CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Tianneng Power International Limited (“**Tianneng**” or the “**Company**” and together with its subsidiaries, the “**Group**”) has three major businesses in the People’s Republic of China (“**PRC**” or “**China**”), namely the research and development (R&D), production and sales of: 1) high-end eco-friendly batteries and their related products; 2) new energy batteries and their related products; 3) green renewable materials and their related products.

REVIEW OF OPERATIONS

During the six months ended 30 June 2019, with the complex and volatile macroeconomic environment, the increased operational pressure on the real economy and intensifying competition in the industry, the Group adhered to its guiding principle of being “stable and progressive” in its work, steering its direction towards green wisdom (綠色智造), focusing on quality and efficiency and aiming at reform and innovation, thereby achieving the Group’s high-quality and sustainable development. According to the “List of Top 100 Battery Enterprises in China for 2018” (《2018年度中國電池行業百強企業名單》) issued by the China Industrial Association of Power Sources in July 2019, Tianneng continued to rank top in the top 100 enterprises in the battery industry of China.

During the reporting period, the Group recorded a revenue of approximately RMB20,087 million, representing an increase of 38.47%% as compared with the same period last year, and a net profit of approximately RMB554 million, representing an increase of 3.78% as compared with the same period last year.

A. High-end eco-friendly batteries

High-end eco-friendly batteries are one of the Group’s traditional major businesses, providing the Group with a solid cash flow. During the reporting period, the sales revenue of high-end eco-friendly batteries was approximately RMB12,561 million.

1. Electric bicycle and electric tricycle battery

With the continuous growth of China’s economy, the continuous increase of the consumption level, the increase of people’s awareness of environmental protection, and the promotion of energy conservation and emission reduction policies, the market of electric vehicles is expected to continue to grow steadily. Meanwhile, following the rapid development of the modern service sector, practitioners of emerging forms of businesses will become a new consumer group.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Giving full play to brand advantages and channel advantages to accelerate the coordinated development of lead and lithium and providing high-quality solutions to customers. During the reporting period, the Group's exclusive distributors and end-user stores continued to be optimized and upgraded, with a sales network spreading across the country and competitive edges gradually emerging.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Micro electric vehicles*

Micro electric vehicles are four-wheel low-speed vehicles entirely driven by electricity. This kind of vehicle is of small volume, affordable, and commonly used for short-distance travelling.

Driven by diversified traffic conditions and consumption upgrade, micro electric vehicles have become a convenient, low-carbon and eco-friendly vehicle for the people. In the "Key points of standardization working plan for new energy vehicles of 2018" (《2018年新能源汽車標準化工作要點》) issued by the Ministry of Industry and Information Technology, micro electric vehicles were included in the category of new energy vehicles for the first time, which demonstrated that the nation and government at all levels have started to place importance on the development of micro electric vehicles, and the micro electric vehicle market may enjoy further growth. Being the power source of micro electric vehicles, the motive battery is the core component part that ensures the rapid development of the micro electric vehicle industry. It has crucial influences on the quality, lifespan and cruising mileage of micro electric vehicles, as well as being the key element in determining whether a micro electric vehicle manufacturing enterprise possesses core competency. Tianneng continued to maintain its market leading position in batteries for micro vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Other high-end eco-friendly batteries*

(1) Electric forklift

With the development of internet economy and the logistic sector, the electric forklift market has grown rapidly. Currently, the Group's forklift battery is designed in accordance with top international standards, with attributes such as service life and safety performance indicators leading the industry. The Group will increase its market share by further increasing its efforts to continue to optimise the after-sales market and striving for innovation in its business models.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Start-stop battery

From the perspective of market use, starting batteries of vehicles, being consumables, have a large replacement market capacity. Additionally, domestic vehicle manufacturers are affected by the national energy conservation and emission reduction policies, from which the pressure on fuel consumption limits has increased. It is expected that the loading rate of the new vehicle start-stop system will increase significantly in the coming years, and the market for start-stop batteries is huge. Currently, the assembly rate for start-stop battery vehicles in China still has room for development and is in the development stage, and it is expected to enter in a rapid development phase in the future. The Group will continue to strengthen its sales teams, optimise the market structure, enhance international technical cooperations, capture the end-user market in advance and raise its market position.

The Group not only possesses strong brand, marketing, service, and industrial leading advantages, but also has plenty of recovery channels for used batteries of vehicles, through which the Group collaborates with starting battery manufacturers to achieve a win-win situation in the replacement market. During the reporting period, the Group rapidly developed its vehicle battery business, possessing world-class automated production processes and adopting industry-leading equipment and management concepts. The Group established strategic cooperation with various starting battery manufacturers in the sector, integrated

teams of distributors go from strength to strength. The Group successfully gained a foothold in the starting battery market and set up the Tianneng brand.

