

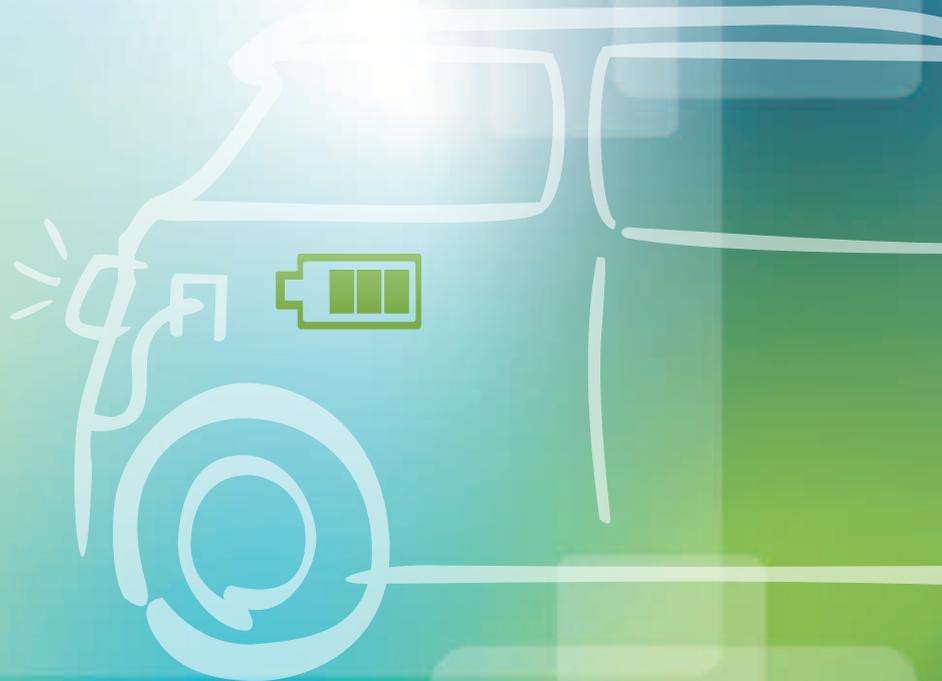


**TITANS**

# INTERIM REPORT 2014

*Incorporated in the Cayman Islands with limited liability*

Stock Code:2188



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

\*For identification purpose only

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## CORPORATE INFORMATION

### Board of Directors

#### *Executive Directors*

Mr. Li Xin Qing (*Chairman*)

Mr. An Wei (*Chief Executive Officer*)

#### *Independent non-executive Directors*

Mr. Li Wan Jun

Mr. Yu Zhuo Ping

Mr. Zhang Bo

### Audit Committee

Mr. Li Wan Jun (*Committee Chairman*)

Mr. Yu Zhuo Ping

Mr. Zhang Bo

### Remuneration Committee

Mr. Zhang Bo (*Committee Chairman*)

Mr. Yu Zhuo Ping

Mr. Li Wan Jun

### Nomination Committee

Mr. Li Xin Qing (*Committee Chairman*)

Mr. Yu Zhuo Ping

Mr. Zhang Bo

### Authorised Representatives

Mr. Li Xin Qing

Ms. Lam Wai Yee Sophie

### Company Secretary

Ms. Lam Wai Yee Sophie

### Auditor

SHINEWING (HK) CPA Limited

### Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

### Principal Place of Business and Headquarters in the PRC

Titans Science and Technology Park

No. 60 Shihua Road West

Zhuhai

Guangdong Province

The PRC

### Principal Place of Business in Hong Kong

18/F, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

### Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### Legal Adviser

*As to Hong Kong law*

P. C. Woo & Co.

### Principal Banker

Bank of Communications

### Stock Code

2188

### Website

[www.titans.com.cn](http://www.titans.com.cn)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the six months ended 30 June 2014, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively 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 RMB'000 (unaudited)	%	2013 RMB'000 (unaudited)	%
Electrical DC products	<b>29,013</b>	<b>49.34</b>	49,302	77.43
Charging equipment for electric vehicles	<b>28,609</b>	<b>48.65</b>	10,924	17.16
Power grid monitoring and management products	<b>1,179</b>	<b>2.01</b>	1,713	2.69
Wind and solar power generating balancing control products	—	—	—	—
Plug and switch system ("PASS") products	—	—	1,734	2.72
<b>Total</b>	<b>58,801</b>	<b>100.00</b>	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 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Turnover		
Electrical DC products	<b>29,013</b>	49,302
Charging equipment for electric vehicles	<b>28,609</b>	10,924
Power grid monitoring and management products	<b>1,179</b>	1,713
Wind and solar power generating balancing control products	—	—
PASS products	—	1,734
Total	<b>58,801</b>	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

