China Titans Energy Technology Group Co., Limited
中國泰坦能源技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of China Titans Energy Technology Group Co., Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	*(4)*	**58,801**	63,673
Cost of sales		**(38,470)**	(36,641)
Gross profit		**20,331**	27,032
Other revenue		**7,383**	6,219
Selling and distribution expenses		**(13,176)**	(15,097)
Administrative expenses		**(24,605)**	(24,438)
Gain on disposal of a subsidiary	*(12)*	**—**	4,446
Share of results of an associate		**3,493**	(1,118)
Finance costs		**(3,194)**	(4,801)

	Notes	Six months ended 30 June **2014** ***RMB'000*** **(unaudited)**	2013 *RMB'000* (unaudited)
Loss before taxation		**(9,768)**	(7,757)
Income tax credit	*(5)*	**776**	444
Loss and total comprehensive expense for the period	*(6)*	**(8,992)**	(7,313)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		**(8,992)**	(7,349)
Non-controlling interests		**—**	36
		(8,992)	(7,313)
Loss per share	*(8)*		
Basic *(RMB)*		**(1.08 cents)**	(0.89 cent)
Diluted *(RMB)*		**(1.08 cents)**	(0.89 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**59,156**	33,317
Deposits for acquisition of plant and equipment		**—**	29,237
Intangible assets		**381**	570
Interest in an associate		**37,315**	33,522
Available-for-sale financial assets		**1,729**	3,794
Deferred tax assets		**2,781**	2,871
		101,362	103,311
Current assets			
Inventories		**48,584**	66,569
Trade and bills receivables	*(9)*	**266,062**	270,961
Prepayments, deposits and other receivables		**64,616**	65,904
Amount due from an associate	*(10)*	**44,930**	41,458
Restricted bank balances		**15,198**	4,381
Short-term bank deposits		**40,000**	58,000
Bank balances and cash		**37,440**	56,338
		516,830	563,611
Current liabilities			
Trade and bills payables	*(11)*	**54,756**	75,672
Receipts in advance		**7,343**	5,701
Accruals and other payables		**8,841**	25,671
Tax payable		**—**	2,611
Bank borrowings		**94,500**	99,500
		165,440	209,155
Net current assets		**351,390**	354,456
Total assets less current liabilities		**452,752**	457,767

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current liabilities		
Deferred income	**378**	633
Deferred tax liabilities	**7,973**	8,749
	8,351	9,382
Net assets	**444,401**	448,385
Capital and reserves		
Share capital	**7,377**	7,311
Reserves	**437,024**	441,074
Equity attributable to owners of the Company	**444,401**	448,385

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office of the Company is P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business and headquarters of the Company in the PRC is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the PRC. The address of the principal place of business of the Company in Hong Kong is 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The condensed consolidated interim financial statements of the Group are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. **TURNOVER AND SEGMENT INFORMATION**

Turnover represents the amounts received and receivable for goods sold and services provided to external customers, net of discounts, returns and sales related taxes.

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker (i.e. executive directors of the Company) that are used to make strategic decisions.

During the six months ended 30 June 2014, the Group organised its operations into five reportable segments (six months ended 30 June 2013: five) as follows:

Electrical direct current ("DC") products	—	Sales of electrical DC products
Plug and switch system ("PASS") products	—	Distribution of PASS products
Power grid monitoring	—	Sales of power grid monitoring and management equipment
Charging equipment	—	Sales of charging equipment for electric vehicles
Wind and solar power	—	Sales of wind and solar power generation balancing control products

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

Six months ended 30 June 2014

	Electrical DC products *RMB'000* **(unaudited)**	**PASS products** *RMB'000* **(unaudited)**	**Power grid monitoring** *RMB'000* **(unaudited)**	**Charging equipment** *RMB'000* **(unaudited)**	**Wind and solar power** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**
Segment revenue	**29,013**	**—**	**1,179**	**28,609**	**—**	**58,801**
Segment results	**4,373**	**—**	**580**	**5,125**	**—**	**10,078**
Unallocated other revenue						**4,648**
Share of results of an associate						**3,493**
Unallocated head office and corporate expenses						**(24,605)**
Loss on disposal of available-for-sale financial assets						**(188)**
Finance costs						**(3,194)**
Loss before taxation						**(9,768)**

Six months ended 30 June 2013

	Electrical DC products *RMB'000* (unaudited)	PASS products *RMB'000* (unaudited)	Power grid monitoring *RMB'000* (unaudited)	Charging equipment *RMB'000* (unaudited)	Wind and solar power *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Segment revenue	49,302	1,734	1,713	10,924	—	63,673
Segment results	12,955	(400)	438	4,242	(134)	17,101
Unallocated other revenue						352
Share of results of an associate						(1,118)
Gain on disposal of a subsidiary						4,446
Unallocated head office and corporate expenses						(23,737)
Finance costs						(4,801)
Loss before taxation						(7,757)

Note: All of the segment revenue reported above is from external customers.