MANAGEMENT DISCUSSION AND ANALYSIS

B. Green energy industry

1. New energy batteries

The Group has a sophisticated R&D team that comprises various academicians, "National One Thousand Talents", foreign experts, and professors or doctors. The Group successfully created a whole industrial chain regarding the R&D and production of lithium battery material, the ternary lithium battery, the lithium iron phosphate battery as well as BMS and PACK systems. Leveraging its leading technology, products, brands and services, the Group has accumulated a comprehensive customer structure, including new-energy vehicle manufacturers, high-end electric bicycle manufacturers, shared electric bicycle companies and mobile energy storage companies, etc. Zhejiang Tianneng Energy Technology Co., Ltd. (hereinafter referred to as "**Tianneng Energy**"), a subsidiary of the Group, was sel(e)1(n)1(d)1.s3142 c uius32ry 2MC /SD 29R 1 7s

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Green renewable materials*

Environmental issues have become the focus of international attention, and environmental protection measures have also been constantly evolving with the development of society and the advancement of science and technology. The signing of the "Kyoto Protocol" and the "Paris Agreement" signified the support for and promotion of the development of recycling renewable industries on a global scale. Promoting the building of a green ecological civilization is an important measure to realize "sustainable development" in China. Upon the arrival of the dual opportunities of policies and market, the Group participated in the formulation of the national standard of General Guideline of Standard System for Circular Economy of Industrial Enterprises and Parks (工業企業和園區循環經濟標準體系) and Industrial Standard for Recycling Used Batteries (廢蓄電池回收規範行業標準), and acted as the representative of manufacturers, actively striving for state support 21.Tj8M4tant

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Executing global strategy to expand the market*

In response to the national policy, the Group established its presence along the "Belt and Road" and to the world, and mainly exported its products to such regions as South Asia, Southeast Asia, West Asia, Europe and Africa, demonstrating great potential in its market development.

(1) International trade

In terms of the high-end eco-friendly battery industry, the focus of the Group is on underdeveloped regions and developing countries, with the aim of helping them with their infrastructure construction. In terms of new energy batteries, many products have obtained international certifications and have accordingly been introduced to the high-end consumer markets in developed countries such as Europe and Australia. Leveraging its leading technology and excellent products in the sector, the Group has been mainly expanding international markets including Southeast Asia, Australia, and Europe. In particular, electric vehicles have become a trend in densely populated South Asian and Southeast Asian countries and will see a golden age in its market development.

(2) Global research and development, global manufacturing, global recycling

The Group actively collaborated with overseas scientific research platforms and brought together world-leading technological experts to create core technological advantages in the whole industrial chain. Meanwhile, the Group actively explored opportunities of merge and acquisition in the up and down streams, conducted research and site selection, and will build an overseas R&D and production base in due course, thereby gradually developing into local production, recycling and smelting, and simultaneously creating a global supply chain system.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Others*

On 9 November 2018, upon the approval of the Board, the Group submitted a proposal on the Proposed Spin-off to the The Stock Exchange of Hong Kong Limited pursuant to Practice Note 15 of the Listing Rules. For details, please refer to the announcement published by the Group on 9 November 2018 in relation to the "Proposed Spin-off and separate listing of the batteries business by way of Proposed A Shares Listing of the Spin-off Group on a Stock Exchange in the PRC". On 12 July 2019, an extraordinary general meeting was held by the Group, and the Group considered and approved the resolution regarding the approval of the spin-off of 天能電池集團股份有限集團 Tianneng Battery Group Co., Ltd.* (the "

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019, the cash and bank balances of the Group (including pledged bank deposits and bank deposits) were approximately RMB5,645 million (31 December 2018: approximately RMB4,902 million), of which approximately RMB156 million and approximately RMB6.03 million are denominated in Hong Kong Dollars and United States Dollars respectively. As at 30 June 2019, the interest bearing borrowings and loan notes of the Group with maturity of within one year amounted to approximately RMB3,104 million (31 December 2018: approximately RMB2,235 million). The interest bearing borrowings and loan notes (together as "**interest bearing loans**") with maturity of more than one year amounted to approximately RMB467 million (31 December 2018: approximately RMB467 million). The interest bearing loans of approximately RMB3,571 million was denominated in Renminbi. The loans denominated in RMB had fixed interest rates ranging from 4% to 8% (2018: 3.92% to 8%) per annum. In conclusion, the borrowings of the Group as at 30 June 2019 remained at a healthy and controllable level. With unutilized credit facilities of RMB4,640 million, the Group will take a cautious stance and maximize the interests of the Shareholders and the Company by striking a balance between borrowings and funding utilization. Momp8 e,L45(,4) wind cinuuti6(eimp-7(r)11(ovund

