuous power supply system, emergency lighting and other backup purposes. Energy storage batteries and backup batteries have a replacement cycle of roughly 5 to 8 years. Since 2021, the state authorities has introduced a raft of policies to accelerate the development of the energy storage industry. In June 2021, the National Energy Administration issued the "Notice on Submitting the Pilot Program of Roof Distributed Photovoltaic Development in the Whole County (City, District)" (《關於 報送整縣(市、區)屋頂分佈式光伏開發試點方案的通知》), and implemented the development of the distributed phoptovoltaic rootop throughout the country. In July 2021, the National Development and Reform Commission ("NDRC") and the National Energy Administration jointly issued the "Guiding Opinions on Accelerating the Development of New Energy Storage" (《關於加快推動新型儲能發展的指導意見》). which set out that new energy storage shall evolve from initial commercialization to large-scale utilization with the installed capacity of new energy storage technology to surpass 30GW by 2025. Moreover in July 2021, the NDRC issued the "Notice on Further Improving the Mechanism of Electricity Pricing Based on Time Slots" (《關於進一步完善分時電價機制的通知》), which would further widen the peaktrough price difference, so as to provide space for the realization of the commercial value of energy storage facilities. The rollout of such policies has specified the unique position of new energy storage, improved the pricing mechanism of new energy storage and provided better guidance for users in peak-load shifting, and facilitated the consumption of new energy.

As a leader in the Chinese new energy industry, Tianneng has proactively explored the development of smart energy storage, kept exploring cutting-edge technology, and developed systematic energy storage products and solutions combining lead batteries and lithium-ion batteries. The High-performance Lead-carbon Battery Industrialisation Demonstration Project (高性能鉛炭電池產業化示範項目) works on a new type of batteries developed independently by Tianneng in line with leading international technical standards, with the product extensively used in such fields as energy storage power stations and new energy hybrid vehicles. In December 2020, the high-performance lead-carbon battery won the China Industrial Award (中國工業大獎), the most prestigious accolade in the Chinese industrial sector established by the State Council.

Owing to its years of deep engagement, Tianneng has been pushing for more application scenarios for energy storage. For instance, Tianneng was involved in the 10kV Energy Storage Power Station in Zhicheng of Changxing and the Project of 0.4kV Energy Storage Power Station in Da Mai Yuan Village, Huiping Township of Quzhou amongst the first four projects on grid-side energy storage power stations in Zhejiang province. The former is the first grid-side lead-carbon energy storage power station in China in cooperation with the State Grid. Tianneng also managed to develop overseas a number of demonstration projects on energy storage, such as the off-grid photovoltaic energy storage project in Africa (非洲光伏儲能離網項目).

Lead batteries will have an impactful role to play in new energy storage, for their safety and reliability, low unit energy cost and system cost, high recycling rate, and good adaptability to temperature changes.

### 4. Mini electric vehicle batteries

Mini electric vehicle batteries are the motive batteries for low-speed four-wheelers powered solely by electricity. Such vehicles have a top speed ranging from 40 to 70 km/h with no more than four seats, and usually serve as a substitute for short-distance commuting. Currently, such vehicles use lead batteries as one of the power sources, with a battery replacement period of approximately 1 to 5 years.

Mini electric vehicles are popular in rural areas, urban-rural integration areas as well as third and fourth-tier cities in China with a relatively low per capita income, primarily because: 1) Cost-effective. The operating cost is lower than that of other four-wheelers; 2) Cater to the demand. The cruising range of a mini electric vehicle can generally cover the daily commuting of urban and rural residents, with a low speed limit which can ensure the safety of elderly drivers; and 3) Convenient charging. Mini electric vehicles can be charged easily via househould power, without installing special charging pile.

In June 2021, MIIT released the GB/T 28382 Pure Battery Electric Passenger Cars - Specifications (Draft for Comment) (《純電動乘用車技術條件》(徵求意見稿)) (the "Draft"). Mini electric vehicles serve as a sub-category of pure electric passenger vehicles under the name of Mini Low-speed Passenger Vehicles Powered Solely by Electricity in the Draft. In the meantime, such vehicles are also specified with relevant technical specifications and experimental approaches that correspond to their low-speed, miniature and lightweight characteristics in the Draft. MIIT commenced to amend the standard of the GB/T 28382 Pure Battery Electric Passenger Cars – Specifications, which helped to accelerate the well-regulated management of the industry, facilitated the orderly development of such industry norms, ensured that people's demands for safe travel is met, and provided a tremendous boost to the quick expansion of the mini electric vehicles market.