Segment	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Electrical DC products	<b>25.53%</b>	41.95%
Charging equipment for electric vehicles	<b>43.11%</b>	47.83%
Power grid monitoring and management products	<b>50.18%</b>	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 report, further share options for 1,100,000 Shares have been exercised. Accordingly, as at the date of this report, 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 report, share options carrying rights to subscribe for a total of 120,000 Shares have been exercised, and share options carrying rights to subscribe for 60,000 shares were lapsed as a result of the departure of an employee. Accordingly, as at the date of this report, share options carrying rights to subscribe for a total of 5,616,667 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.

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (unaudited)
Trade receivables		
Within 90 days	<b>60,675</b>	81,811
91 days to 180 days	<b>5,491</b>	26,387
181 days to 365 days	<b>83,286</b>	46,067
Over 1 year to 2 years	<b>76,939</b>	77,940
Over 2 years to 3 years	<b>39,183</b>	32,686
Over 3 years	<b>488</b>	1,145
	<b>266,062</b>	266,036
Bills receivables	—	4,925
	<b>266,062</b>	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 report, 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 of 2014 given the rapid growth of the new energy vehicle business.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 RMB'000 (unaudited)	2013 RMB'000 (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	(16)	—	4,446
Share of results of associates		3,493	(1,118)
Finance costs		(3,194)	(4,801)
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)
<b>Loss per share</b>	(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)
<b>Non-current assets</b>			
Property, plant and equipment	(9)	59,156	33,317
Deposits for acquisition of plant and equipment		—	29,237
Intangible assets		381	570
Interest in associates	(10)	37,315	33,522
Available-for-sale financial assets		1,729	3,794
Deferred tax assets		2,781	2,871
		<b>101,362</b>	103,311
<b>Current assets</b>			
Inventories		48,584	66,569
Trade and bills receivables	(11)	266,062	270,961
Prepayments, deposits and other receivables		64,616	65,904
Amount due from an associate	(12)	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
		<b>516,830</b>	563,611
<b>Current liabilities</b>			
Trade and bills payables	(13)	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	(14)	94,500	99,500
		<b>165,440</b>	209,155
<b>Net current assets</b>		<b>351,390</b>	354,456
<b>Total assets less current liabilities</b>		<b>452,752</b>	457,767
<b>Non-current liabilities</b>			
Deferred income		378	633
Deferred tax liabilities		7,973	8,749
		<b>8,351</b>	9,382
<b>Net assets</b>		<b>444,401</b>	448,385
<b>Capital and reserves</b>			
Share capital	(15)	7,377	7,311
Reserves		437,024	441,074
<b>Equity attributable to owners of the Company</b>		<b>444,401</b>	448,385

