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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 2017

The board of directors (the "Board") of China Titans Energy Technology Group Co., Limited (the "Company") announces the interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016. These condensed consolidated interim financial information 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 2017

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**137,145**	117,427
Cost of sales		**(81,268)**	(68,291)
Gross profit		**55,877**	49,136
Other revenue		**6,720**	5,505
Selling and distribution expenses		**(25,387)**	(21,785)
Administrative and other expenses		**(27,825)**	(30,152)
Reversal of impairment loss recognised in respect of trade receivables		**2,997**	2,560
Impairment loss on an available-for-sale financial asset		**–**	(298)
Impairment loss on property, plant and equipment		**–**	(434)
Write-down of inventories		**–**	(1,638)
Net fair value gain on derivative components of the convertible notes		**7,154**	6,474
Gain on disposal of a subsidiary		**347**	481
Share of results of associates		**(1,562)**	(725)
Finance costs		**(6,251)**	(5,135)
Profit before taxation		**12,070**	3,989
Income tax expense	*5*	**(4,663)**	(3,270)
Profit for the period	*6*	**7,407**	719

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Other comprehensive income (expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets		**2,222**	886
Income tax relating to item that may be reclassified subsequently		**(556)**	(222)
Other comprehensive income for the period, net of tax		**1,666**	664
Total comprehensive income for the period		**9,073**	1,383
Profit (loss) for the period attributable to:			
– Owners of the Company		**8,852**	1,198
– Non-controlling interests		**(1,445)**	(479)
		7,407	719
Total comprehensive income (expense) for the period attribute to:			
– Owners of the Company		**10,518**	1,862
– Non-controlling interests		**(1,445)**	(479)
		9,073	1,383
Earnings per share	*8*		
Basic and diluted (RMB cent)		**0.96**	0.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**30,624**	26,550
Prepaid lease payments		**8,457**	8,613
Prepayment for the construction of property, plant and equipment		**14,472**	15,000
Intangible assets		**23,644**	25,300
Interests in associates		**11,512**	12,094
Available-for-sale financial assets		**17,050**	14,828
Deferred tax assets		**6,727**	7,177
		112,486	109,562
Current assets			
Inventories		**113,404**	97,893
Trade and bills receivables	*9*	**286,492**	228,365
Prepayments, deposits and other receivables		**75,238**	57,778
Prepaid lease payments		**312**	312
Amount due from an associate	*10*	**–**	2,175
Redemption option derivative of the convertible notes		**5,115**	13,331
Restricted bank balances		**148,385**	148,548
Short-term bank deposits		**81,026**	130,014
Bank balances and cash		**25,545**	13,830
		735,517	692,246
Assets classified as held for sale		**165,100**	165,100
		900,617	857,346

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	*11*	**82,279**	63,968
Receipts in advance		**30,913**	11,838
Accruals and other payables		**11,993**	10,937
Amount due to an associate	*10*	**1,527**	–
Bank and other borrowings		**152,156**	149,850
Conversion option derivative of the convertible notes		**7,058**	22,200
Convertible notes		**81,995**	–
Tax payable		**2,252**	4,724
		370,173	263,517
Net current assets		**530,444**	593,829
Total assets less current liabilities		**642,930**	703,391
Non-current liabilities			
Convertible notes		**–**	75,412
Other borrowings		**5,614**	–
Deferred tax liabilities		**43,201**	42,937
		48,815	118,349
Net assets		**594,115**	585,042
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**578,491**	567,973
Equity attributable to owners of the Company		**586,578**	576,060
Non-controlling interests		**7,537**	8,982
Total equity		**594,115**	585,042

NOTES

1. GENERAL INFORMATION

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business and headquarters in the People's Republic of China (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 in Hong Kong is 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are (i) supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; (iii) provision of charging services for electric vehicles; and (iv) construction services of charging poles for electric vehicles under Build-Operate-Transfer ("BOT") arrangements.