Sustaining its market leadership in mini electric vehicle batteries, the Company offers motive battery solutions and technical support to key clients such as Haiquan (海全), Honri (鴻日) and Jinpeng (金彭). The Company also continues to exploit replacement market and expand its market share.

#### 5. Special electric vehicle batteries

Special electric vehicle batteries are mainly used in freight equipment such as electric forklifts, electric stackers and electric lift trucks as well as in engineering machinery such as excavators. Those batteries are also used in other special electric vehicles such as electric tour buses, electric cleaning vehicles, electric patrol vehicles and golf carts.

Deeply rooted in the field of forklift batteries for years, Tianneng has been engaging itself in R&D with a stream of technological innovation achievements. The Company has obtained such core patents as "An Enclosed Battery Formation Process for Tubular Lead Batteries", which have been well-received amongst mainstream enterprises from home and abroad, such as Hangcha Group (杭叉集團), Anhui Heli (安徽合力), KION Baoli (凱傲寶驪) and Lonking (龍工), with products sold to a number of overseas countries. The Company provides battery solutions including lead batteries, lithiumion batteries, and hydrogen fuel cells and has become the second largest domestic brand in the field of forklift batteries.

Attributed to the advanced innovation platform and strong scientific research team, Tianneng insists on developing new products for the needs of customers and forms seven product series with different performance characteristics to secure safe and reliable green energy supply for all kinds of scenarios. In February 2022, shuttle buses equipped with Tianneng special electric vehicle batteries provided smooth and convenient commuting services for athletes and staff across the Beijing Winter Olympics venues.

#### II. NEW ENERGY BATTERIES

The Company's new energy battery business mainly focuses on lithium-ion batteries, and also includes the production and R&D of next-generation battery products such as fuel cells. The application fields of new energy battery business are principally divided into two categories: motive field and non-motive field. The application fields for the motive category include two-wheeled and three-wheeled electric vehicles, electric passenger vehicles, electric commercial vehicles and special electric vehicles, while the application fields for the non-motive category include energy storage products and consumer electronic products.

During the reporting period, the Group's new energy battery business recorded an operating revenue of approximately RMB987 million, representing a year-on-year decrease of 6.82%. As a major strategic segment of the Group, new energy batteries, together with high-end eco-friendly batteries, form the Dual Drive Strategy of the Group.

#### 1. Lithium-ion batteries

In November 2019, Tianneng formed a joint venture, Tianneng SAFT Energy Joint Stock Company\*(天能帥福得能源股份有限公司) ("Tianneng SAFT"), with SAFT, a subsidiary of the French company Total S.A., a Global 500 enterprise, to focus on the development, manufacture and sale of advanced lithium-ion batteries for Chinese and global markets. Tianneng SAFT is mainly engaged in design, development, production and sale of cylindrical batteries, pouch shell batteries, prismatic batteries, and the lithium-ion battery management system ("BMS"). The products are widely used in two-wheeled and three-wheeled electric vehicles, energy storage, new energy vehicles, electronic appliances, communications equipment, and special industries.

The Group has successively introduced domestic and international first-class automated production equipment and technologies, and the R&D of lithium-ion battery products and production capacity construction projects has been progressing smoothly. In August 2021, Tianneng Share, a holding subsidiary of the Company, announced that it planned to invest approximately RMB3.97 billion to build a 10GWh lithium-ion battery capacity. The project is located in the South Taihu New District, Huzhou, covering a total area of 442 Mu. The first-phase production capacity is planned to be 3GWh, while the second-phase production capacity is planned to be 7GWh. The implementation of this project will facilitate the Company's production capacity planning for lithium-ion iron phosphate (LFP) batteries, thereby increasing the Company's market share and competitiveness.

The Group has adhered to independent innovation and took the lead in applying the leading Chinese and French technologies to material systems, production processes and R&D for new products. In terms of material systems, Tianneng has successfully developed the Balance Tech (衡科技) series of lithium-ion manganese iron phosphate (LMFP) batteries, forming a diversified material system consisting of NCM, lithium-ion manganese iron phosphate (LMFP), and lithium-ion iron phosphate (LFP). Tianneng also possessed the application technology of advanced materials such as silicon carbon and graphene, satisfying different lithium-ion battery application scenarios and the needs from users of different sectors.

In terms of the product safety systems, Tianneng valued quality and successfully delivered high-energy batteries to SAFT, the batteries of which will be used to power satellites. Meanwhile, in order to maintain a good after-sales safety maintenance service, Tianneng has independently developed a smart detection software for lithium-ion batteries, "Tianneng SAFT Service" (天能帥服), to help users understand the condition of lithium-ion batteries instantly.