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company												
	Share capital	Share premium	Share Option reserve	Merger reserve	Exchange translation reserve	Available-for-sale financial assets revaluation reserve	Capital reserve	Statutory reserve fund	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013 (audited)	7,311	232,139	13,414	8,640	504	(1,741)	(1,539)	38,740	2,334	179,875	479,677	21,772	501,449
Total comprehensive (expenses) income for the period	—	—	—	—	—	—	—	—	—	(7,349)	(7,349)	36	(7,313)
Release upon disposal of a subsidiary	—	—	—	—	—	—	—	(107)	—	(107)	—	—	—
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(2,055)	(2,055)
Recognition of share-based payments (note 18)	—	—	1,357	—	—	—	—	—	—	—	1,357	—	1,357
Lapsed of share options	—	—	(4,339)	—	—	—	—	—	—	4,339	—	—	—
Forfeiture of share options	—	—	(323)	—	—	—	—	—	—	323	—	—	—
At 30 June 2013 (unaudited)	7,311	232,139	10,109	8,640	504	(1,741)	(1,539)	38,633	2,334	177,295	473,685	19,753	493,438
At 1 January 2014 (audited)	7,311	232,139	10,864	8,640	504	(1,066)	(1,539)	38,633	2,066	150,833	448,385	—	448,385
Total comprehensive expense for the period	—	—	—	—	—	—	—	—	—	(8,992)	(8,992)	—	(8,992)
Release upon disposal of available-for-sale financial assets	—	—	—	—	—	272	—	—	—	—	272	—	272
Recognition of equity settled share base payment	66	8,714	(4,894)	—	—	—	—	—	—	—	3,886	—	3,886
Recognition of share-based-payments (note 18)	—	—	850	—	—	—	—	—	—	—	850	—	850
Lapsed of share options	—	—	(1,995)	—	—	—	—	—	—	1,995	—	—	—
Forfeiture of share options	—	—	(108)	—	—	—	—	—	—	108	—	—	—
At 30 June 2014 (unaudited)	7,377	240,853	4,717	8,640	504	(794)	(1,539)	38,633	2,066	143,944	444,401	—	444,401

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<b>(34,569)</b>	(48,790)
INVESTING ACTIVITIES		
Withdrawal of restricted bank balances	<b>25,764</b>	3,662
Withdrawal of short-term bank deposits	<b>18,000</b>	36,000
Interest received	<b>199</b>	289
Proceeds on disposal of property, plant and equipment	<b>194</b>	—
Placement of restricted bank balances	<b>(14,820)</b>	(2,667)
Purchase of property, plant and equipment	<b>(3,220)</b>	(761)
Deposits paid for acquisition of plant and equipment	<b>(1,952)</b>	(902)
Establishment of an associate	<b>(300)</b>	—
Net cash inflow from disposal of a subsidiary (Note 16)	—	18,170
Advance to non-controlling shareholders of a subsidiary	—	(10,500)
NET CASH FROM INVESTING ACTIVITIES	<b>23,865</b>	43,291
FINANCING ACTIVITIES		
Repayment of bank loans	<b>(45,000)</b>	(45,000)
Interest paid	<b>(3,194)</b>	(4,801)
New bank loans raised	<b>40,000</b>	20,000
Net cash inflow from a government grant	—	1,701
NET CASH USED IN FINANCING ACTIVITIES	<b>(8,194)</b>	(28,100)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(18,898)</b>	(33,599)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>56,338</b>	58,331
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<b>37,440</b>	24,732

# 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 shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 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 Group's accounting policies, 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

#### 4. TURNOVER AND SEGMENT INFORMATION (continued)

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.

#### 4. TURNOVER AND SEGMENT INFORMATION (continued)

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:

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

#### 5. INCOME TAX CREDIT

	<b>30 June 2014 RMB'000 (unaudited)</b>	30 June 2013 RMB'000 (unaudited)
Deferred tax:		
Reversal on withholding tax from distribution of dividend from PRC subsidiaries	<b>776</b>	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:

	<b>30 June 2014 RMB'000 (unaudited)</b>	30 June 2013 RMB'000 (unaudited)
Depreciation of property, plant and equipment	<b>5,080</b>	3,461
Amortisation of intangible assets	<b>189</b>	189
(Gain) loss on disposal of property, plant and equipment	<b>(24)</b>	18
Total staff costs	<b>11,256</b>	16,643
Share-based payments to staff (included in total staff costs)	<b>850</b>	1,357
Operating lease rentals in respect of rented premises	<b>1,393</b>	737
Interest income	<b>(170)</b>	(289)
Value added tax ("VAT") refunds ( <i>Note</i> )	<b>(2,735)</b>	(4,126)
Impairment recognised in respect of property, plant and equipment	<b>3,189</b>	—
Loss on disposal of available-for-sale financial assets	<b>188</b>	—
Government grant	<b>(176)</b>	(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:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Loss</b>		
Loss for the period attributable to owners of the Company	<b>(8,992)</b>	(7,349)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>832,601,667</b>	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. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB169,675 (six months ended 30 June 2013: RMB23,000), resulting in a gain on disposal of approximately RMB24,000 (six months ended 30 June 2013: loss of RMB18,000).