The condensed consolidated interim financial information of the Company and its subsidiaries (hereinafter collectively referred to as 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 information of the Group for the six months ended 30 June 2017 have been prepared in accordance with the applicable disclosure provisions requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") *34 Interim Financial Reporting,* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2016 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

4. REVENUE AND SEGMENT INFORMATION

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

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The CODM has chosen to organise the Group around differences in products and services.

The Group's reporting segments under HKFRS 8 are as follows:

(i)	DC Power System	– Manufacturing and sales of direct current power system
(ii)	Charging Equipment	– Manufacturing and sales of charging equipment for electric vehicles
(iii)	Charging Services and Construction	– Provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under BOT arrangements
(iv)	Others	– Including three operating segments namely (i) PASS Products – sales of plug and switch system products; (ii) Power Monitoring – sales of power monitoring and management equipment; and (iii) Electric Vehicles – sales and leases of electric vehicles

Charging Services and Construction which do not meet any of the quantitative thresholds under HKFRS 8, is considered as individual reporting segment and separately disclosed as the CODM concludes that segment information is useful to users of the financial information as the nature of products and services of Charging Services and Construction is distinct to other reporting segments.

Operating segments of PASS Products, Power Monitoring and Electric Vehicles are combined as one reporting segment namely as "Others" since they do not meet the quantitative thresholds under HKFRS 8 and the CODM considers that the segment information is not useful to users of the financial information as the business is insignificant when compared to other operating segments.

Segment revenue and results

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

For the six months ended 30 June 2017

	DC Power System	Charging Equipment	Charging Services and Construction	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	30,494	102,085	4,064	502	137,145
Segment results	4,454	27,979	641	11	33,085
Other revenue					6,720
Net fair value gain on derivative components of the convertible notes					7,154
Gain on disposal of a subsidiary					347
Share of results of associates					(1,562)
Finance costs					(6,251)
Unallocated head office and corporate expenses					(27,423)
Profit before taxation					12,070

For the six months ended 30 June 2016

	DC Power System *RMB'000* (Unaudited)	Charging Equipment *RMB'000* (Unaudited)	Charging Services and Construction *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue	25,915	90,558	189	765	117,427
Segment results	4,231	23,399	33	20	27,683
Other revenue					5,505
Impairment loss on an available-for-sale financial asset					(298)
Net fair value gain on derivative components of the convertible notes					6,474
Gain on disposal of a subsidiary					481
Share of results of associates					(725)
Finance costs					(5,135)
Unallocated head office and corporate expenses					(29,996)
Profit before taxation					3,989

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned from each segment without allocation of other revenue, impairment loss on an available-for-sale financial asset, net fair value gain on derivative components of the convertible notes, gain on disposal of a subsidiary, share of results of associates, finance costs and unallocated head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
DC Power System	**152,690**	120,150
Charging Equipment	**282,685**	242,275
Charging Services and Construction	**60,907**	53,871
Others	**7,229**	7,213
Total segment assets	**503,511**	423,509
Assets classified as held for sale	**165,100**	165,100
Unallocated	**344,492**	378,299
Consolidated assets	**1,013,103**	966,908

Segment liabilities

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
DC Power System	**28,195**	22,186
Charging Equipment	**54,032**	46,308
Charging Services and Construction	**7,603**	6,813
Others	**600**	499
Total segment liabilities	**90,430**	75,806
Unallocated	**328,558**	306,060
Consolidated liabilities	**418,988**	381,866

For the purpose of monitoring segment performance and allocating resource between reporting segments:

- all assets are allocated to operating segments other than prepayment for the construction of property, plant and equipment, interests in associates, available-for-sale financial assets, deferred tax assets, redemption option derivative of the convertible notes, certain deposits and other receivables, restricted bank balances, short-term bank deposits, bank balances and cash and assets classified as held for sale; and

- all liabilities are allocated to operating segments other than certain accruals and other payables, certain receipts in advance, conversion option derivative of convertible notes, tax payable, bank and other borrowings, convertible notes and deferred tax liabilities.

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
– Current period	**4,505**	1,917
– Under-provision in prior years	**–**	1,472
	4,505	3,389
Deferred tax – current period	**158**	(119)
	4,663	3,270

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2017 and 2016. 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 the six months ended 30 June 2017 and 2016.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries, other than Zhuhai Titans Technology Co., Ltd* (珠海泰坦科技股份有限公司) ("Titans Technology"), is 25% from 1 January 2008 onwards.