Segment results represent the (loss) profit from each segment without allocation of certain unallocated other revenue, central administrative cost, share of results of associates, finance costs, loss on disposal of available-for-sale financial assets and gain on disposal of a subsidiary. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets by reportable and operating segments:

	30 June 2014 ***RMB'000*** **(unaudited)**	31 December 2013 *RMB'000* (audited)
Electrical DC products	**175,927**	184,150
PASS products	**8,708**	27,447
Power grid monitoring	**31,110**	41,218
Charging equipment	**236,183**	212,962
Wind and solar power	**—**	—
Total segment assets	**451,928**	465,777
Unallocated	**166,264**	201,145
Consolidated assets	**618,192**	666,922

5. INCOME TAX CREDIT

	30 June 2014 *RMB'000* **(unaudited)**	30 June 2013 *RMB'000* (unaudited)
Deferred tax:		
Reversal on withholding tax from distribution of dividend from PRC subsidiaries	**776**	444

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor was derived from, Hong Kong for both periods.

Zhuhai Titans Technology Co., Ltd.*（珠海泰坦科技股份有限公司）("Titans Technology") was established in Zhuhai, the special economic zone, and the income tax rates applicable to Titans Technology was 15% pursuant to the relevant PRC laws in 2007. Titans Technology was recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to Titans Technology is 15% for both periods.

Save as mentioned above, the relevant tax rate for the Group's subsidiaries in the PRC was 25% for the six months ended 30 June 2014 and 2013.

6. LOSS FOR THE PERIOD

Loss for the period have been arrived at after charging (crediting) the following items:

	30 June 2014 *RMB'000* **(unaudited)**	30 June 2013 *RMB'000* (unaudited)
Depreciation of property, plant and equipment	**5,080**	3,461
Amortisation of intangible assets	**189**	189
(Gain) loss on disposal of property, plant and equipment	**(24)**	18
Total staff costs	**11,256**	16,643
Share-based payments to staff (included in total staff costs)	**850**	1,357
Operating lease rentals in respect of rented premises	**540**	737
Interest income	**(170)**	(289)
Value added tax ("VAT") refunds *(Note)*	**(2,735)**	(4,126)
Impairment recognised in respect of property, plant and equipment	**3,189**	—
Loss on disposal of available-for-sale financial assets	**188**	—
Government grant	**(176)**	(1,741)

Note: VAT refunds represent the refund of VAT charged on qualified sales of software products by the PRC tax bureau.

7. DIVIDENDS

No dividend has been declared by the Group for the period ended 30 June 2014 and 2013 nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(8,992)**	(7,349)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**832,601,667**	830,000,000

The computation of diluted loss per share does not assume the exercise of the Company's options since such exercise would result in a decrease in loss per share for the six months ended 30 June 2014 and 2013.

9. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade receivables presented based on the dates of recognition of the sales and net of allowance for trade receivables at the end of the reporting period:

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
0 – 90 days	**60,675**	81,811
91 – 180 days	**5,491**	26,387
181 – 365 days	**83,286**	46,067
1 – 2 years	**76,939**	77,940
2 – 3 years	**39,183**	32,686
Over 3 years	**488**	1,145
	266,062	266,036
Bills receivables	**—**	4,925
	266,062	270,961

All of the bills receivables are aged within 90 days.

The Group allows an average credit period of 90 days to its trade customers counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separate into initial deposit payment which due upon signing of sales contracts, the payment after installation and testing and retention money which due from the end of the product quality assurance period which is twelve to eighteen months after the installation and testing.

10. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is unsecured, interest-free and trading in nature.

The following is an aged analysis of amount due from an associate based on the dates of recognition of the sales at the end of the reporting period:

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
0 – 90 days	**400**	10,022
91 – 180 days	**27**	18
181 – 365 days	**5,017**	11
1 – 2 years	**17,918**	27,294
2 – 3 years	**21,568**	4,113
	44,930	41,458

The Group allows an average credit period of 90 days counted from the due date of each of its installment payments pursuant to the sales contracts.

In determining the recoverability of amount due from an associate, the Group considers any change in credit quality of amount due from an associate from the date credit was initially granted up to the reporting date. In view of the good settlement repayment history from the associate of the Group, the directors of the Company consider that there is no credit provision required for the period.

11. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade payables based on the dates of receipt of goods purchased at the end of the reporting period:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**18,238**	49,227
91 – 180 days	**8,701**	7,077
181 – 365 days	**12,677**	1,163
1 – 2 years	**1,985**	3,075
Over 2 years	**958**	1,409
	42,559	61,951
Bills payables	**12,197**	13,721
	54,756	75,672

The average credit period on purchases of goods is 90 days.