During the six months ended 30 June 2014, the Group acquired property, plant and equipment and with a cost of approximately RMB3,220,000 (six months ended 30 June 2013: RMB761,000). An addition of approximately RMB1,912,000 deposit was paid for acquisition of plant and equipment and approximately RMB31,000,000 was transferred from deposit for acquisition of plant and equipment to property, plant and equipment afterwards.

During the period, the net carrying amount of property, plant and equipment amounted to approximately RMB31,000,000 was determined to be in excess of its recoverable amount. After assessing the value in use of the items and reviewing the coming business plan, impairment loss of related property, plant and equipment amounted to approximately RMB3,189,000 was made and included under administrative expenses.

## 10. INTERESTS IN ASSOCIATES

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Cost of investment in unlisted associates	<b>18,861</b>	18,561
Share of post acquisition results	<b>18,454</b>	14,961
	<b>37,315</b>	33,522

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in the consolidated financial statements.

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Current assets	<b>169,403</b>	200,010
Non-current assets	<b>16,806</b>	17,503
Current liabilities	<b>(71,657)</b>	(121,736)
Non-current liabilities	<b>(7,889)</b>	—
	<b>Period ended 30 June 2014 RMB'000 (unaudited)</b>	Year ended 31 December 2013 RMB'000 (audited)
Revenue	<b>49,957</b>	146,122
Group's share of results of associates for the period	<b>3,493</b>	7,469

**10. INTERESTS IN ASSOCIATES** (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Net assets of the associates	<b>106,663</b>	95,777
Proportion of the Group's ownership interest in the associates	<b>34.98%</b>	35%
Carrying amount of the Group's interest in the associates	<b>37,315</b>	33,522

Name of entity	Form of business structure	Place of incorporation/ operation	Class of share held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
				2014	2013	2014	2013	
Beijing Hua Shang Clear New Energy Technology Co., Ltd. * (北京華商三優新能源科技有限公司)	Registered	The PRC	Capital contribution	35%	35%	35%	35%	Promotion and sale of charging equipment for electric vehicles
Zhuhai Titans New Power Electronics Co., Ltd. * (珠海泰坦新動力電子有限公司) ("Titans New Power")	Registered	The PRC	Capital contribution	30%	—	30%	—	Production and sales of battery formation products

\* English name is for identification purpose only

During the six month ended 30 June 2014, the Group established Titans New Power with an independent third party on 24 February 2014. The Company held 30% equity interest in Titans New Power and Titans New Power become one of the associates of the Group. Titans New Power made a loss of approximately RMB648,000 during the period.

## 11. 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:

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

## 12. 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:

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
0 – 90 days	<b>400</b>	10,022
91 – 180 days	<b>27</b>	18
181 – 365 days	<b>5,017</b>	11
1 – 2 years	<b>17,918</b>	27,294
2 – 3 years	<b>21,568</b>	4,113
	<b>44,930</b>	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 consider that there is no credit provision required for the period.

### 13. 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:

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

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

### 14. BANK BORROWINGS

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Bank loans, secured	<b>15,600</b>	15,600
Bank loans, unsecured	<b>78,900</b>	83,900
	<b>94,500</b>	99,500
Carrying amounts repayable within one year, shown under current liabilities	<b>94,500</b>	99,500

During the six months ended 30 June 2014, the Group obtained new bank loans amounting to RMB40,000,000 (31 December 2013: RMB109,500,000). The proceeds were used as the Group's working capital.

**14. BANK BORROWINGS** (continued)

All bank borrowings are arranged at floating rates. The effective interest rates (which also equal to contracted interest rates) on the Group's bank loans ranges from 6.3% to 7.8% per annum for the six months ended 30 June 2014 (31 December 2013: 5.88% to 7.8% per annum).

At 30 June 2014 and 31 December 2013, the secured bank loans were secured by pledge of the Group's leasehold land and buildings as set out in note 17 below.

At 30 June 2014 and 31 December 2013, the unsecured bank loans were guaranteed by the directors of the Group, details of which are set out in note 21d below.