In the R&D of new products, Tianneng has successfully developed and supplied 180Ah and 280Ah air-cooled energy storage pack and liquid-cooled energy storage pack in bulk, which not only meet the needs of large-scale energy storage industrial and commercial systems on the power generation side and grid side, but also meet the needs of household users. Tianneng has also rolled out a number of portable power stations targeting to personal users, which cater to outdoor electricity access as well as various scenarios at work and in daily life that require emergency power supply. In the energy storage industry chain, the Group's planning has covered the manufacture of energy storage cells, energy storage packs, storage cabinets, energy storage containers, energy storage BMS and EMS systems, and has formed a closed-loop industrial chain including lithium-ion battery recycling.

In the field of application, Tianneng has formed a rich product line comprising electric vehicle lithium-ion batteries, energy storage lithium-ion batteries, light motive lithiumion batteries, high-charge-rate electric tool batteries, etc., to meet the needs of new markets and overseas markets. Tianneng has formed strategic partnerships with new energy vehicle manufacturers, such as Haiquan (海全), Jinzhi (金致), etc., to supply lithium-ion power battery products for them, and is expanding its market to high-speed passenger vehicles. In terms of smart grid, Tianneng has reached strategic cooperations with Huaneng (Zhejiang) Energy Development Co., Ltd. and Datang Shandong Power Generation Co., Ltd., starting the collaboration in the field of new energy and smart grid. In terms of light motive lithium-ion batteries, Tianneng launched Balance Tech (衡科技), Black Bull (黑牛), M and other series of products, and also launched a onestop batteries sharing and leasing platform "Tianneng Smart Commute" (天能智行) to provide marketing channels, individual users and operators with batteries leasing, sales, tracking, and other services. Regarding consumable lithium-ion batteries, Tianneng has its products extensively used in perambulators, toys, electric instruments and electronic media due to their superb functionality and quality.

#### 2. Fuel cells

Since 2017, Tianneng has been engaged in the R&D of multiple key materials and stacks on fuel cells. To speedily promote the industrialisation of its fuel cell technology, the Group established Zhejiang Tianneng Hydrogen Energy Technology Co., Ltd. (浙 江天能氫能源科技有限公司) in February 2021.

Tianneng has built an R&D team that comprises academician advisors, experts under national talent introduction schemes and seasoned industry specialists. Furnished with well-equipped specialised laboratories, the Company has engaged in the preparation of relevant industry standards as a member of the National Industry Standard Committee (國家行業標準委員會). Tianneng persists on scientific and technological innovation, has independently developed 30kW, 40kW, 60kW, 80kW graphite plate stacks and 100kW high-power metal plate stacks, and is also involved in independent R&D of core components such as Membrane Electrode Assembly (MEA) and catalysts. Because of its leading practice in the R&D, production and application of fuel cells, Tianneng won the 2021 Outstanding Contribution Award for Localization of Chinese Hydrogen Power Industry Chain (2021年度中國氫電產業鏈國產化優秀貢獻獎) and 2021 Fuel Cell Stack Technology Contribution Award (2021年度燃料電池電堆技術 貢獻獎) from GGII Hydrogen Power.

In 2021, Tianneng has expedited the market-oriented application of its fuel cells and can provide customized fuel cell system solutions according to specific application scenarios. During the China North International Bicycle & E-Bike Exhibition in March 2021, Tianneng formally launched hydrogen-powered electric bicycles. In April 2021, the high-performance hydro-cooled stack products independently developed by Tianneng started to fit into the tour buses of DR Powertrain, and commenced demonstration operation in the Jiaxing bases. In September 2021, Tianneng signed a strategic cooperation agreement with Xuzhou Xugong Special Construction Machinery Co., Ltd. (徐州徐工特種工程機械有限公司), and Tianneng's new hydrogen fuel cell system for forklifts was officially released.

In 2021, Tianneng also made breakthroughs in the R&D and application of highpower fuel cells. The 150kW fuel cell module independently developed by Tianneng has successfully passed the mandatory inspection of the National Product Quality Inspection and Testing Center for Motor Vehicle (國家機動車產品質量檢驗檢測 中心), and can provide mature high-power fuel cell module products for application scenarios such as large buses, heavy-duty trucks, and logistics vehicles. Nanjing Jinlong Passenger Buses and Geely Passenger Buses installed with Tianneng's hydrogen fuel cell battery system have been listed in the Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品》) by MIIT, which marks the successful commercialization of the Company's hydrogen fuel cell batteries.