12. DISPOSAL OF A SUBSIDIARY

The Group entered into an agreement with independent third parties to dispose of its entire equity interests in Jiangyin Titans High Voltage Electric Co., Ltd. ("Jiangyin Titans"). The completion of the disposal took place on 5 January 2013, upon which Jiangyin Titans ceased to be a subsidiary of the Group.

The net assets of Jiangyin Titans at the date of disposal were as follows:

	RMB'000
Net assets disposed of	
Property, plant and equipment	210
Prepaid lease payments	12,814
Inventories	4,886
Trade and bills receivables	2,723
Prepayments, deposits and other receivables	702
Bank balances and cash	3,403
Trade payables	(264)
Accruals and other payables	(5,292)
	19,182
Gain on disposal of a subsidiary	4,446
Non-controlling interests	(2,055)
Total consideration, satisfied by cash	21,573
Net cash inflow arising on disposal:	
Cash consideration received	21,573
Bank balances and cash disposed of	(3,403)
	18,170

13. PLEDGE OF ASSETS

At 30 June 2014, the Group's leasehold land and buildings with an aggregate carrying value of approximately RMB4,829,000 (31 December 2013: approximately RMB5,235,000) were pledged to secure bank borrowings and other facilities granted to the Group.

14. OPERATING LEASE COMMITMENTS

The Group as a lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**2,245**	1,614
In the second to fifth year inclusive	**781**	1,009
	3,026	2,623

Operating lease payments represent rentals payable by the Group for certain of its offices and workshops. Leases are negotiated for an average of two years (31 December 2013: two years) and rentals are fixed for one year (31 December 2013: one year) for the six months ended 30 June 2014.

15. CAPITAL COMMITMENTS

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment:		
— contracted but not provided	**1,305**	8,572
Capital expenditure in respect of the acquisition of property, plant and equipment:		
— authorised but not contracted for	**17,706**	911
	19,011	9,483

16. EVENT AFTER THE REPORTING PERIOD

On 16 August 2014, the Group entered into a sales and purchase agreement with an independent third party, to dispose of property, plant and equipment items with carrying amount of RMB28,000,000 held by a subsidiary Anhui Titans Liancheng Energy Technology Co., Ltd at a consideration of RMB28,000,000. The transaction has not yet been completed at the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2014, the Group recorded a turnover of approximately RMB58,801,000, representing a decrease of approximately 7.65% over that of the corresponding period last year. Turnover was mainly derived from the Group's principal business including electrical direct current ("DC") products and charging equipment for electric vehicles. The table below shows the turnover of different series of products of the Group for the six months ended 30 June 2013 and 2014.

	For the six months ended 30 June			
	2014		2013	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Electrical DC products	**29,013**	**49.34**	49,302	77.43
Charging equipment for electric vehicles	**28,609**	**48.65**	10,924	17.16
Power grid monitoring and management products	**1,179**	**2.01**	1,713	2.69
Wind and solar power generating balancing control products	—	—	—	—
Plug and switch system ("PASS") products	—	—	1,734	2.72
Total	**58,801**	**100.00**	63,673	100.00

The Group recorded a loss for the period attributable to owners of the Company of approximately RMB8,992,000 for the six months ended 30 June 2014, representing an increase of approximately RMB1,643,000 over approximately RMB7,349,000 of the corresponding period last year. During the reporting period, the Group recorded a decrease in turnover compared with the corresponding period last year. The sustained operating loss was mainly due to a decrease in the number of tenders for electrical DC products that resulted in a decline in the sales of the Group. Meanwhile, despite an increase in the contractual value of charging equipment for electric vehicles contracts signed during the first half of 2014, some of the contracts were not credited to income for period as they were pending delivery.

Electrical DC products

During the reporting period, sales of electrical DC products amounted to approximately RMB29,013,000 (for the six months ended 30 June 2013: approximately RMB49,302,000), representing a decrease of approximately 41.15%. The directors of the Company (the "Directors") consider that the significant decrease in the sales of electrical DC products was mainly attributable to a relatively significant decrease in the tender amount of the products during the reporting period as compared to the corresponding period last year.

Charging equipment for electric vehicles

The major customers of the Group's charging equipment for electric vehicles include power grid corporations and other governmental or business institutions. For the six months ended 30 June 2014, sales of our charging equipment for electric vehicles amounted to approximately RMB28,609,000 (for the six months ended 30 June 2013: approximately RMB10,924,000), representing an increase of approximately 161.89%. The promotion of new energy vehicles has picked on a fast track of growth since the end of 2013 with the gradual promulgation and finalisation of state policies related to the new energy vehicle industry. Against this background, the construction of charging facilities for electric vehicles began to gain momentum and contributed to the growth of the Group's sales performance of this product category. During the first half of 2014, there was a relatively substantial increase in the contractual amount entered into by the Group, attesting the strong competitiveness enjoyed by the Group's charging equipment for electric vehicles in the market.