Titans Technology was established in Zhuhai, the special economic zone, and the income tax rate 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 since 2008 and the income tax rate applicable to it is 15% for the six months ended 30 June 2017 and 2016.

* *The English name is for identification purpose only.*

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange loss, net	**1,387**	1,427
Depreciation of property, plant and equipment	**5,712**	3,935
Amortisation of intangible assets	**1,656**	60
Amortisation of prepaid lease payments	**156**	156
Loss (gain) on disposal of property, plant and equipment	**2,035**	(650)
Minimum lease payments paid under operating lease rentals in respect of rented premises	**1,451**	1,214
Bank interest income	**(639)**	(828)
Value added tax ("VAT") refunds *(note (i))*	**(1,781)**	(1,548)
Government grant *(note (ii))*	**(3,707)**	(2,225)
Research and development expenses (including in administrative and other expenses) *(note (iii))*	**9,245**	12,539

Notes:

(i) VAT refunds represent the refund of VAT charged on qualified sales of electric products by the PRC tax bureau.

(ii) Included in government grants are subsidies of approximately RMB3,149,000 (2016: RMB1,149,000) received from Zhuhai Finance Bureau ("珠海市財政局"), Department of Finance of Guangdong Province ("廣東省財政廳") and The Ministry of Science and Technology of the PRC ("中華人民共和國科學技術部") regarding the research and development on technology innovation of which there are no unfulfilled conditions or contingencies relating to those subsidies and recognised upon receipts during the six months ended 30 June 2017 and 2016.

(iii) Research and development expenses included staff costs and depreciation of property, plant and equipment for the purpose of research and development activities.

7. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 June 2017 and 2016 nor has any dividend been proposed since the end of reporting period.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**8,852**	1,198

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**925,056**	981,386

The computation of diluted earnings per share does not assume the conversion of the Company's convertible notes since their exercise would result in an increase in earnings per share for the six months ended 30 June 2017 and 2016.

9. TRADE AND BILLS RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	**341,534**	280,029
Less: allowance for impairment loss of trade receivables	**(60,625)**	(63,622)
	280,909	216,407
Bills receivables	**5,583**	11,958
Total trade and bills receivables	**286,492**	228,365

The following is an ageing analysis of trade and bills receivables, net of allowance for impairment loss of trade receivables, presented based on the dates of delivery of goods or rendering services, which approximates the respective revenue recognition dates, at the end of the reporting period:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 90 days	**126,619**	84,530
91 – 180 days	**25,881**	43,094
181 – 365 days	**70,786**	34,737
1 – 2 years	**49,833**	55,188
2 – 3 years	**9,598**	8,462
Over 3 years	**3,775**	2,354
	286,492	228,365

The Group allows an average credit period of 90 days (31 December 2016: 90 days) to its trade customers or 90 days (31 December 2016: 90 days) counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separated 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.

Before accepting any new customer, the Group assesses the credit quality of the potential customers with reference to the credit reports and their financial strength and determines the credit terms and limits for them. The Group also regularly monitored the credit quality of the existing customers by established credit policies and procedures. The Group will adjust the credit limit to the existing customers with reference to the past repayment history and external credit source on the customers' financial strength.

10. AMOUNT DUE FROM (TO) AN ASSOCIATE

(a) The amount due from an associate was unsecured, interest-free and trading in nature.

The following is an ageing analysis of amount due from an associate based on the dates of delivery of goods, which approximates the revenue recognition dates, at the end of the reporting period:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 90 days	**–**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	2,175
	–	2,175

The Group allows an average credit period of 90 days (31 December 2016: 90 days) to its associates for balances which are trading in nature.

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

(b) The amount due to an associate, representing receipts in advance for the sales of charging equipment, is unsecured and interest-free.