#### III. RENEWABLE NEW MATERIALS

Tianneng is one of the first enterprises to enter the renewable new materials industry. In terms of the renewable new materials segment, the Company, based on the Extended Producer Responsibility Scheme (生產者責任延伸制度), has developed the recycling business of used lead battery and lithium-ion battery apart from the main business, forming a closed-loop for the full life cycle of batteries; in tandem with that, the Company is also actively exploring other green recycling businesses including solid waste and hazardous waste disposal. It extended the upstream and downstream industrial chains and increased its influence in the subdivision fields such as carbon and modified plastics. With over ten years of technology accumulation and scientific operations, the renewable new material business segment has become one of the three major businesses of the Company, occupying an important position in its future development plan. During the reporting period, the Group recorded an operating revenue of approximately RMB2,678 million in its renewable new materials business, representing a year-on-year increase of 121.8%.

In recent years, the Chinese government paid extra attention to developing its circular economy and successively drafted or issued laws and regulations such as the "Notice of the General Office of the State Council on Issuing the Implementation Plan for Extended Producer Responsibility" (《國務院辦公廳關於印發生產者責任延伸制度推行方案的通知》) and the "Interim Measures for the Management of the Recycling and Utilisation of Lead Batteries (Draft for Comments)" (《鉛蓄電池回收利用管理暫行辦法》(徽求意見稿)), with a view to setting out detailed provisions on the recycling and disposal processes of used batteries, establishing an Extended Producer Responsibility scheme for products such as lead batteries and vehicle motive batteries. The objective is for China to reach a recycling rate of over 70% of its lead batteries by the end of 2025. At present, under its laws, China strictly prohibits entities without licences or not in compliance with the requirements of the licences from engaging in operations regarding the collection, storage, utilisation and disposal of hazardous wastes. In the future, the recycling industry will receive growing support for its sound and orderly development, phasing out outdated and substandard production capacity.

At the same time, the recycling of used power batteries is on the climb. The number of new energy vehicles in China is growing rapidly, and the number of used motive batteries is also increasing gradually. A huge number of used motive batteries contain scarce resources such as nickel, cobalt, manganese, and lithium-ion. In order to improve the level of comprehensive utilization of resources and strengthen traceability supervision and recycling, the MIIT issued and implemented a series of policies such as the "Interim Measures for the Administration of Recycling and Utilization of Motive Batteries for New Energy Vehicles" (新能源汽車動力蓄電池回收利用管理暫行辦法) and the "Measures for the Administration of Echelon Utilization of Motive Batteries for New Energy Vehicles" (新

At the end of 2021, there were favorable policies for the renewable resources industry. After two consecutive years of proposal made by Mr. Zhang Tianren, a representative of the National People's Congress and the chairman of the Group, the Ministry of Finance and the State Taxation Administration issued the "Announcement on Improving the Value-Added Tax Policy for Comprehensive Utilization of Resources" (關於完善資源綜合利 用增值税政策的公告) (the "Announcement") which took effect from 1 March 2022. The Announcement stated that general taxpayers of value-added tax engaged in the recycling of renewable resources can choose the simplified tax calculation method and are taxed at the rate of 3% when selling the renewable resources acquired by them. The tax rebate rate for the comprehensively utilized resources named "used batteries and their dismantled materials" would increase from 30% to 50%. Under the coordination of the financial and tax systems, a fair and sustainable operating environment would be created for future renewable resources industry.

By far, Tianneng has built three internationally advanced industrial parks for circular economy, and obtained the qualifications for launching pilot recycling projects in 15 provinces where used battery resources are relatively concentrated. Tianneng also continues to identify potential locations for the construction of industrial parks for circular economy. In August 2021, a foundation stone laying ceremony was held for a comprehensive utilization project handling 250,000 tons of resources in Shuyang, Jiangsu Province. This is the fourth industrial park for circular economy built by Tianneng in the country after landing in Zhejiang, Anhui and Henan.

For the recycling of lead batteries, the Company can process 700,000 tons of used batteries each year and reach a metal recycling rate of more than 99% for used batteries, a 99% recycling rate for plastics and a 100% recycling rate for residual acids. The Company has also made significant progress in lithium-ion battery recycling. The Company currently has deployed a capacity of 7,000 tons for the disposal of lithium-ion batteries. Zhejiang Tianneng New Materials Co., Ltd., a subsidiary of the Company, has twice been included in the enterprise list of "Standards and Conditions for the Comprehensive Utilisation of Waste Power Batteries for New Energy Vehicles" (《新能源汽車廢舊動力電池綜合利用行業規 範條件》), issued by MIIT, and has become an enterprise with dual white lists for recycling and echelon utilisation in the motive battery recycling industry. Regarding the technology for recycling lithium-ion batteries, Tianneng has applied for 27 relevant patents, and led or participated in establishing 40 national standards. In June 2021, the Joint Innovation Laboratory for the Disassembly and Resource Utilisation of Retired Lithium-ion Batteries (退役鋰離子電池拆解與資源化利用聯合創新實驗室) of Tianneng was included in the list of the second batch of recognised joint innovation laboratories under the China Technology Innovation Strategic Alliance for Resources Recycling Industry (CIAR) (中國再生資源 產業技術創新戰略聯盟). In August 2021, Tianneng's key technologies for the green and efficient recycling and processing of retired power batteries were included on the 2021 Zhejiang Provincial Key Technology Innovation Project Plan announced by the Economy and Information Technology Department of Zhejiang province.