Power grid monitoring and management products

For the six months ended 30 June 2014, sales of our power grid monitoring and management products amounted to approximately RMB1,179,000 (for the six months ended 30 June 2013: approximately RMB1,713,000), representing a decrease of approximately 31.17%. The Directors consider that despite the substantial decrease in the delivery amount in the first half year of 2014, the outstanding or implementing contractual amounts of these products have not decreased. The business development of such products remains steady.

Wind and solar power generating balancing control products

For the six months ended 30 June 2014, our wind and solar power generating balancing control products did not realise any sales (for the six months ended 30 June 2013: Nil). During the reporting period, the Group mainly invested more resources in the development of the business of charging equipment for electric vehicles and relatively less in this product category.

PASS products

For the six months ended 30 June 2014, the Group's PASS product did not realise any sales (for the six months ended 30 June 2013: approximately RMB1,734,000). The Directors consider that this segment is not a major operation business of the Group and we will gradually reduce the input in this business.

Major operating activities in the first half of 2014

As mentioned above, the promotion of new energy vehicles in China entered a new phase of acceleration in 2014, opening up ample room for rapid growth in the market of charging equipment for electric vehicles. During the reporting period, the operating activities of the Group principally revolved around the development of the charging equipment:

1. Aggressive market development: at present, State Grid Corporation of China remains the chief investor in charging equipment. The Group was one of the parties successfully winning the bids for both of its two centralised procurement tenders for the first half of 2014, reflecting the solid market position and strong market competitiveness enjoyed by the Group's products. Paralleled to this, the Group has established a designated business department to develop the markets targeted at users such as electric vehicle manufacturers, governmental institutions, other sizeable state-owned corporations. The Directors consider that these market development activities are crucial to enhance the Group's sales and ensure our leading position in the charging equipment market.

2. Proactive business development related to the planning, design, operation and maintenance of charging equipment: in the first half of 2014, the Group extended from being a strong equipment supplier to provide charging facilities construction services and post-construction operation and maintenance services to its customers in response to their different needs. During the reporting period, the Group won the bid for certain service contracts for the post-construction operation and maintenance services for charging stations of Shandong Province Electric Power Company*（山東省電力有限公司）. This shows the market recognition gained by the Group for not only the provision of equipment but also its corresponding follow-up services. The Directors are of the view that enhancing the ability for provision of integrated services for charging facilities represents an important strategy for the Group's future development.

3. Proactive exploration and innovation of the business model for the promotion of new energy vehicles: the Group notes that a successfully-built promotion model that embodies reproducibility and profitability is crucial to the stable and sustainable development for the promotion of the new energy vehicle industry as an emerging sector. In view of this, the Group made some successful attempts during the first half of 2014. In June 2014, the Group entered into a strategic cooperation framework agreement with Wintime Energy Co., Ltd. to form a joint venture company to be principally engaged in the full construction and integrated operation of projects for electric vehicles and charging and discharging equipment related infrastructure concerning urban public transports, rental vehicles and vehicles for the government authorities in the PRC. For further details of the transaction, please refer to the Company's announcement dated 9 June 2014.

4. Integration of the Group's resources: Based on the market development trend and taking into account of the Group's resources, the Company undertook integration of the Group's existing resources. The product line for power quality control was integrated into the power business department; the marketing and technical staff of vehicle charging equipment product line was increased; while ensuring the continual implementation of existing product projects and accelerated recovery of receivables, the input in battery formation product line was decreased. On 24 February 2014, Zhuhai Titans Power Electronics Co., Ltd.* (珠海泰坦電力電子集團有限公司), a wholly-owned subsidiary of the Company, invested RMB900,000 to establish Zhuhai Titans New Power Electronics Co., Ltd.*(珠海泰坦新動力電子有限公司) ("Titans New Power") with an independent third party. Titans New Power has a registered capital of RMB3,000,000 and is principally engaged in the production and sale of battery formation equipment and power electronics related products. The Directors are of the view that the introduction of the independent third party can bring external advantages for the sustainable development of the product.

Results analysis

Turnover

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Turnover		
Electrical DC products	**29,013**	49,302
Charging equipment for electric vehicles	**28,609**	10,924
Power grid monitoring and management products	**1,179**	1,713
Wind and solar power generating balancing control products	**—**	—
PASS products	**—**	1,734
Total	**58,801**	63,673

For the six months ended 30 June 2014, the Group recorded a turnover of approximately RMB58,801,000, representing a decrease of approximately 7.65% as compared to approximately RMB63,673,000 for the corresponding period in 2013. Such decrease was mainly due to relatively significant decrease in the tendering amount for electrical DC products as compared to the corresponding period last year and change in sales of such products.