**15. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Share capital</b> HKD'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
At 1 January 2013, 31 December 2013 and 30 June 2014	10,000,000,000	100,000
		RMB'000
<i>Issued and fully paid:</i>		
At 1 January 2013, 31 December 2013 (Audited)	830,000,000	7,311
Exercise of share options	8,320,000	66
At 30 June 2014 (Unaudited)	838,320,000	7,377

## 16. 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)
	21,573
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

## 17. 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.

## 18. SHARE-BASED PAYMENTS

### Pre-IPO Share Option Scheme

Pursuant to a written resolution passed by the Company's shareholders on 8 May 2010, the Company has adopted the Pre-IPO Share Option Scheme. Certain executive directors, senior managerial staff and employees of the Group were granted share options to recognise their contribution to the Group. Under the Pre-IPO Share Option Scheme, 53 participants (the "Grantees") have been conditionally granted options by the Company. The exercise of the share options would entitle the Grantees to subscribe for an aggregate of 23,920,000 Shares immediately following completion of the placing and public offer and the capitalisation issue at 50% of the final offer price. The share options are exercisable by installments twelve months after 28 May 2010, the date on which the Shares were listed on the Stock Exchange (the "Listing Date") and up to 5 years since the Listing Date.

### Share Option Scheme

Pursuant to a written resolution passed by the shareholders of the Company on 8 May 2010, the Company has adopted the Share Option Scheme for a period of 10 years commencing on 8 May 2010, the board of directors (the "Board") of the Company may, at its discretion, grant share options to any individual being an employee, officer, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) at a consideration of HK\$1 on acceptance of the option offer. The subscription of Shares is subject to the terms and conditions as stipulated in the Share Option Scheme. No share options were granted during the six months ended 30 June 2014 and 2013.

The limit on the total number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme, together with all outstanding share options granted and yet to be exercised under the Pre-IPO Share Option Scheme, must not exceed 30% of the number of the issued Shares from time to time.

## 18. SHARE-BASED PAYMENTS (continued)

Details of the share options granted on 8 May 2010 under the Pre-IPO Share Option Scheme were as follows:

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price	Fair value at grant date
				HK\$	HK\$
8 May 2010	25%	28.5.2010 – 27.5.2011	28.5.2011 – 27.5.2012	0.59	0.61
	25%	28.5.2010 – 27.5.2012	28.5.2012 – 27.5.2013	0.59	0.65
	25%	28.5.2010 – 27.5.2013	28.5.2013 – 27.5.2014	0.59	0.68
	25%	28.5.2010 – 27.5.2014	28.5.2014 – 27.5.2015	0.59	0.69

Details of the share options granted on 17 February 2011 under the Share Option Scheme were as follows:

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price	Fair value at grant date
				HK\$	HK\$
17 February 2011	33%	17.2.2011 – 16.2.2012	17.2.2012 – 16.2.2013	1.10	0.29
	33%	17.2.2011 – 16.2.2013	17.2.2013 – 16.2.2014	1.10	0.39
	33%	17.2.2011 – 16.2.2014	17.2.2014 – 16.2.2015	1.10	0.46

Details of the share options outstanding during the period were as follows:

	Number of share options
Outstanding at 1 January 2013	35,480,000
Lapsed during the period	(11,666,666)
Forfeited during the period	(780,000)
Outstanding at 30 June 2013	23,033,334
Outstanding at 1 January 2014	23,033,334
Exercised during the period	(8,320,000)
Lapsed during the period	(6,046,667)
Forfeited during the period	(250,000)
Outstanding at 30 June 2014	8,416,667

**18. SHARE-BASED PAYMENTS** (continued)

Share options were granted on 8 May 2010 and 17 February 2011. The aggregate fair values of the share options determined at the dates of grant using the binomial model were approximately HK\$15,741,000 and HK\$7,365,000 (equivalent to approximately RMB13,760,000 and RMB6,178,000) respectively, based on the valuation report issued by an independence valuer, Avista Valuation Advisory.

Equity-settled share-based payments of approximately RMB850,000 (30 June 2013: RMB1,357,000) were recognised in profit or loss of the Company for the six months ended 30 June 2014.

