



[For Immediate Release]



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

TIANNENG POWER ANNOUNCES 2010 INTERIM RESULTS

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TURNOVER SURGED 71% TO RMB1,662 MILLION
PURE ELECTRIC CAR MOTIVE BATTERY ACHIEVED COMMERCIALIZATION

Financial Highlights (Unaudited)

(RMB'000)	For the year ended 30 June		Change
	2010	2009	
Revenue	1,661,740	971,095	+71.1%
Gross profit	303,760	280,239	+8.4%
Gross profit margin	18.3%	28.9%	-10.6pp
Profit attributable to equity holders	103,273	126,367	-18.3%
Basic earnings per share (RMB)	9.6	12.6	-23.8%

(Hong Kong, 23 August 2010) – China's leading electric bike motive battery supplier, **Tianneng Power International Limited** ("Tianneng Power" or the "Company", together with its subsidiaries, the "Group", stock code: 00819.HK), announced its unaudited interim results for the six months ended 30 June 2010.

In the first half of 2010, Tianneng Power's effective market expansion strategy has successfully driven up total revenue by 71.1% reaching approximately RMB1,662 million, while gross profit increased 8.4% to approximately RMB303.8 million. Gross profit margin dropped from 28.9% in the first half of 2009 to about 18.3%, mainly because the price of the Company's key raw material, lead, increased significantly as compared to the same period of 2009, whereas the average selling price of the Group's products just maintained a steady increase in order to maintain market share. Profit attributable to equity holders decreased by 18.3% year-over-year to approximately RMB103 million. Basic earnings per share were RMB9.6 cents. The Board of Directors did not recommend payment of interim dividend for the six months ended 30 June 2010.

Mr. ZHANG Tianren, Chairman of Tianneng Power, said, "The rebound in Chinese economy, as well as the implementation of new policies by the Chinese government to promote 'Home Appliances to Countryside' and the development of low-carbon energy sources, the emerging new energy market is full of business opportunities. To capture such growth potential, Tianneng Power is building on its strong foundation as a leader in this industry, to actively develop new business areas, and has since achieved significant breakthrough in terms of research and development and technology innovation in relation to electric car motive battery and storage battery. In the front, the utilization of the Company's batteries by the Shanghai World Expo in its special purpose vehicles is a strong testament to Tianneng Power's brand recognition and leading market position."

Facing further consolidation in the electric bike industry during the period, the Company has adopted corresponding marketing strategy to effectively capture premium customers in the primary market, while leveraging on the “Home Appliances to Countryside” scheme announced by the Chinese government in the first half of 2010 to enter into strategic cooperation agreements with electric bike manufacturers. At the same time, the Company has further enhanced its sales network in the secondary market, and increased advertising expenditures in order to raise consumer recognition in Tianneng Power products. Moreover, the Company has also offered promotions to stimulate product sales during the traditional slack season. In addition, the Company continued to optimize distributor base and the number of exclusive distributors has increased to 696. As a result, In the first half of 2010, revenue of motive batteries for electric bikes from the primary and secondary market increased by 173% and 41%, which accounted for approximately 39% and 61% of the total turnover of lead-acid motive battery, respectively.

In light of gradual implementation of the New Energy Vehicle Policy and the relevant supporting policies in various pilot cities, electric vehicle industry has become the market focus. Through comprehensive market exploration and development last year, the Company has essentially achieved commercialization of its electric car motive battery products, and has commenced trial supply to automobile manufacturers such as Chery, Shanghai Automobile Industry Corporation (“SAIC”) and Zoyte. Besides, the Company successfully developed the rare earth-silica gel motive battery and commenced production, and achieved significant improvement in performances such as capacity and discharge power. During the period, revenue generated from electric car batteries was approximately RMB43 million, accounted for about 2.6% of the Group’s total revenue.

During the period, Tianneng Power continued to actively develop the storage battery business in relation to wind and solar power, and has successfully developed high-capacity storage battery. Based on its development progress in the storage battery market last year, the Company adjusted its development direction and carried out marketing and promotion initiatives, and thereby has successfully added a number of enterprises from different industries and provinces to its clientele base. Additionally, the Company strategically deployed marketing network in major renewable energy regions such as Inner Mongolia, Xinjiang and Yunnan. As the public’s attention on energy issues rises, the Company will devote more and more resources in developing renewable energy, especially in the off-grid wind-solar integration projects.

Furthermore, Tianneng Power has speed up the expansion of its lead recycling business in order to mitigate the impact of fluctuating lead price. The Company continued to invest in its renewable energy and battery recycling projects in Changxing Economic Development Zone in China, and it 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. Upon completion, it will significantly enhance the Company’s ability to control production cost.

Tianneng Power is always committed to product development and technology innovation to ensure its products’ competitiveness. During the period, the Company’s research and development cost increased about 51% to approximately RMB39 million. The products developed by the Company received numerous recognitions. In particular, the 18650-type high-motive lithium-ion iron phosphate battery was awarded the certificate of “National New Project”, while the project of the commercialization of high-motive-type lithium iron phosphate battery for electric vehicles was listed as “National Torch Plan” by the Ministry of Science and Technology of China.

Mr. Zhang concluded, "With the government's support towards the new energy industry, this sector along with the electric vehicle industry have entered the era of marketization, and we are quite confident in the industries' prospect. Apart from focusing on the domestic motive battery market, we are also committed to research and develop new products that we believe will be the new growth drivers for the Company, which include storage batteries for wind and solar power, and nickel hydride and lithium-ion battery products, while at the same time, we will continue to expand our lead recycling business. We believe these initiatives will further strengthen the Company's core competencies. Moving forward, the Company will continue to seize growth opportunities and solidify its leadership position in the industry."

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About Tianneng Power International Limited

Tianneng Power is the leading electric bike 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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