Cost of sales

Our cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. Our cost of sales increased from approximately RMB36,641,000 for the six months ended 30 June 2013 to approximately RMB38,470,000 for the six months ended 30 June 2014, which was primarily attributable to the increase of some raw materials costs and direct labour costs.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB6,701,000 to approximately RMB20,331,000 for the six months ended 30 June 2014 from approximately RMB27,032,000 for the corresponding period in 2013. Sales of our electrical DC products contributed approximately RMB7,406,000 to our gross profit whereas sales of charging equipment for electric vehicles and sales of power grid monitoring and management products contributed approximately RMB12,333,000 and approximately RMB592,000 respectively to our gross profit for the six months ended 30 June 2014. We will endeavour to enhance and improve the technology of our products and the management of the Company in order to maintain our competitiveness and gross profit margin.

Percentage of gross profit margin of respective reportable segments

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
Segment		
Electrical DC products	**25.53%**	41.95%
Charging equipment for electric vehicles	**43.11%**	47.83%
Power grid monitoring and management products	**50.18%**	57.09%
Wind and solar power generating balancing control products	—	—
PASS products	—	8.36%

The Group's overall gross profit margin decreased to approximately 34.58% for the six months ended 30 June 2014 from approximately 42.45% for the corresponding period in 2013, but increased by approximately 7.28% as compared to approximately 27.30% for the year ended 31 December 2013.

The gross profit margin of our electrical DC products for the six months ended 30 June 2014 decreased by approximately 16.42% as compared to that of the corresponding period in 2013, and increased by approximately 1.30% as compared to approximately 24.23% for the year ended 31 December 2013. The decrease in the gross profit margin compared to the corresponding period last year was mainly attributable to the combined effects of factors such as lower sale prices caused by the intensifying market competition and the increase of some material costs and labour costs.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2014 decreased by approximately 4.72% as compared to that of the corresponding period in 2013, and decreased slightly by approximately 1.85% as compared to approximately 44.96% for the year ended 31 December 2013. The decrease in the gross profit margin compared to the corresponding period last year was mainly attributable to the lower sales price caused by the competition with industry counterparts as well as the increase of some material costs and labour costs. The Directors are of the view that the gross profit margin of the product is within an appropriate and controllable range.

The gross profit margin of our power grid monitoring and management products for the six months ended 30 June 2014 decreased by approximately 6.91% as compared to that of the corresponding period in 2013, and increased by approximately 2.34% as compared to approximately 47.84% for the year ended 31 December 2013. The decrease in the gross profit margin compared to the corresponding period last year was mainly attributable to the increase in unit cost caused by lower sales volume during the reporting period.

Other revenue

Other revenue of the Group, which mainly included value added tax refunds and government grants, increased by approximately 18.72% from approximately RMB6,219,000 for the six months ended 30 June 2013 to approximately RMB7,383,000 for the six months ended 30 June 2014.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB1,921,000, or approximately 12.72% from approximately RMB15,097,000 for the six months ended 30 June 2013 to approximately RMB13,176,000 for the six months ended 30 June 2014. The decrease was primarily due to the following reasons: (1) a decrease in sales-related expenses such as wages, benefits, social security expenditure and travel expenses, business entertainment and office expenses of approximately RMB1,146,000; (2) a decrease in tender service and other sales-related expenses of approximately RMB1,024,000; and (3) an increase in sales-related expenses for transportation, installation testing and material consumption expenses of approximately RMB249,000.

Administrative expenses

Administrative expenses increased by approximately RMB167,000, or approximately 0.68%, from approximately RMB24,438,000 for the six months ended 30 June 2013 to approximately RMB24,605,000 for the six months ended 30 June 2014. The increase in the administrative expenses of the Group during the reporting period was primarily due to (1) an increase in office, repair and business entertainment expenses of approximately RMB1,478,000; (2) an increase in banking and other miscellaneous expenses of approximately RMB1,351,000; (3) a decrease in wages and retirement benefit contributions and travel expenses of approximately RMB116,000; (4) a decrease in equity settled share-based payments of approximately RMB507,000 in respect of the share options granted pursuant to the pre-IPO share option scheme of the Company adopted on 8 May 2010 (the "Pre-IPO Share Option Scheme") and the new share options granted on 17 February 2011 pursuant to the share option scheme of the Company adopted on 8 May 2010 (the "Share Option Scheme"); (5) a decrease in research and development expenses, depreciation and material consumption and professional fees of approximately RMB670,000; and (6) as compared to the amount of approximately RMB1,369,000 of the corresponding period last year, no cost in relation to the disposal of subsidiaries was involved.