The following assumptions were used to calculate the fair values of the share options:

	<b>Share options granted on 8 May 2010</b>	<b>Share options granted on 17 February 2011</b>
Grant date share price (HKD)	1.05 – 1.2	1.06 – 1.12
Exercise price (HKD)	0.525 – 0.6	1.1
Expected life (years)	2.058 – 5.058	4
Expected volatility	54.59% – 57.84%	46.50% – 52.70%
Dividend yield	1.17%	0%
Risk – free interest rate	0.58% – 1.82%	0.72% – 1.63%

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

## 19. 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:

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

## 20. CAPITAL COMMITMENTS

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

## 21. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2014 and 2013, the Group had entered into the following transaction with related parties.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Sales to an associate	<b>365</b>	340

- (b) Balances with the related parties are set out on the condensed consolidated statement of financial position and the respective terms are set out in note 12 above.

### (c) Compensation to key management personnel

The Directors consider that the executive Directors are the only key management personnel of the Company. The remuneration of Directors during the six months ended 30 June 2014 and 2013 was as follows:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>462</b>	462
Share-based payments	<b>41</b>	61
Post-employment benefits	<b>15</b>	22
	<b>518</b>	545

The remuneration of the Directors and key executives is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

## 21. RELATED PARTY TRANSACTIONS (continued)

### (d) Guarantees from Directors

At 30 June 2014 and 31 December 2013, certain banking facilities of the Group were guaranteed by Mr. Li Xin Qing and Mr. An Wei:

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
To the extent of	<b>240,000</b>	210,000

## 22. 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\* (安徽泰坦聯成能源技術有限公司) at a consideration of RMB28,000,000. The transaction has not yet been completed at the date of this report.

## OTHER INFORMATION

### Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

### Compliance with Corporate Governance Code

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.

### Directors' Interests in Shares

As at 30 June 2014, the interests of the Directors and their associates in the Shares which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company
Mr. Li Xin Qing	Interest of controlled corporations	205,709,875 (Note 2)	24.54%
	Beneficial owner	400,000 (Note 3)	0.05%
Mr. An Wei	Interest of controlled corporations	205,869,875 (Note 4)	24.56%
	Beneficial owner	400,000 (Note 5)	0.05%

Notes:

- All interests in the Shares were long positions.
- The entire issued share capital of Genius Mind Enterprises Limited ("Genius Mind") is beneficially owned by Mr. Li Xin Qing. Mr. Li is deemed to be interested in 197,724,457 Shares held by Genius Mind by virtue of the SFO. In addition, Mr. Li is also deemed to be interested in 7,985,418 Shares held by Rich Talent Management Limited ("Rich Talent") by virtue of the SFO, a company which is owned as to 50% by Mr. Li.

3. Out of the 400,000 Shares, the interest in 200,000 Shares represents the share options granted to Mr. Li Xin Qing pursuant to the Pre-IPO Share Option Scheme. He is also beneficially interested in 200,000 Shares.
4. The entire issued share capital of Great Passion International Limited ("Great Passion") is beneficially owned by Mr. An Wei who is deemed to be interested in 197,884,457 Shares held by Great Passion by virtue of the SFO. In addition, Mr. An is also deemed to be interested in 7,985,418 Shares held by Rich Talent by virtue of the SFO, a company which is owned as to 50% by him.
5. Out of the 400,000 Shares, the interest in 200,000 Shares represents the share options granted to Mr. An Wei pursuant to the Pre-IPO Share Option Scheme. He is also beneficially interested in 200,000 Shares.

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### Directors' Rights to Acquire Shares or Debentures

Other than the Pre-IPO Share Option Scheme and the Share Option Scheme detailed in note 18 to the unaudited interim financial statements, at no time during the six months ended 30 June 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, their spouses or children under 18 years of age, had any rights to subscribe for securities of the Company, or had exercised any such rights.

### Substantial Shareholders' Interests in Shares

As at 30 June 2014, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests in Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:—

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company
Ms. Zeng Zhen (Note 2)	Interest of spouse	206,109,875	24.59%
Genius Mind (Note 3)	Beneficial owner	197,724,457	23.59%
Ms. Yan Kai (Note 4)	Interest of spouse	206,269,875	24.61%
Great Passion (Note 5)	Beneficial owner	197,884,457	23.60%

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of issued share capital of the Company</b>
Honor Boom Investments Limited (Note 6)	Beneficial owner	82,458,117	9.84%
Mr. Li Xiao Bin (Note 6)	Interest of controlled corporation	82,458,117	9.84%
(Note 7)	Beneficial owner	600,000	0.07%
Ms. Zhang Lina (Note 8)	Interest of spouse	83,058,117	9.91%
Mr. Thomas Pilscheur	Beneficial owner	66,244,818	7.90%
Ms. Feng Yanlin (Note 9)	Interest of spouse	66,244,818	7.90%

