



[For Immediate Release]



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

**TIANNENG POWER 2009 ANNUAL GROSS PROFIT**  
**UP 10.5% TO RMB642 MILLION**  
**PROFIT ATTRIBUTABLE TO EQUITY HOLDERS**  
**UP 15.6% TO RMB271 MILLION**

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**GREEN RENEWABLE ENERGY PROJECT MAKES STRIDES**  
**ACCELERATES EXPANSION INTO LEAD RECYCLING BUSINESS**

**Financial Highlights (audited)**

(For the year ended 31 December 2009)

<i>RMB'000</i>	<b>2009</b>	<b>2008</b>	<b>Change</b>
<b>Revenue</b>	<b>2,255,000</b>	2,585,000	-12.8%
<b>Gross profit</b>	<b>641,900</b>	581,100	10.5%
<b>Gross profit margin</b>	<b>28.5%</b>	22.5%	6 percentage points
<b>Profit attributable to equity holders</b>	<b>270,700</b>	234,200	15.6%
<b>Basic earnings per share (RMB)</b>	<b>0.27</b>	0.23	17.4%

(Hong Kong, 22 March 2010) – China's largest electric vehicle motive battery supplier, **Tianneng Power International Limited** ("Tianneng Power" or the "Company", stock code: 00819.HK), announced its audited annual results for the year ended 31 December 2009.

For the year ended 31 December 2009, Tianneng Power recorded turnover of approximately RMB2.3 billion, a decrease of 12.8% against the same period last year. The decrease was mainly due to the global financial turmoil which dampened its product price levels. However, the Company improved its gross profit by approximately 10.5% from the same period last year to approximately RMB642 million by reducing lead costs. Gross profit margin also increased by 6 percentage points to 28.5% from 22.5% in the same period last year. Profit attributable to equity holders increased by 15.6% year-on-year to approximately RMB271 million. Basic earnings per share were RMB 0.27. The Board of Directors recommended payment of final dividend of HK cents 8.8 per share for the year ended 31 December 2009.

*Note: Electric vehicle include electric bike, electric motor and electric car.*

**Mr. ZHANG Tianren, Chairman of Tianneng Power**, said, “2009 was a year full of challenges and opportunities. The Company managed to achieve growth in gross profit and gross profit margin against the backdrop of the global financial turmoil through its effective cost control and operational management. As Tianneng Power was positive about the prospects of the low-carbon renewable energy market from the very beginning, we are able to capture the first mover advantages through research and development in storage and motive batteries for pure electric cars, making strides in this area during 2009. We believe that this business segment will become a new profit growth driver of the Company in the future.”

To capture demand in the fast growing secondary or replacement market, the Company has continued the strategy of engaging exclusive distributors thereby further extending its market reach. As at 31 December 2009, its exclusive distributors totalled 620, an increase of 112 from 508 in the same period last year. The Company's sales and distribution network effectively covers most of China. During 2009, sales from the secondary market accounted for approximately 73% of its lead-acid battery turnover.

During the year, Tianneng Power actively developed the business of storage batteries which are mainly for solar and wind power generation systems. The renewable energy plant in Shuyang County of Jiangsu Province has started trial production of storage battery products last June, and is expected to reach designed capacity in 2012. Meanwhile, the Chinese Government's policy to promote electric vehicles significantly boosted the demand for electric car motive batteries, Tianneng Power will therefore place more focus on lead-acid, nickel hydride and lithium battery products relating to pure electric cars. In 2009, pure electric car motive batteries produced and sold by the Company were used in over 1,500 pure electrics. Turnover from storage battery and battery for pure electric cars increased by approximately RMB 29.8 million as compared to the previous year.

At the same time, Tianneng Power speeded up the expansion of its lead recycling business to mitigate the impact of fluctuating lead prices. The Company undertook the investment in the renewable energy and battery recycling businesses in Changxing Economic Development Zone, and is expected to produce 6,000,000 KVAH motive batteries and recycle 150,000 metric tons of used lead-acid batteries by 2014 and 2012 respectively. The move can significantly enhance the Company's ability to control production cost.

The Company continued to develop new products and technology to maintain its competitive strengths. The focus of the Company's National Post-doctoral Scientific Research workstation and Tianneng Energy Research Center is to research and develop storage battery products relating to the wind and solar power; lead-acid motive battery for pure electric cars, nickel hydride battery products and lithium battery products. As of 31 December 2009, its R&D team has 376 staff, and R&D cost increased by approximately 101% from the same period last year, but the Company plans to maintain R&D cost at approximately 3% of total revenue. To facilitate the development of motive battery for pure electric cars, the Company started collaboration with Chery and SAIC Group among others.

Mr. Zhang concluded, "In early 2010, we received the accolades – 'The Most Reliable Battery Brand for Electric Vehicles' and 'Outstanding Contribution to the Promotion of Electric Vehicles Industry in China' from CCTV.com, which attest to our strong brand and industry leading presence. Looking ahead, we will proactively develop low-carbon economy and devote more resources into the development of storage battery products and lead-acid, nickel hydride and lithium battery products relating to pure electric cars to seize enormous opportunities as the Chinese government and the whole world actively promote the development of low-carbon renewable energy. At the same time, we will accelerate the development of lead recycling business and integration of the supply chain, in order to turn this segment into a new business growth driver. In addition, we will actively develop the overseas market, while continue to increase our market share in the domestic market, to solidify our leadership position in the industry and aim to generate desirable returns for our shareholders."

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#### **About Tianneng Power International Limited**

Tianneng Power is the largest electric vehicle motive battery supplier in China. The Company's motive battery products are sold under its brand name "TIANNENG". The Company was awarded "2008 Chinese Best Brand of Motive Battery" and "2009 Chinese New Energy Motive Battery Brand Leadership of the Year" by Frost & Sullivan, and "The Most Reliable Battery Brand for Electric Vehicles" and "Outstanding Contribution to the Promotion of Electric Vehicles Industry in China" by CCTV.com in 2010. To cope with the national policy of energy saving and developing low-carbon economy, the Company launched a renewable energy project in Shuyang County of Jiangsu Province in March 2008, to produce storage battery relating to solar and wind power for power plant and public lighting system, etc. The project has commenced production in June 2009 and is expected to reach designed capacity in 2012. In order to speed up the development of motive battery products for pure electric cars, the Company entered into various cooperation arrangements with certain car manufacturers. The Company also undertook the investment in the renewable energy and battery recycling business in Changxing Economic Development Zone of Zhejiang Province. The investment is expected to produce 6,000,000 KVAH motive batteries and recycle 150,000 metric tons of used lead-acid batteries by 2014 and 2012 respectively.

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