Loss on disposal of available-for-sale financial assets

On 20 April 2014, the Group disposed of the entire 10% shares in an associate, Henan Longyuan New Energy Equipment Co. Ltd.* (河南龍源新能源裝備有限公司) (“Henan Longyuan”) to an independent third party and recorded a loss of RMB188,000. The disposal was classified as loss on disposal of available-for-sale financial assets and was recorded in the profit and loss of the Company for the period. The reason for the disposal of Henan Longyuan was to further enhance and rationalise the Group’s operation management, and to focus the resources on the Group’s business areas of concern.

Share of results of associates

As at 30 June 2014, the Group owned 35% (as at 31 December 2013: 35%) equity interest in Beijing Hua Shang Clear New Energy Technology Co., Ltd.* (北京華商三優新能源科技有限公司) (“Beijing Hua Shang”). Beijing Hua Shang was accounted for as the Group’s associated company, and the Group’s attributable profit from Beijing Hua Shang for the six months ended 30 June 2014 was approximately RMB3,688,000, representing an increase of approximately RMB4,806,000 over the loss of approximately RMB1,118,000 of the corresponding period last year.

During the reporting period, the Group owned 30% (as at 31 December 2013: Nil) equity interest in Titans New Power. Titans New Power is mainly engaged in the production and sale of battery formation equipment and power electronics related products. Titans New Power was accounted for as the Group’s associate. During the reporting period, the Group recorded a share of loss from Titans New Power of approximately RMB195,000.

Finance costs

Finance costs of the Group decreased by approximately 33.47% from approximately RMB4,801,000 for the six months ended 30 June 2013 to approximately RMB3,194,000 for the six months ended 30 June 2014. Finance costs of the Group as a percentage of the Group’s turnover decreased from 7.54% for the six months ended 30 June 2013 to 5.43% for the six months ended 30 June 2014. The decrease in finance costs of the Group was mainly due to decrease in total average bank borrowings during the reporting period.

Profit attributable to non-controlling interests

For the six months ended 30 June 2014, profit attributable to the non-controlling interests of the Group’s non wholly-owned subsidiaries was nil as compared to an attributable profit of approximately RMB36,000 in the corresponding period last year, representing their share of profit in the Group’s non wholly-owned subsidiaries.

Loss attributable to the owners of the Company

The Group recorded a loss attributable to the owners of the Company of approximately RMB8,992,000 for the six months ended 30 June 2014, representing an increase of approximately RMB1,643,000 as compared to a loss of approximately RMB7,349,000 for the corresponding period in 2013.

The increase in the loss attributable to the owners of the Company over the corresponding period in 2013 was due to the fact that the Group was unable to achieve the sales performance as expected, which was mainly attributable to a decrease in tenders for electrical DC products during the reporting period, while at the same time being affected by factors like the increase of some material costs, labour costs and administrative expenses.

Loss per share

For the six months ended 30 June 2014, basic loss and diluted loss per share of the Company ("Share(s)") were both RMB1.08 cents whilst the basic loss and diluted loss per Share for the corresponding period in 2013 were both RMB0.89 cent. The increase in the basic loss and diluted loss per Share over the corresponding period last year was due to an increase in the loss generated in the reporting period as compared to the loss recorded by the Company in the corresponding period in 2013.

Employees and remuneration

As at 30 June 2014, the Group had 365 employees (as at 30 June 2013: 428). The remuneration paid to our employees and the Directors is based on their experience, responsibility, workload and the time devoted to the Group.

The Group participates in various employees' benefit plans, such as retirement benefit scheme and medical insurance. The Group also makes pension contributions in compliance in all material respects with the requirements of the laws and regulations of the jurisdictions where it operates.

All PRC-based employees are entitled to participate in the social security insurance operated by the Ministry of Labour and Social Security, the premium in respect of which is undertaken by the Group and the employees respectively based on percentages fixed by relevant PRC laws.

The Group and its employees in Hong Kong contribute to the mandatory provident fund in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and relevant requirements.

The Company adopted the Pre-IPO Share Option Scheme on 8 May 2010 and options carrying rights to subscribe for a total of 23,920,000 shares were granted to 53 employees of the Group on 8 May 2010, including two executive Directors, under the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of eligible persons (including employees, officers, agents, consultants or representatives and sales partners of the Group) who have contributed or will contribute to the Group and to provide incentives to them. For the six months ended 30 June 2014, under the Pre-IPO Share Option Scheme, share options to subscribe for 100,000 Shares were lapsed as a result of the departure of some employees and options to subscribe for 100,000 Shares were lapsed as a result of the share options past due and the employees did not exercise such share options vested to them during the period. Share options for a total of 8,320,000 Shares have been exercised. Subsequent to the reporting period and up to the date of this announcement, further share options for 1,100,000 Shares have been exercised. Accordingly, as at the date of this announcement, share options carrying rights to subscribe for a total of 1,520,000 Shares remained outstanding under the Pre-IPO Share Option Scheme.