In terms of channels, the Company relied on the huge network of terminal sales stores in China to expand the recycling channels, and explored the existing recycling network resources in various places, forming close cooperation; it also utilized the internet and operated the country's largest used battery App "Tianneng Recycling Cloud (天能回收雲)" to form an "After-sales Plus" service model. Tianneng also established a strategic partnership with "Aihuishou" (愛回收), a well-known online recycling platform for digital products in China. The two parties not only cooperated closely in the field of digital battery recycling, but also cooperated in the recycling and dismantling business of new energy vehicles and expanded their cooperation to motive battery recycling.

The Group will continue to develop the recyclable new material industry, deepen the development of lead battery and lithium-ion battery recycling technology, increase recycling capacity and expand recycling channels, as well as extend to subdivision fields and upstream and downstream of the industrial chain and progress steadily towards the goal of setting up large circular industry clusters.

# IV. OPENING UP INDUSTRY CHAIN, DRIVING GLOBAL DEVELOPMENT AND CREATING A NEW GROWTH ENGINE

Under the background of the "Carbon Peaking" and "Carbon Neutrality" goal, Tianneng continuously facilitates the "three-chain integration" – supply chain, industrial chain and value chain – to cultivate new development momentum.

The Company established the Tianchang Supply Chain (天暢供應鏈) as a subsidiary to coordinate and arrange supply chain transportation resources. Meanwhile, the Company made efforts to build a platform for smart supply chain services and to offer clients with integrated service solutions to supply chains that cover a range of functions, such as logistics, warehousing, and finance. In 2021, the Tianchang Supply Chain added a shipping module named Smart Shipping (船小智), indicating that Tianneng completed a new round of digital upgrade for its multimodal transport system that integrated road, railway and water transport.

Moreover, Tianneng set up its subsidiary for intelligent equipment manufacturing. It has achieved independent R&D, manufacturing, assembly and sales of precision equipment, which ramped up the precision and quality of moulds and their manufacturing components during battery production, and achieved the precision manufacturing in battery production.

In the trading of new energy materials, our business focuses on the raw materials of nonferrous metals such as lead and zinc, as we further grasp market information, boost the Company's market clout and actively build an Integrated Service Platform for Non-ferrous Metal (有色金屬綜合服務平台), in an effort to become an impactful service provider of non-ferrous metal system integration in the industry.

For overseas business, the Group has fully investigated the market potential in regions such as Southeast Asia, South Asia, Europe, Middle East, and Africa. The Group has established sales networks in Vietnam, India, Africa, and other countries and regions to develop the overseas clientele to further explore new markets and spaces.

# PROSPECTS

In the future, Tianneng, based on its positioning as a green energy solutions provider, will continue to deploy in-depth application scenarios such as micro-mobility, passenger vehicles, commercial vehicles, smart energy storage, and recycling, providing systematic green energy solutions with multi-technology and multi-product.

The Company will steadily widen the application fields of lead batteries, expand segments such as start-stop and smart energy storage on the basis of consolidating its leading position in lead motive batteries, and strive to develop its business in China and overseas. Regarding the technology, Tianneng will speed up the R&D and industrialisation of the technology of high-energy lead batteries, such as lead-carbon and pure lead batteries, and gradually develop into a global leader in lead batteries, a pioneer in advanced high-energy lead batteries and a maker of international standards.

The Company will continue to vigorously develop lithium-ion batteries and strengthen its presence, making the new energy battery business as one of the Company's core businesses. The Company will continue to enhance its production capacity through the "High-Energy Motive Lithium-ion Battery and PACK Project" and "Annual Output of 10GWh Lithium-ion Battery Project for the Base in South Taihu New District, Huzhou". Relying on the advantages of brands and channels established in the domestic and international market, the Company will capture the lithium-ion motive battery market for light electric vehicles with mature technology and operating system, and gradually deploy new energy vehicles, smart energy storage, backup batteries, and other application fields. Meanwhile, the Company will actively attract the R&D talents in fields of new battery technology such as fuel cells. It has commenced the R&D of projects for fuel cells, including Fuel Cell Metal Plate Reactors (燃料電池金屬板電堆) and Development of High-Power Graphite Plate Reactors for Commercial Vehicles (商用車用大功率 石墨板電堆的開發) to accelerate the implementation of fuel cell industrialization.