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

Capital commitments

For details, please refer to note 24 to the condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed a total of 20,965 employees (30 June 2018: 20,449). Staff cost of the Group for the reporting period was approximately RMB881 million (for the six months ended 30 June 2018: approximately RMB695 million). The cost included basic salaries and staff benefits such as discretionary bonus, medical and

MATERIAL ACQUISITION AND DISPOSAL

During the reporting period, the Group had no material acquisition or disposal of subsidiaries and associates.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2019

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June **2019** **RMB'000** **(unaudited)**	 2018 RMB'000 (unaudited)
Revenue	3	**20,086,907**	14,506,647
Cost of sales		**(18,263,716)**	(12,797,975)
Gross profit		**1,823,191**	1,708,672
Other income	5	**245,473**	173,663
Other gains and losses	6	**(14,068)**	(41,743)
Impairment losses reversed (recognised) under expected credit loss model		**4,238**	(3,662)
Distribution and selling expenses		**(424,468)**	(362,108)
Administrative expenses		**(302,886)**	(266,505)
Research and development costs		**(506,415)**	(452,887)
Other expenses		**(8,956)**	(21,064)
Share of profit of an associate		**–**	2,073
Finance costs		**(124,685)**	(72,453)
Profit before tax	7	**691,424**	663,986
Income tax expense	8	**(137,061)**	(129,839)
Profit for the period		**554,363**	534,147

INTERIM FINANCIAL INFORMATION

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	NOTES	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**4,137,804**	4,113,612
Right-of-use assets	11	**373,039**	–

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2019

	NOTES	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Current liabilities			
Bills, trade and other payables	17	**7,511,301**	6,131,130
Amounts due to related parties	26	**9,295**	25,550
Taxation liabilities		**44,893**	232,495
Borrowings – current portion	18	**3,103,512**	1,856,650
Long-term loan notes – due within one year	19	**–**	378,588
Lease liabilities		**6,970**	–
Provisions		**593,737**	549,230
Contract liabilities		**1,350,457**	1,124,451
		12,620,165	10,298,094
Net current assets		**1,263,934**	1,072,711
Total assets less current liabilities		**6,728,207**	6,343,197
Non-current liabilities			
Deferred tax liabilities	12	**64,033**	102,609
Borrowings – non-current portion	18	**68,800**	68,800
Long-term loan notes	19	**398,409**	398,508
Lease liabilities		**16,451**	–
Redeemable shares of a subsidiary	20	**183,041**	–
		730,734	569,917
		5,997,473	5,773,280

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2019

	NOTE	**30.6.2019 RMB'000 (unaudited)**	31.12.2018 RMB'000 (audited)
Capital and reserves			
Share capital	21	**109,905**	109,905
Share premium and reserves		**5,607,885**	5,429,922
Equity attributable to the owners of the Company		**5,717,790**	5,539,827
Non-controlling interests		**279,683**	233,453
Total equity		**5,997,473**	5,773,280

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Share options reserve RMB'000	Investment revaluation reserve RMB'000	Other FVTOCI reserve RMB'000	Statutory surplus reserve fund RMB'000	Discretionary surplus reserve fund RMB'000	Accumulated profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019 (audited)	109,905	783,403	10,000	26,027	41,647	(120,299)	(3,478)	642,165	143,212	3,907,245	5,539,827	233,453	5,773,280
Profit (losses) for the period	564,471	564,471	(10,108)	554,363	–	–	–	–	–				
Other comprehensive expense for the period	–	–	–	–	–	(9,998)	(259)	–	–	–	(10,257)	–	(10,257)
Total comprehensive income (expenses) for the period	–	–	–	–	–	(9,998)	(259)	–	–	564,471	554,214	(10,108)	544,106
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	49,000	49,000
Disposal of partial interests in a subsidiary without losing control	–	–	–	–	–	–	–	–	–	–	–	9,021	9,021

INTERIM FINANCIAL INFORMATION

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash from financing activities	**934,085**	926,097
Net increase (decrease) in cash and cash equivalents	**113,082**	(213,025)
Cash and cash equivalents at the beginning of the period	**3,833,751**	3,872,392
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**3,946,833**	3,659,367

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

Tianneng Power International Limited (the "**Company**

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to Hong Kong Accounting Standards ("**HKAS**") 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on

INTERIM FINANCIAL INFORMATION

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 for the first time in the current interim period using the modified retrospective approach without restating comparative information. For the purpose of applying the modified retrospective approach to all leases, the Group elected to measure the right-of-use asset at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments, at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease- by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.c8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.90%.

INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	35,777
Lease liabilities discounted at relevant incremental borrowing rates	33,118
Less: Recognition exemption – short-term leases	(4,128)
Lease liabilities as at 1 January 2019 relating to operating leases recognised upon application of HKFRS 16	28,990
Analysed as	
Current	12,494
Non-current	16,496
	28,990

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		RMB'000	RMB'000	RMB'000
Non-current assets				
Prepaid lease payments	(a)	324,615	(324,615)	–
Right-of-use assets		–	363,102	363,102
Current assets				
Prepaid lease payments	(a)	9,497	(9,497)	–
Current liabilities				
Lease liabilities		–	12,494	12,494
Non-current liabilities				
Lease liabilities		–	16,496	16,496

INTERIM FINANCIAL INFORMATION

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
An analysis of revenue is as follows:		
Sales of batteries and battery related accessories		
Lead-acid battery products		
Electrical bicycle (tricycle) battery (note i)	**11,606,254**	12,178,022
Micro electric vehicle battery	**755,491**	918,030
Special-purpose battery (note ii)	**199,578**	217,251
Renewable resources product	**508,565**	783,471
Lithium battery products	**254,861**	277,589
Others	**260,747**	132,284
Trading of materials	**6,501,411**	–
	20,086,907	14,506,647

Notes:

i. It includes battery products mainly for electrical bicycle and electrical tricycle.

ii. It includes battery products mainly for tubular battery, lead-acid starter battery, energy storage battery and standby battery.

All of the Group's revenue is recognised at a point in time during both periods.

INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments for the period:

	Six months ended 30 June 2019 RMB'000 (unaudited)	 2018 RMB'000 (unaudited)
Segment revenue		
Sales of batteries and battery related accessories		
- external sales	**13,585,496**	14,506,647
Trading of materials		
- external sales	**6,501,411**	–
- inter-segment sales	**592,735**	–
Segment revenue	**20,679,642**	14,506,647
Eliminations	**(592,735)**	–
Group revenue	**20,086,907**	14,506,647

	Six months ended 30 June 2019 RMB'000 (unaudited)	 2018 RMB'000 (unaudited)
Segment result		
Sales of batteries and battery related accessories	**568,520**	520,931
Trading of materials	**(3,899)**	–
	564,621	520,931
Unallocated		
Other gains and losses	**(977)**	(4,589)
Corporate administrative expenses	**(2,170)**	(7,248)
Financial 3		

INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Sales of batteries and battery related accessories RMB'000	Trading of materials RMB'000	Total RMB'000
For six months ended 30 June 2019			
Depreciation of property, plant and equipment	209,237	60	209,297
Amortisation of right-of-use assets	8,035	–	8,035

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants (note)	**176,998**	110,285
Interest income	**39,602**	41,715
Dividend income from equity instruments at FVTOCI	**6,468**	–
Others	**22,405**	21,663
	245,473	173,663

Note: The government grants mainly represent unconditional subsidies from the relevant development zone administrative committees and PRC local governments to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000

INTERIM FINANCIAL INFORMATION

INTERIM FINANCIAL INFORMATION

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("**EIT**")		
- Current tax	**146,605**	98,445
- (Over) under provision in prior years	**(5,491)**	15,953
	141,114	114,398
Deferred tax expense (note 12)		
Current period	**(20,789)**	15,441
Attributable to a change in tax rate	**16,736**	–
	137,061	129,839

The income tax expense of the Group is recognised based on the PRC EIT rate of 25% (1.1.2018 to 30.6.2018: 25%) during the both periods. Certain subsidiaries of the Group were recognised as High-Tech companies and enjoyed a tax rate of 15%.

INTERIM FINANCIAL INFORMATION

9. DIVIDENDS

	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Dividends recognised as distribution during the period:		
1.1.2019 to 30.6.2019: 2018 final dividend of HK$38.00 cents (equivalent to RMB33.30 cents) (1.1.2018 to 30.6.2018: 2017 final dividend of HK$37.00 cents (equivalent to RMB30.93 cents)) per ordinary share	**376,251**	340,769

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 and 30 June 2018.

10. EARNINGS PER SHARE

	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share – attributable to the owners of the Company	**564,471**	513,125
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,126,726,500**	1,126,546,500
Effect of dilutive potential ordinary shares – share options	**22,818,755**	28,285,714
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,149,545,255**	1,154,832,214