The Company also adopted the Share Option Scheme on 8 May 2010. The purpose of the Share Option Scheme is to provide incentives to the eligible persons (including but not limited to employees, officers, agents, consultants or representatives of any members of the Group (including the executive or non-executive directors of any members of the Group)) for their contributions to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group. On 17 February 2011, the Company published an announcement relating to the grant of share options where share options carrying rights to subscribe for a total of 19,430,000 Shares were granted to 61 employees of the Group on the same day under the Share Option Scheme. For the six months ended 30 June 2014, under the Share Option Scheme, Share options carrying rights to subscribe for 150,000 Shares were lapsed as a result of the departure of some employees and Share options carrying rights to subscribe for 5,946,667 Shares were lapsed as a result of the share options past due and the employees did not exercise such share options vested to them during the period. Subsequent to the reporting period and up to the date of this announcement, share options carrying rights to subscribe for a total of 120,000 Shares have been exercised. Accordingly, as at the date of this announcement, share options carrying rights to subscribe for a total of 5,676,667 Shares remained outstanding under the Share Option Scheme.

Liquidity, financial resources and capital structure

The Group generally finances its operation through internal resources and bank borrowings. As at 30 June 2014, the Group had short-term bank deposits, bank balances and cash of approximately RMB77,440,000 (as at 31 December 2013: approximately RMB114,338,000), excluding restricted bank balances of approximately RMB15,198,000 (as at 31 December 2013: approximately RMB4,381,000).

The net current assets of the Group as at 30 June 2014 were approximately RMB351,390,000 (as at 31 December 2013: approximately RMB354,456,000).

The Group did not hold any significant financial investment during the six months ended 30 June 2014 save for currency held.

Bank borrowings

As at 30 June 2014, total bank borrowings of the Group amounted to RMB94,500,000 (as at 31 December 2013: RMB99,500,000), of which RMB15,600,000 were secured loans (as at 31 December 2013: RMB15,600,000), and the balance of RMB78,900,000 were unsecured loans (as at 31 December 2013: RMB83,900,000). Secured bank loans as at 30 June 2014 were subject to the floating interest rates ranging from 6.30% to 7.80% per annum. The Group recorded a decrease of RMB5,000,000 in total bank borrowings as at 30 June 2014 as compared with as at 31 December 2013. The decrease was mainly due to the Company's decreased demand of liquidity.

As at 30 June 2014, the Group's current ratio (i.e. current assets divided by current liabilities) was 3.12 as compared with 2.69 as at 31 December 2013, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 15.29% as compared with 14.92% as at 31 December 2013.

Trade and bills receivables

As at 30 June 2014, the Group recorded trade and bills receivables (net of allowance) of approximately RMB266,062,000 (as at 31 December 2013: approximately RMB270,961,000). The Group did not make additional specific doubtful debts provision for trade and bills receivables during the first six months of 2014 (for the six months ended 30 June 2013: Nil; for the year ended 31 December 2013: RMB21,724,000). As at 30 June 2014, the Group made an allowance of approximately RMB38,502,000 for trade receivables.

The increase in trade receivables of the Group for the six months ended 30 June 2014 was mainly due to that certain projects of the Company were undergoing equipment life-run adjustment and testing after delivery and conditions for collection had not been met.

The table below sets out the ageing analysis of trade and bills receivables (net of allowance for doubtful debts) of the Group as at 30 June 2014.

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Trade receivables		
Within 90 days	**60,675**	81,811
91 days to 180 days	**5,491**	26,387
181 days to 365 days	**83,286**	46,067
Over 1 year to 2 years	**76,939**	77,940
Over 2 years to 3 years	**39,183**	32,686
Over 3 years	**488**	1,145
	266,062	266,036
Bills receivables	**—**	4,925
	266,062	270,961

Our key products namely electrical DC product series, are supplied to, among others, power generation plants and power grid companies. Sales are recognised upon product delivery which may be before the date when trade receivables are due for payment. Our customers are only required to pay us the purchase amount pursuant to the terms of the sales contracts. For the purpose of selling our electrical DC products, we may require the payment of a deposit of approximately 10% of the total contract sum to be paid after signing the contract, and 80% of the contract sum by the customer after our products have been delivered and satisfactorily installed and tested. It is normally stipulated that the balance of 10% will be withheld, being retention money as a form of product performance surety, and be paid by the customer to us 12 to 18 months after the on-site installation and testing.