Notes:

- All interests in the Shares were long positions.
- Ms. Zeng Zhen is the spouse of Mr. Li Xin Qing. Therefore, Ms. Zeng is deemed to be interested in the Shares in which Mr. Li is interested by virtue of the SFO.
- The entire issued share capital of Genius Mind is beneficially owned by Mr. Li Xin Qing. Mr. Li is deemed to be interested in the Shares held by Genius Mind by virtue of the SFO. Mr. Li is the sole director of Genius Mind.
- Ms. Yan Kai is the spouse of Mr. An Wei. Therefore, Ms. Yan is deemed to be interested in the Shares in which Mr. An is interested by virtue of the SFO.
- The entire issued share capital of Great Passion is beneficially owned by Mr. An Wei who is deemed to be interested in the Shares held by Great Passion by virtue of the SFO. Mr. An is the sole director of Great Passion.
- The issued share capital of Honor Boom Investments Limited ("Honor Boom") is owned as to 40% by Mr. Li Xiao Bin, 30% by Ms. Ou Yang Fen and 30% by Mr. Cui Jian respectively. Therefore, Mr. Li is deemed to be interested in the 82,458,117 Shares held by Honor Boom by virtue of the SFO.
- Out of the 600,000 Shares, the interest in 200,000 Shares represents the share options granted to Mr. Li Xiao Bin pursuant to the Share Option Scheme. Mr. Li is also beneficially interested in 400,000 Shares.
- Ms. Zhang Lina is the spouse of Mr. Li Xiao Bin. Therefore, Ms. Zhang is deemed to be interested in the Shares in which Mr. Li is interested by virtue of the SFO.
- Ms. Feng Yanlin is the spouse of Mr. Thomas Pilscheur. Therefore, Ms. Feng is deemed to be interested in the Shares in which Mr. Pilscheur is interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2014, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Share Option Schemes

### Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme pursuant to a written resolution passed by the shareholders of the Company on 8 May 2010. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, representatives and sales partners of the Group who has contributed or will contribute to the Group. The principal terms of the Pre-IPO Share Option Scheme are basically the same as the terms of the Share Option Scheme (as described below) except, among other terms, that:

- (a) the Pre-IPO Share Option Scheme expired on the date immediately prior to the Listing Date and save for the options which have been conditionally granted, no further options will be offered or granted or accepted under the Pre-IPO Share Option Scheme after the Listing Date;
- (b) the subscription price of HK\$0.59 per Share has been determined by the Board at 50% discount to the final offer price of the listing of the Shares on the Stock Exchange on the Listing Date;
- (c) the option period of each option granted is: (a) in relation to 25% of the Shares comprised in the option, the period commencing on the expiration of 12 months after the Listing Date and ending on the expiration of 24 months after the Listing Date; (b) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 24 months after the Listing Date and ending on the expiration of 36 months after the Listing Date; (c) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 36 months after the Listing Date and ending on the expiration of 48 months after the Listing Date; and (d) in relation to the remaining 25% of the Shares comprised in the option, the period commencing on the expiration of 48 months after the Listing Date and ending on the expiration of 60 months after the Listing Date; and
- (d) if any of the grantees fails to exercise all or part of the 25% of the total number of options vested to him/her in each period, such 25% or remaining part of the 25% of the total number of options vested and exercisable during that period (as the case may be) shall lapse.

On 8 May 2010, share options carrying rights to subscribe for a total of 23,920,000 Shares at an exercise price of HK\$0.59 per Share were granted to certain employees of the Group, including the two executive Directors. All share options were conditionally granted to the grantees.