12. DEFERRED TAXATION

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

	Deferred income RMB'000	Withholding tax on undistributed profits RMB'000	Fair values adjustments on property, plant and equipment and prepaid lease payments arising from acquisition of subsidiaries RMB'000	Interest capitalisation RMB'000	Provision for inventories, trade and other receivables RMB'000	Accrued warranty RMB'000	Fair value change of derivative financial instruments RMB'000	Fair value change on equity investment at FVTOCI RMB'000	Fair value change of debt instruments at FVTOCI RMB'000	Accrued expenses RMB'000	Impairment loss on property, plant and equipment RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 31 December 2017 (audited)	62,763	(18,810)	(13,337)	(32,733)	33,748	82,261	1,092	(2,775)	–	101,986	2,575	52,009	(4,912)	263,867
Adjustments	–	–	–	–	3,290	–	–	–	2,773	–	–	–	–	6,063
At 1 January 2018 (restated)	62,763	(18,810)	(13,337)	(32,733)	37,038	82,261	1,092	(2,775)	2,773	101,986	2,575	52,009	(4,912)	269,930
Credit/(charge) to profit or loss (unaudited)	2,478	(7,500)	191	723	551	(2,791)	(140)	–	–	(11,686)	(9)	2,612	130	(15,441)
Credit (charge) to other comprehensive income (unaudited)	–	–	–	–	–	–	–	2,775	(747)	–	–	–	–	2,028
At 30 June 2018 (unaudited)	65,241	(26,310)	(13,146)	(32,010)	37,589	79,470	952	–	2,026	90,300	2,566	54,621	(4,782)	256,517
At 1 January 2019 (audited)	67,273	(52,810)	(14,768)	(30,377)	41,563	87,111	–	–	1,327	119,723	2,566	47,436	(4,654)	264,390
Credit/(charge) to profit or loss (unaudited)	4,437	(11,574)	339	2,298	1,846	6,198	–	–	–	(9,724)	(7)	26,847	129	20,789
Effect of change in tax rate (unaudited)	(543)	–	–	–	(1,485)	(10,688)	–	–	–	(4,020)	–	–	–	(16,736)
Reversal on payment of withholding tax on distribution of earnings from the PRC subsidiaries (unaudited)	–	47,384	–	–	–	–	–	–	–	–	–	–	–	47,384
Charge to other comprehensive income (unaudited)	–	–	–	–	–	–	–	–	(81)	–	–	–	–	(81)
At 30 June 2019 (unaudited)	71,167	(17,000)	(14,429)	(28,079)	41,924	82,621	–	–	1,246	105,979	2,559	74,283	(4,525)	315,746

INTERIM FINANCIAL INFORMATION

12. DEFERRED TAXATION (CONTINUED)

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

	30.6.2019	31.12.2018

INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Trade receivables	**990,763**	974,577
Less: expected credit loss	**(198,746)**	(205,500)
	792,017	769,077
Other receivables	**142,617**	200,244
Prepayments	**467,063**	197,813
PRC value added tax receivables	**301,837**	82,876
	1,703,534	1,250,010

The Group allows an average credit period of 45 days to customers other than distributors upon delivery.

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

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
0 to 45 days	**418,022**	432,993
46 to 90 days	**191,609**	175,356
91 to 180 days	**138,579**	56,431
181 to 365 days	**37,668**	45,231
1 year to 2 years	**6,139**	59,066
	792,017	769,077

14. DEBT INSTRUMENTS AT FVTOCI

As part of the Group's cash flow management, the Group discounts some of the bills to financial institutions and endorse some of them to suppliers before the bills are due for payment, and derecognise the bills discounted and endorsed on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Thus, the bills receivables held by the Group are managed within a business model whose objective is both to collect the contractual cash flows and to sell.

The following is an aged analysis of debt instruments at FVTOCI, net of fair value remeasurement under the requirement of HKFRS 9, at the end of the reporting period:

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
0 to 180 days	**692,513**	969,300

The debt instruments at FVTOCI are all issued by reputable banks of good credit quality. The management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the period end.

INTERIM FINANCIAL INFORMATION

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2019	2018
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Impairment loss (reversed) recognised in respect of		

17. BILLS, TRADE AND OTHER PAYABLES

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Trade payables	**2,443,650**	2,100,189
Bills payables	**3,229,369**	2,062,703
Other payables and accrued charges	**1,730,882**	1,968,238
Considerations payables for restricted shares of a subsidiary (Note 22)	**107,400**	—
	7,511,301	6,131,130

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

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
0 to 90 days	**1,994,644**	1,869,304
91 to 180 days	**223,126**	117,791
181 to 365 days	**158,602**	64,973
1 to 2 years	**37,945**	22,387
Over 2 years	**29,333**	25,734
	2,443,650	2,100,189

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

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
0 to 180 days	**3,229,369**	2,062,703

INTERIM FINANCIAL INFORMATION

18. BORROWINGS

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Bank borrowings	**2,578,512**	1,831,650
Other borrowings	**593,800**	93,800
	3,172,312	1,925,450
Secured	**1,206,100**	679,530
Unsecured	**1,966,212**	1,245,920
	3,172,312	1,925,450
Carrying amounts repayable:		
Within one year	**3,103,512**	1,856,650
Within a period of more than one year but not exceeding two years	**25,000**	25,000
Within a period of more than two years but not more than five years	**43,800**	43,800
	3,172,312	1,925,450
Less: Amounts due within one year shown under current liabilities	**(3,103,512)**	(1,856,650)
Amounts shown under non-current liabilities	**68,800**	68,800

