天能動力國

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EXECUTIVE DIRECTORS

Dr. ZHANG Tianren *(Chairman)*
Mr. ZHANG Aogen
Mr. SHI Borong
Mr. ZHANG Kaihong
Mr. ZHOU Jianzhong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Dongliang
Mr. WU Feng
Mr. ZHANG Yong

AUDIT COMMITTEE MEMBERS

Mr. HUANG Dongliang *(Chairman)*
Mr. WU Feng
Mr. ZHANG Yong

REMUNERATION COMMITTEE MEMBERS

Mr. WU Feng *(Chairman)*
Mr. HUANG Dongliang
Mr. ZHANG Aogen

NOMINATION COMMITTEE MEMBERS

Dr. ZHANG Tianren *(Chairman)*
Mr. HUANG Dongliang
Mr. WU Feng

COMPANY SECRETARY

Ms. HUI Wai Man Shirley

AUDITOR

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Stock Code: 00819

MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1986, Tianneng Power International Limited ("**Tianneng**" or the "**Company**", together with its subsidiaries, the "**Group**") is a leading company in the sector of motive batteries for new-energy vehicles. In 2007, Tianneng was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After more than 30 years of development, the Group has become a large-scale high-tech energy group focusing on the manufacture and services of environmentally friendly motive batteries for light electric vehicles and integrating the research and development (R&D), production and sale of various types of batteries (including motive batteries for special electric vehicles, motive batteries for new energy vehicles and start-stop batteries for automobiles), the recycling of waste batteries, the construction of urban smart microgrids, the construction of green and smart manufacturing industrial parks, and smart logistics platforms.

OPERATIONAL REVIEW

In the first half of the year, the coronavirus pandemic had an unprecedented impact on China's economy as well as on the global economy. At the same time, the uncertainty and risks facing the global economy increased due to factors such as international relations and geopolitics. In the second quarter of 2020, the growth rate of China's economy returned to the positive territory, with key indicators showing signs of recovering growth and the country's economic operation beginning to recover. Aided by governments at all levels, the Group adhered to its operational principle of "innovating, growing and improving quality while maintaining stability", thereby forging ahead in these difficult times. While strengthening measures to prevent and control the pandemic, the Group focused on its production and operation, promoting the resumption of work and production in an effective and orderly manner. In the first half of the year, the impact of the pandemic on the overall performance of the Group was limited, as the Group achieved solid economic, social and ecological benefits.

On May 10, the "China Brand Day", the brand management professional committee of China-Asia Economic Development Association and Asia Brand Network jointly released the list of "Top 500 Chinese Brands 2020". With a brand value of RMB76.531 billion, Tianneng Battery ranked first once again in the battery industry. Moreover, Tianneng was selected as one of the "Top 100 Private Enterprises in Technological Innovation in 2020" at the Forum on the Development of Innovative Countries 2020, where the White Paper (Report) on the Innovative Development of Enterprises 2020 was released.

On July 27, the Chinese edition of the Fortune magazine released the 2020 list of Fortune China 500. Tianneng jumped nine places to rank 246th on the list. This was also the eighth consecutive year where Tianneng made the Fortune China 500.

During the reporting period, the Group realised sales revenue of approximately RMB22,635 million, representing an increase of 14.26% year-on-year, and a net profit of approximately RMB860 million, representing an increase of 45.57% year-on-year.

I. High-end eco-friendly batteries

High-end eco-friendly batteries are one of the Group's main businesses, providing the Group with a solid cash flow. During the reporting period, the sales revenue of high-end eco-friendly batteries was approximately RMB11,641 million.

In the first half of the 2020, despite a complex and unpredictable external environment, the Company's main businesses maintained stable growth momentum with steady progress and improvement of quality. The Company has now formed a product system based on lead batteries and supplemented by lithium batteries that includes motive, start-stop and energy storage batteries. Among these types of batteries, lead batteries have a history of more than 160 years. Characterised by their high safety, high recyclability, high price-performance ratio, mature technology and excellent performance in high and low temperature environment, lead batteries enjoy a sharp competitive edge. As a result, lead batteries occupy a leading position in the global market of rechargeable batteries and are currently the most commonly used batteries in vehicles and equipment such as light electric vehicles, special electric vehicles and start-stop systems in automobiles. The overall market demand for them will continue to grow steadily.

In the future, the fields of application for lead batteries will continue to grow and expand, and the related technologies and processes will continue to develop with the aim of achieving higher energy densities, higher price-performance ratio and higher safety. With the in-depth application of the 5th generation mobile network (5G), lead batteries will also go "smart" with features like identifiability and traceability, remote controllability and connectivity to the Internet of things.