During the six months ended 30 June 2014, share options carrying rights to subscribe for a total of 200,000 Shares have lapsed in accordance with the terms of the Pre-IPO Share Option Scheme. As at 30 June 2014, share options carrying rights to subscribe for 2,620,000 Shares in aggregate (representing about approximately 0.31% of the issued share capital of the Company) remained outstanding. Further information on the outstanding share options granted under the Pre-IPO Share Option Scheme as at 30 June 2014 were as follows:

Name of participant	Date of share options granted	Number of share options				Outstanding as at 30 June 2014	Approximate percentage of issued share capital of the Company
		Outstanding as at 1 January 2014	Exercised during the period	Lapsed during the period	Cancelled during the period		
		Mr. Li Xin Qing (Note 1)	8 May 2010	400,000	200,000		
Mr. An Wei (Note 1)	8 May 2010	400,000	200,000	—	—	200,000	0.02%
Mr. Li Xiao Bin (Note 2)	8 May 2010	400,000	400,000	—	—	—	0%
Other employees of the Group	8 May 2010	9,940,000	7,520,000	200,000	—	2,220,000	0.26%
<b>Total</b>		<b>11,140,000</b>	<b>8,320,000</b>	<b>200,000</b>	<b>—</b>	<b>2,620,000</b>	<b>0.31%</b>

Notes:

1. Mr. Li Xin Qin and Mr. An Wei are the executive Directors.
2. Mr. Li Xiao Bin is the substantial shareholder and senior management of the Company.

### Share Option Scheme

The Company has adopted the Share Option Scheme pursuant to a written resolution passed by the shareholders of the Company on 8 May 2010 (the "Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contributions to the Group. All officers, employees, agents, consultants or representatives of any member of the Group, (including any executive or non-executive Director) who the Board may determine in an absolute discretion, has made valuable contribution to the business of the Group based on his performance and/or years of service, or is regarded to be valuable human resources of the Group are eligible to participate in the Share Option Scheme subject to such conditions as the Board may think fit.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date.

When the Share Option Scheme was approved by the shareholders of the Company on 8 May 2010, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date, i.e. 80,000,000 Shares (the "Scheme Mandate Limit") which represented approximately 9.53% of the Shares in issue as at the date of this report. The Company may renew the Scheme Mandate Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of the grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the Share Option Scheme upon granting of the option.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

On 17 February 2011, the Company granted 19,430,000 share options to certain employees and a substantial shareholder (who is also an employee) of the Company under the Share Option Scheme with details as follows:

Date of grant	:	17 February 2011
Exercise price of share options granted	:	HK\$1.10 per Share
Number of share options granted	:	19,430,000 share options (each share option shall entitle the holder of the share option to subscribe for one Share)
Closing price of the Share on the date of grant	:	HK\$1.10 per Share
Validity period of the share options	:	4 years commencing from 17 February 2011 and expiring on 16 February 2015 (both days inclusive), to be exercised in the following manner:

<b>Portions of the share options exercisable</b>	<b>Period for exercise of the relevant portions of the share options</b>
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One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2012 and up to 16 February 2013
One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2013 and up to 16 February 2014
One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2014 and up to 16 February 2015

If any of the grantees fails to exercise all or part of the one-third of the total number of share options vested to him/her in each period, such one-third or remaining part of the one-third of the total number of share options vested and exercisable during that period (as the case may be) shall lapse.

During the six months ended 30 June 2014, share options carrying rights to subscribe for a total of 6,096,667 Shares have lapsed in accordance with the terms of the Share Option Scheme. As at 30 June 2014, share options carrying rights to subscribe for 5,796,667 Shares in aggregate (representing about approximately 0.69% of the issued share capital of the Company) remained outstanding. Further information on the outstanding share options granted under the Share Option Scheme as at 30 June 2014 were as follows:

Name of participant	Date of share options granted	Number of share options				Outstanding as at 30 June 2014	Approximate percentage of issued share capital of the Company
		Outstanding as at 1 January 2014	Exercised during the period	Lapsed during the period	Cancelled during the period		
Mr. Li Xiao Bin (Note)	17 February 2011	400,000	-	200,000	-	200,000	0.02%
Other employees of the Group	17 February 2011	11,493,334	-	5,896,667	-	5,596,667	0.67%
Total		11,893,334	-	6,096,667	-	5,796,667	0.69%

Note:

Mr. Li Xiao Bin is a substantial shareholder and senior management of the Company.

### Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted 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 the Directors, all the 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.

## Material Acquisitions and Disposals

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.

Save as disclosed above, the Company did not have any other material acquisitions and disposals during the six months ended 30 June 2014.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

## 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.

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

Hong Kong, 22 August 2014