Details of assets pledged by the Group at the end of the reporting period are set

19. LOAN NOTES

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Long-term guaranteed loan notes	**398,409**	777,096
Carrying amounts repayable:		
Within one year	**–**	378,588
Within a period of more than one year but not exceeding two years	**398,409**	398,508
	398,409	777,096
Less: Amounts due within one year shown under current liabilities	**–**	(378,588)
Amounts shown under non-current liabilities	**398,409**	398,508

Note:

(1) On 11 March 2014, Tianneng Battery Group Co., Ltd ("**Tianneng Battery**") issued a long-term loan notes with principal amount of RMB400,000,000 at a discount and received proceed of RMB392,400,000. The long-term loan notes bear interest at 7.31% per annum and were fully settled on 11 March 2019. The company has provided an irrevocable guarantee on the entire principal amount and interest of the long-term loan notes.

At 31 December 2018, the amount was stated at amortised cost with effective interest rate at 7.81% per annum.

(2) On 9 October 2014, Tianneng Battery issued a long-term loan notes with principal amount of RMB400,000,000 at a discount and received proceed of RMB395,400,000. The long-term loan notes bear interest at 8% per annum and are repayable on 9 October 2020. The company has provided an irrevocable guarantee on the entire principal amount and interest of the long-term loan notes.

At 31 December 2018 and 30 June 2019, the amount was stated at amortised cost with eective interest rate at 8.25% per annum.

INTERIM FINANCIAL INFORMATION

20. REDEEMABLE SHARES OF A SUBSIDIARY

In June 2019, Tianneng Battery entered into an agreement with certain investors ("**Strategic Investors**") (the "**Agreement**"), pursuant to which the Strategic Investors agreed to subscribe 14,300,000 shares of Tianneng Battery at RMB12.80 per share, representing 1.67% interest of enlarged share capital of Tianneng Battery with a total consideration of RMB183,041,000 ("**Redeemable Shares**").

A supplementary agreement was entered at the same time that Tianneng Holding Group Limited ("**Tianneng Holding**"), a wholly-owned subsidiary of the Company, and Tianneng Battery granted a put option to the Strategic Investors that, if the initial public offering of Tianneng Battery in A-share market (the

INTERIM FINANCIAL INFORMATION

21. SHARE CAPITAL

	Number of

INTERIM FINANCIAL INFORMATION

22. SHARE-BASED PAYMENTS (CONTINUED)

Share options scheme (Continued)

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in a general meeting. The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares in issue on the date on which dealings in the shares first commence on the Hong Kong Stock Exchange, i.e. a total of 100,000,000 shares (the "**Option Limit**"). Pursuant to an annual general meeting held on 16 May 2014, the Option Limit has been refreshed to 10% of the shares in issue on the date of the annual general meeting, i.e. a total of 111,190,800 shares.

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

Maximum percentage of options exercisable	Vesting period
10% of the options	Upon the first anniversary of the date of grant
Additional 20% of the options	Upon the second anniversary of the date of grant
Additional 30% of the options	Upon the third anniversary of the date of grant
Additional 40% of the options	Upon the fourth anniversary of the date of grant

22. SHARE-BASED PAYMENTS (CONTINUED)

Share options scheme (Continued)

The following tables disclosed movements of the Company's options granted under the Scheme during the six months ended 30 June 2019 and 30 June 2018.

Category	Grant date	Exercisable period	Exercise price	Outstanding at 1.1.2019	Forfeited during the period	Outstanding at 30.6.2019
Option B	22.11.2010	22.11.2011-21.11.2020	HK$3.18	680,000	–	680,000
Option C	16.6.2014	16.6.2015-15.6.2024	HK$2.90	38,974,500	(1,080,000)	37,894,500
				39,654,500	(1,080,000)	38,574,500
Exercisable at the end of the period						38,574,500

Category	Grant date	Exercisable period	Exercise price	Outstanding at 1.1.2018	Forfeited during the period	Outstanding at 30.6.2018
Option B	22.11.2010	22.11.2011-21.11.2020	HK$3.18	680,000	–	680,000
Option C	16.6.2014	16.6.2015-15.6.2024	HK$2.90	40,171,500	(315,000)	39,856,500
				40,851,500	(315,000)	40,536,500
Exercisable at the end of the period						40,536,500

No options were exercised during the six months ended 30 June 2019 and 2018.

During the period, no expense (1.1.2018 to 30.6.2018: RMB2,730,000) was recognised in relation to share options granted by the Company under the Scheme.