The Company will adhere to the concept of green and sustainable development and integrate the recycling of lead and lithium-ion batteries that combined with the disposal and resource utilisation of solid wastes from urban life, industry, and rural areas, sparing no effort to build a green sustainable system for the new materials industry.

The Company will adhere to the new development concept of innovation and reform, and comprehensively create new economic growth drivers in a customer-centric and market-oriented approach, laying a solid foundation for a new round of high-quality sustainable development.

# MANAGEMENT ANALYSIS

### **Gross profit**

The Group's gross profit decreased by approximately 15.86% to approximately RMB4,621 million in 2021 from RMB5,492 million in 2020, which was attributable to the increase in sales volume but fall in gross profit margin of batteries. The overall gross profit margin decreased by 4.86 percentage points to 5.40% from 10.26% in 2020. Among them, gross profit margin of manufacturing segment was 12.05%, representing a decrease of 5.03 percentage points when compared with 2020. This was mainly attributable to the increase in raw material cost without corresponding increase in the product sales price.

#### Other income

Other income of the Group increased by approximately 65.15% from approximately RMB530 million in 2020 to approximately RMB876 million in 2021. The increase was mainly attributable to the increase in government grants. Interest income increased from approximately RMB138 million in 2020 to approximately RMB218 million in 2021. The increase was mainly attributable to optimised fund allocation and increase in interest income from deposit.

# Selling and distribution costs

Selling and distribution costs of the Group increased by approximately 10.62% from approximately RMB938 million in 2020 to approximately RMB1,037 million in 2021. The increase in selling and distribution costs was mainly due to the increase in transportation fees.

#### Administrative expenses

Administrative expenses increased by approximately 25.05% from approximately RMB791 million in 2020 to approximately RMB989 million in 2021. Such increase was mainly due to the increase in staff cost and consultancy expenses.

#### **Finance costs**

Finance costs increased by approximately 19.78% from approximately RMB212 million in 2020 to approximately RMB254 million in 2021, which was mainly due to the increase in loan size during the year.

# Taxation

Tax charges of the Group decreased by approximately 35.81% from approximately RMB445 million in 2020 to approximately RMB286 million in 2021, which was mainly due to the decrease in profit during the year.

# LIQUIDITY AND FINANCIAL RESOURCES

The net cash from operating activities for the year of 2021 was approximately RMB2,107 million (2020: RMB2,102 million). In this year, the Group had a better profit and strengthened the management of prepayments and account payables enabling the overall cash flow of operating activities to maintain at a good level.

As at 31 December 2021, the bank balances and cash (including pledged bank deposits) of the Group was approximately RMB11,640 million (31 December 2020: approximately RMB5,759 million). As at 31 December 2021, the Group obtained undrawn banks facilities of approximately RMB7,859 million (31 December 2020: approximately RMB8,985 million). The bank balances and cash (including pledged bank deposits) of approximately RMB11,427 million, RMB17.60 million, RMB195 million and RMB0.6 million were denominated in Renminbi, Hong Kong Dollars, US Dollars and Euros respectively. As the bank balances in Hong Kong Dollars, US Dollars and Euros collectively accounted for approximately 1.83% of the total balances, the Group's relevant exchange risk is low.

As at 31 December 2021, the net current assets of the Group were approximately RMB7,799 million (31 December 2020: net current assets of approximately RMB3,242 million). The increase was primarily attributable to the increase in financial instruments held for sale and bank deposits of the Company, and that the Company was able to control the level of its liabilities and financial risks.

As at 31 December 2021, the interest bearing loans of the Group with maturity of within one year totally amounted to approximately RMB2,875 million (31 December 2020: approximately RMB919 million). The interest bearing loans of the Group with maturity of more than one year amounted to approximately RMB1,409 million (31 December 2020: RMB719 million). The interest bearing loans of RMB2,551 million (31 December 2020: approximately RMB1,543 million) carried fixed and variable interest rates ranging from 2.23% to 7.36% (2020: 2.23% to 4.79%) per annum. Loans dominated in U.S. dollar and Hong Kong dollar were equivalent to loans denominated in Renminbi of approximately RMB1.332 billion, which carried fixed and variable interest rates ranging from 2.00% to 1.71%. 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 healthy capital structure to minimize the capital cost through prudent financial management. During the year under review, the Group continued to further make use of long-term loans in order to optimize its loan structure.