We consider that longer trade and bills receivables turnover days and the high proportion of overdue trade and bills receivables were mainly due to (1) the time lag between our accounting policy to recognise the full sales amount and trade receivables amount upon delivery of product until the due dates of trade receivables; (2) some of our customers in the power generation or transmission sectors settle the amounts payable to their suppliers, including us, after completion of the construction of their whole power generation units or transforming stations; and (3) delay in the schedule of some of the customers' projects.

Whilst we believe it is a special nature of the power electronic market that equipment suppliers will face a relatively long trade receivables turnover, we will continue to monitor, control and speed up the collection of our trade receivables by closely liaising with the customers and monitoring progress of their projects.

Pledge of assets

As at 30 June 2014, the Group's leasehold land and buildings with carrying values of approximately RMB4,829,000 (as at 31 December 2013: RMB5,235,000) were pledged to secure bank borrowings and other facilities granted to the Group.

Capital commitments and contingent liabilities

As at 30 June 2014, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment of RMB1,305,000 (as at 31 December 2013: approximately RMB8,572,000).

As at 30 June 2014, the Group had capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment of approximately RMB17,706,000 (as at 31 December 2013: approximately RMB911,000).

As at 30 June 2014 and the date of this announcement, the Group had no significant contingent liabilities.

Foreign exchange

The Group conducts its business primarily in the PRC with substantially all of its transactions are denominated and settled in Renminbi. The Group's consolidated financial statements are expressed in Renminbi, whereas dividends on Shares, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of Shares. During the reporting period, the Group recorded an exchange loss of approximately RMB16,000 (corresponding period in 2013: loss of approximately RMB48,000). Such foreign exchange loss arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate as at 30 June 2014. As at 30 June 2014, the Group had no hedging arrangement in place with respect to foreign currency exchange.

The Group adopted a prudent approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the six months ended 30 June 2014.

Our accounts department projects monthly cash receipts and plans for cash payments based on the data provided by our marketing management and supporting teams regarding the progress on the customers' projects and relevant payment plans. Thereafter, our accounts department plans for cash payments based on the projections.

The Group strives to reduce exposure to credit risk by performing on-going credit evaluations of the financial conditions of its customers. Our sales representatives and other sales staff together with our sales partners monitor the development of our customers' projects and communicate with our customers regarding the settlement of our trade and bills receivables.

Future business prospect and plans

The Directors consider that the electric vehicle charging business of the Group is entering into the phase of fast growth as the pace of promotion of new energy vehicles gains momentum in the PRC. In the second half of 2014, the Group will and continue to effort for tasks related to charging facilities for electric vehicles on the foundation laid during the first half of 2014:

1. With the retreat of the State Grid Corporation of China from the sector of charging facility construction, the Group will concentrate its market development on electric vehicle manufacturers, governmental institutions, other investment bodies. At the same time, the Group will design and develop products that more closely align with market demand in order to maintain the leading position enjoyed by the Group as an equipment supplier.

2. To enhance the Group's capability in providing integrated services. With such objective in mind, the Group will on the one hand build and train its professional technical team, while on the other hand proactively enhance its existing operation and actively participate in the formulation of the relevant standards, with the aim to making the Group as a leader in the charging facility and service industry.

3. To strive for project implementation related to the innovation of new energy vehicle promotion model in at least one of the cities in China during the second half of 2014.

The Directors believe that the Group will be able to attain stable and swift development for the entire year in 2014 given the rapid growth of the new energy vehicle business.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2014 and there have been no material deviations from the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 as its model code regarding director's securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards of the Model Code during the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

DISCLOSEABLE TRANSACTION

Formation of Joint Venture Company

On 9 June 2014, the Company entered into the strategic cooperation framework agreement (the "Agreement") with Wintime Energy Co., Ltd ("Wintime") pursuant to which (i) the Company and Wintime agreed to form a joint venture company (the "JV Company") to be principally engaged in the development, construction, system re-organization and integrated operation of projects for electric vehicles and charging and discharging equipment related infrastructure concerning urban public transports, rental vehicles and vehicles for the government authorities in the PRC; and (ii) the estimated total registered capital of the JV Company will be RMB500,000,000. Each of the Company and Wintime is expected to, through their respective subsidiaries, contribute RMB50,000,000 and RMB450,000,000, representing 10% and 90% of the estimated total registered capital of the JV Company respectively.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the transaction contemplated under the Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For further details of the transaction, please refer to the Company's announcement dated 9 June 2014.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2014.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's internal controls and financial reporting matters, including the review of the unaudited interim results of the Group for the six months ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.titans.com.cn). The interim report of the Company for the six months ended 30 June 2014 containing all information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

By Order of the Board
China Titans Energy Technology Group Co., Limited
Li Xin Qing
Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Xin Qing and Mr. An Wei; and three independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Yu Zhuo Ping and Mr. Zhang Bo.

* *For identification purpose only*