INTERIM FINANCIAL INFORMATION

22. SHARE-BASED PAYMENTS (CONTINUED)

Share award scheme of a subsidiary of the Company

INTERIM FINANCIAL INFORMATION

23. PLEDGE OF ASSETS

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

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Bank deposits	**1,698,353**	1,068,449
Financial assets at FVTPL – structured bank deposits	**1,056,000**	1,074,380
Debt instruments at FVTOCI	**294,808**	453,340
Property, plant and equipment	**147,565**	186,181
Right-of-use assets	**18,298**	–
Prepaid lease payments	**–**	115,565
	3,215,024	2,897,915

24. CAPITAL COMMITMENTS

	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	**387,604**	337,858

INTERIM FINANCIAL INFORMATION

25.

INTERIM FINANCIAL INFORMATION

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets	Fair value as at 30.06.2019 (unaudited)	Fair value as at 31.12.2018 (audited)	Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
Listed equity securities classified as held-for-trading investments in the condensed consolidated statement of financial position	Listed equity securities in Mainland China: Building material industry RMB25,022,000 Listed equity securities in Hong Kong: Technology industry RMB14,974,000	Listed equity securities in Mainland China: Building material industry RMB14,342,000 Listed equity securities in Hong Kong: Technology industry RMB11,976,000	Level 1	Quoted bid prices in active markets.	N/A	N/A
Equity instrument at FVTOCI	Listed equity securities in Hong Kong: Manufacturing Industry RMB287,359,000	Listed equity securities in Hong Kong: Manufacturing Industry RMB297,357,000	Level 1	Quoted bid prices in an active market.	N/A	N/A
Commodity derivative contracts classified as held-for-trading investments	Nil	Assets: RMB151,000	Level 2	The fair value of the commodity derivative contracts is estimated by reference to the quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period.	N/A	N/A

INTERIM FINANCIAL INFORMATION

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30.06.2019 (unaudited)	Fair value as at 31.12.2018 (audited)	Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
Debt instruments at FVTOCI	RMB692,513,000	RMB969,300,000	Level 2	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the debt instruments at FVTOCI	N/A	N/A
Structured bank deposits at FVTPL	RMB1,597,000,000	RMB1,074,380,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the structured bank deposits	An increase in the discount rate would result in a decrease in the fair value measurement of the financial assets at FVTPL, and vice versa.	Estimated return
Redeemable shares of	RMB183,041,000	Nil	Level 3			

INTERIM FINANCIAL INFORMATION

26. RELATED PARTY TRANSACTIONS

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

Name of related company	Nature of transactions	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
浙江長興欣欣包裝有限公司 Zhejiang Changxing Xin Xin Packaging Co., Ltd. ("**Xin Xin Packaging**") (note i)	Purchase of consumables	**244**	209
濟源市萬洋冶煉(集團)有限公司 Jiyuan City Wanyang Smelting (Group) Co., Ltd. ("**Wanyang Group**") (note ii)	Purchase of materials	**331,404**	598,361
	Sale of goods	**51,327**	89,448
	Rental expense	**1,124**	1,108
	Dividends paid/payable	**–**	49,000
長興金陵大酒店 Changxing Jin Ling Hotel (note iii)	Hotel expense	**1,307**	1,081
天能銀玥(上海)新能源材料有限公司 Tianneng Yinyue (Shanghai) New Energy Material Co., Ltd. ("**Tianneng Yinyue**") (note iv)	Purchase of materials	**–**	640,785

INTERIM FINANCIAL INFORMATION

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Details of the amounts due to related parties are as follows:

Name of related company	**30.6.2019 RMB'000 (unaudited)**	31.12.2018 RMB'000 (audited)
Wanyang Group	**9,156**	25,426
Xin Xin Packaging	**139**	124
	9,295	25,550

Details of the amounts due from related parties are as follows:

Name of related parties	**30.6.2019 RMB'000 (unaudited)**	31.12.2018 RMB'000 (audited)
Wanyang Group	**5,582**	8,901

The amounts due to/from related parties are trade in nature and with ageing less than 180 days.

Notes:

(i) Xin Xin Packaging is beneficially owned by Ms. Chen Pingping and Ms. She Fangli, who are the cousin and niece respectively of Mr. Zhang Tianren ("**Mr. Zhang**"), the beneficial owner and the director of the Company.

(ii) Wanyang Group is an entity controlled by the 49% non-controlling equity holder of Jiyuan Wanyang Green Energy Co., Ltd. (濟源市萬洋綠色能源有限公司), which is itself a 51% owned subsidiary of the Company.

(iii) Changxing Jin Ling Hotel is controlled by Mr. Zhang.

(iv)

OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2019, apart from the details as follows, the Directors and chief executive

OTHER INFORMATION

3. The 13,641,022 shares of the Company were held by Top Benefits International Limited, which was wholly owned by Mr. Zhang Aogen.

4. The 18,884,174 shares of the Company were held by Plenty Gold Holdings Limited, which was wholly owned by Mr. Zhang Kaihong.