### **FINANCIAL POSITION**

#### Assets

As at 31 December 2021, the total assets of the Group were approximately RMB32,739 million, representing an increase of 41.11% as compared to approximately RMB23,200 million as at 31 December 2020. Among them, non-current assets increased by approximately 28.25% to approximately RMB9,652 million and current assets increased by approximately 47.29% to approximately RMB23,087 million. The major reason for the increase of non-current assets was due to the capital expenditure on production plants and equipment upgrading. The increase in current assets was mainly attributable to the increase in financial instruments held for sale, receivables and bank deposits.

#### Liabilities

As at 31 December 2021, the total liabilities of the Group were approximately RMB17,362 million, representing an increase of approximately 26.35% as compared to approximately RMB13,741 million as at 31 December 2020. Among them, non-current liabilities increased by approximately 58.49% to approximately RMB2,074 million, mainly due to the increase in long-term interest bearing borrowings; current liabilities increased by approximately 22.97% to approximately RMB15,288 million, mainly due to the increase in bill payables, account payables and short-term borrowings.

# ANALYSIS BY KEY FINANCIAL KPIS

# **Profitability:**

	2021	2020
Return on equity	12.49%	29.91%
Gross profit margin	5.40%	10.26%
– Trading	0.11%	0.19%
- Sales of batteries and battery related sales	12.05%	17.08%
Net profit margin	1.81%	4.68%

The overall gross profit margin in 2021 decreased compared to 2020 due to the increase of trading business, as well as the increase in the price of raw materials prices for lead-acid battery without corresponding increase in the product sales price.

# Liquidity:

	2021	2020
Current ratio	1.51	1.26
Quick ratio	1.22	0.90

Both the ratios above in 2021 increased when compared with those in 2020, mainly due to a higher increase of current assets as compared to that of the current liabilities.

# **Operating Cycle:**

	2021	2020
Inventory turnover days	20	31
Account receivables turnover days	6	7
Account payables turnover days	12	17
Account receivables and bills turnover days	13	18
Account payables and bills turnover days	25	37

The inventory turnover days decreased by 11 days to 20 days in 2021 due to the enhancement of inventory management in 2021. Account receivables turnover days decreased by 1 day from 2020 to 6 days in 2021 due to improved management of account receivables in 2021. Account payables turnover days for 2021 decreased by 5 days to 12 days mainly due to the decrease in account payables. Bills and account receivables turnover days decreased by 5 days, to 13 days. Bills and account payables turnover days decreased by 12 days to 25 days due to the decrease in account payables.

## **Capital:**

	2021	2020
Net debt ratio	-28.70%	-29.79%
Interest coverage ratio (Note)	10.60	17.40

Note: EBITDA divided by total interest expenses

As the interest bearing debt ("Debt") and the cash and bank balances as at 31 December 2021 were RMB4,284 million and RMB8,697 million respectively, the net debt was RMB-4,413 million. The net debt ratio was basically the same as last year. There was adequate total capital during the year.

The interest coverage ratio is 10.60 times, and the ability to make interest payments remained strong.

#### **Return of Shareholders:**

	2021	2020
Earning per share (Basic) (RMB)	1.15	2.20
Dividend per share (HK cent/share)	40 (Note)	40

*Note:* representing the dividend proposed by the Company's board of directors (the"Board") for 2021, which is subject to approval at the annual general meeting.

#### **CAPITAL EXPENDITURE**

The capital expenditure in 2021 was approximately RMB2,356 million (2020: approximately RMB1,180 million). A majority of expenditure was incurred in the lithium-ion battery segments, the start-stop battery segments and construction investment in the recycling segments.

# **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 2021 was approximately RMB2,043 million (31 December 2020: approximately RMB1,338 million).

## **GEARING RATIO**

The Group's gearing ratio (which is based on the amount of total interest bearing loans divided by total assets multiplied by 100%) as at 31 December 2021 was approximately 13.08% (31 December 2020: approximately 7.07%).

# **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

As the Group's operations were mainly conducted in China and the majority of businesses were transacted in Renminbi, the Group has set up policies to strike a balance between uncertainty and the risk of opportunity loss due to the growing significance of its exposures to fluctuations in foreign currencies. Foreign currency forward contracts can be used to eliminate the currency exposures. During the year, the Group has entered into certain foreign currency forward contracts and closely monitored the movement of foreign currency rates. The Board is of the view that the Company's operating cash flow and liquidity are not subject to significant foreign exchange rate risk.

#### **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

#### **PLEDGE OF ASSETS**

As at 31 December 2021, the bank facilities of the Group were 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 approximately RMB4,315 million (31 December 2020: RMB2,784 million).

# **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2021, the Group employed a total of 25,618 employees (31 December 2020: 24,379 employees). Staff costs excluding directors' emoluments of the Group for the year of 2021 amounted to approximately RMB2,702 million (2020: RMB2,259 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 under the statutory requirement of the government such as pension insurance in China and mandatory provident fund in Hong Kong), unemployment insurance plans and share option scheme etc. Competitive remuneration packages were offered to employees. The Company has adopted incentive programs (including share option scheme) to encourage employee performance and provided a range of training programs for the development of its staff.

### SIGNIFICANT INVESTMENTS HELD

Save for the investments in equity securities listed in the People's Republic of China (the "PRC") and Hong Kong, unlisted equity securities in the PRC and the structured bank deposits, there were no other significant investments held by the Group as at 31 December 2021. Such investment refers to its increased holdings of those excellent companies in the industry, reflecting its confidence in the prospect of the industry and the increase in corporate interest.

# MATERIAL ACQUISITION AND DISPOSAL

On 18 January 2021, the shares of Tianneng Share were separately listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "Separate Listing"). Pursuant to the Separate Listing, Tianneng Share issued a total of 116,600,000 A shares at an offer price of RMB41.79 per share to investors. Upon completion of the Separate Listing and the new issue, the Group's controlling interest in Tianneng Share was reduced from 98.33% to 86.53%.

Save as disclosed above, the Group has no material acquisition and disposal as at 31 December 2021.

# PRINCIPAL RISKS AND UNCERTAINTIES

Many economic experts closely monitor whether the global and China economy growth will slow down in coming years. The Group's traditional business such as the sale of e-bike battery may be under uncertainties if the consumer market downturn exists. It is the reason that the Group started industry chain transformation and upgrading a few years ago, aiming to diversify the risk of over reliance on any single business segment. In the past few years, labour cost in China continuously increased and the production-oriented entities in China were facing the increasing pressure of higher production cost. The Group will apply more resources in establishing production automation system in order to reduce manpower per production unit. At the same time, the new incentive scheme will be adopted as the other way for improving the manpower efficiency.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

# EVENT AFTER THE REPORTING PERIOD

# Change of Independent non-executive Director, chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company

Mr. Xia Yongyao has resigned as an independent non-executive Director, chairman of the remuneration committee (the "Remuneration Committee") and a member of each of the audit committee (the "Audit Committee") and nomination committee (the "Nomination Committee") of the Company with effect from 15 March 2022; and Mr. Xiao Gang has been appointed as an independent non-executive Director, chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 15 March 2022.

# **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022 (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 of this year, all share certificates, together with duly completed transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 23 May 2022.

Further, the register of members of the Company will be closed from Monday, 6 June 2022 to Wednesday, 8 June 2022 (both days inclusive), during which period no transfer of the shares of the Company will be registered. In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2022. Subject to the approval of the shareholders at the annual general meeting of the Company to be held on Friday, 27 May 2022, the proposed final dividend is expected to be paid on or before Friday, 8 July 2022.

# AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Huang Dongliang (chairman), Mr. Zhang Yong and Mr. Xiao Gang.

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 2021.

# **CORPORATE GOVERNANCE CODE**

The Company has adopted the provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as contained in Appendix 14 to the Listing Rules that is applicable to the corporate governance report for the year ended 31 December 2021, except for the Code provision A.2.1 as set out below.

Dr. 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 ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with the 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 ZHONGHUI ANDA CPA Limited on this announcement.

# **COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2021.

# ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held at Conference Room, 3/ F, Tianneng Group Building, Huaxi Industrial Function Zone, Changxing County, Zhejiang Province, the PRC on Friday, 27 May 2022 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 Hong Kong Stock Exchange at www.hkexnews.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 to the Listing Rules will be published on the Company's website at www.tianneng.com.hk and the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable.

## **GENERAL INFORMATION**

As at the date of this announcement, the executive directors of the Company are Dr. ZHANG Tianren, Mr. ZHANG Aogen, Mr. ZHANG Kaihong, Mr. SHI Borong and Mr. ZHOU Jianzhong; the independent non-executive directors of the Company are Mr. HUANG Dongliang, Mr. ZHANG Yong and Mr. XIAO Gang.

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

# By Order of the Board TIANNENG POWER INTERNATIONAL LIMITED ZHANG Tianren

Chairman

Hong Kong, 30 March 2022

As at the date of this announcement, the executive directors of the Company are Dr. ZHANG Tianren, Mr. ZHANG Aogen, Mr. ZHANG Kaihong, Mr. SHI Borong and Mr. ZHOU Jianzhong; the independent non-executive directors of the Company are Mr. HUANG Dongliang, Mr. ZHANG Yong and Mr. XIAO Gang.