5. The 15,686,141 shares of the Company were held by Precise Asia Global Limited, which was wholly owned by Mr. Shi Borong.

6. The 2,362,815 shares of the Company were held by Centre Wealth Limited which was wholly owned by Mr. Zhou Jianzhong.

7. Shareholding percentage is based on 1,126,726,500 issued shares of the Company as at 30 June 2019.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the shares or underlying shares or debentures of the Company which would have to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

OTHER INFORMATION

OTHER INFORMATION

3. Pursuant to Part XV of the SFO, as at 30 June 2019, Morgan Stanley is deemed or taken to be interested in 56,126,235 shares (long position) and is holding a short position in 47,678,217 shares of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Morgan Stanley are set out below:

Name of controlled subsidiary	Number of share
Morgan Stanley Capital Management, LLC	56,126,235 (L) 47,678,217 (S)
Morgan Stanley Domestic Holdings, Inc.	56,126,235 (L) 47,678,217 (S)
Morgan Stanley International Incorporated	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Incorporated	52,775,352 (L) 24,607,717 (S)
MSDW Investment Holdings (US) LLC	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Holdings Inc.	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Holdings Inc.	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Holdings Inc.	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Holdings Inc.	52,775,352 (L) 24,607,717 (S)
Morgan Stanley International Limited	52,775,352 (L) 24,607,717 (S)
Morgan Stanley Group (Europe)	52,775,352 (L) 24,607,717 (S)
Morgan Stanley Bramley Investments Limited	52,775,352 (L) 24,607,717 (S)
Morgan Stanley UK Group	52,775,352 (L) 24,607,717 (S)
Morgan Stanley UK Group	52,775,352 (L) 24,607,717 (S)
Morgan Stanley Investments (UK)	52,775,352 (L) 24,607,717 (S)
Morgan Stanley & Co. International plc	52,775,352 (L) 24,607,717 (S)
Morgan Stanley & Co. LLC	2,450,883 (L) 19,759,000 (S)
Morgan Stanley Capital Services LLC	900,000 (L) 3,311,500 (S)

4. Shareholding percentage is based on 1,126,726,500 issued shares of the Company as at 30 June 2019.

OTHER INFORMATION

SHARE OPTIONS

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed by the shareholders on 26 February 2007 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. Details of the Scheme are set out in the Note 20 to the financial statements. An ordinary resolution was passed at the annual general meeting of the Company held on 16 May 2014 (the "**Annual General Meeting**") relating to the refreshment of scheme mandate limit of the Scheme as set out in the supplemental notice of the 2014 Annual General Meeting. The Scheme expired on 10 June 2017.

On 30 March 2009, a total of 36,340,000 share options were offered to the eligible participants under the Scheme. 35,310,000 share options were accepted and granted on the same day. On 22 November 2010, a total of 44,720,000 share options were offered and granted to Directors and eligible participants under the Scheme. After the refreshment of the Scheme, on 16 June 2014, a total of 58,660,000 options were offered and granted to Directors and eligible participants. The details movement of Company's share options during the Reporting Period are as follows:

Name of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK$)	Closing price of Company's shares immediately before the date of grant (HK$)	Weighted average closing price of Company's shares immediately before the date of exercise (HK$)	Number of option outstanding as at 1 January 2019	Number of options granted during the period	Number of options exercised during the period	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the Scheme during the period	Number of options outstanding as at 30 June 2019	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company
Huang Dongliang (Independent non-executive Director)	16/6/2014	16/6/2015 to 15/6/2024	2.90	2.89	–	90,000	–	–	–	–	90,000	0.01%
Other eligible participants	22/11/2010	22/11/2011 to 21/11/2020	3.18	3.02	–	680,000	–	–	–	–	680,000	0.06%
	16/6/2014	16/6/2015 to 15/6/2024	2.90	2.89	–	38,884,500	–	–	–	(1,080,000)	37,804,500	3.35%
						39,654,000	–	–	–	(1,080,000)	38,574,000	3.42%

On 18 May 2018, the Company by ordinary resolution approved the adoption of a new shares option scheme with terms in line with the provisions of Chapter 17 of the Listing Rules. No options have yet been granted under such new share option scheme.

OTHER INFORMATION

SHARE AWARD SCHEME

Pursuant to the shareholders' resolution approved on 23 May 2019, Tianneng Battery, a wholly-owned subsidiary of the Company, adopted a share award scheme for eligible senior management and eligible employees of Tianneng Battery and its subsidiaries (the "**Selected Employee**"). The shares of Tianneng Battery to be issued to the Selected Employees who are connected persons of the Company amount to 0.19% of the shares of the Tianneng Battery. Details are set out in Note 22 and the circular of the extraordinary meeting dated 24 June 2019.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period under review.

By order of the Board
Zhang Tianren
Chairman

Hong Kong, 30 August 2019