11. TRADE AND BILLS PAYABLES

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**74,759**	58,576
Bills payables	**7,520**	5,392
	82,279	63,968

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

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
0 – 90 days	**67,972**	50,059
91 – 180 days	**2,706**	9,198
181 – 365 days	**8,637**	4,711
1 – 2 years	**2,964**	–
	82,279	63,968

The average credit period on purchases of goods is 90 days (31 December 2016: 90 days).

12. EVENTS AFTER THE REPORTING PERIOD

(i) On 10 July 2017, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 5% equity interest in Beijing Shui Mu Hua Tong Technology Co. Ltd.* (北京水木華通科技有限公司), which was classified as available-for-sale financial assets as at 30 June 2017, for a cash consideration of approximately RMB13,333,000. The disposal was completed on 12 July 2017, resulting a gain as disposal of an available-for-sale financial asset of approximately RMB2,222,000.

(ii) On 1 June 2017, the Group entered into a shareholders' agreement with independent third parties for the subscription of 40% equity interest in Guangdong Titans Intelligent Power Co. Ltd* (廣東泰坦智能動力有限公司) ("Guangdong Titans") (formaly known as Guangdong Shengneng Zhineng Technology Company Limited), a company established in the PRC, for a cash consideration of RMB2,000,000 (the "Subscription"). The Subscription was completed on 14 July 2017, being the date of the renewal of shareholders registration record of Guangdong Titans with the transfer of the legal title of the 40% equity interest in Guangdong Titans.

In the opinion of the directors of the Company, the Subscription was considered as acquisition of indirectly owned subsidiary since the Group has control over Guangdong Titans through (i) appointment of 3 directors out of 5 directors in the board of directors of Guangdong Titans; and (ii) the Group has voting rights of 51% in the shareholders' meeting as stated in the memorandum of association of Guangdong Titans.

Immediately prior to the completion of the Subscription, the principal activities of Guangdong Titans were research and development, sales and manufacturing of charging equipment for Automated Guided Vehicles ("AGV").

Consideration transferred

	RMB'000 (Unaudited)
Cash	2,000

The provisional fair values of the identifiable assets and liabilities of Guangdong Titans as at the date of acquisition were as follows:

	14 July 2017 *RMB'000* (Unaudited)
Plant and equipment	**68**
Inventories	**60**
Trade and bills receivables	**67**
Prepayments, deposits and other receivables	**546**
Bank balances and cash	**2**
Trade and bills payables	**(7)**
Accruals and other payables	**(154)**
	582

Provisional goodwill arising on acquisition

	RMB'000 (Unaudited)
Consideration transferred	2,000
Add: non-controlling interests	349
Less: fair value of net identifiable assets acquired	(582)
	1,767

The Group is still in the process of assessing the final fair value of the total identifiable net assets acquired and therefore the goodwill on acquisition may vary.

Had the business combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for for the six months ended 30 June 2017 would have been approximately RMB137,281,000 and RMB7,227,000 respectively.

* *The English name is for identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2017, the Group recorded revenue of approximately RMB137,145,000, representing an increase of approximately 16.79% over that of the corresponding period last year. Revenue was mainly derived from the Group's principal business including manufacturing and sales of direct current power system products ("DC Power System" or "electrical DC products") and charging equipment for electric vehicles, construction under build-operate-transfer ("BOT") arrangements and provision of charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the six months ended 30 June 2016 and 2017.

	Six months ended 30 June			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Electrical DC products	**30,494**	**22.23**	25,915	22.07
Charging equipment for electric vehicles	**102,085**	**74.44**	90,558	77.12
Charging services for electric vehicles	**4,064**	**2.96**	189	0.16
Others	**502**	**0.37**	765	0.65
Total	**137,145**	**100**	117,427	100

The Group recorded a profit for the period attributable to owners of the Company of approximately RMB8,852,000 for the six months ended 30 June 2017, representing an increase of approximately RMB7,654,000 over the profit of approximately RMB1,198,000 in the corresponding period last year. Compared with the corresponding period last year, the profit recorded in the period was mainly due to a significant increase in revenue. During the reporting period, the Group recorded an increase of 16.79% in revenue as compared with the corresponding period last year, and it was mainly attributed to the increase of revenue from our key electrical DC products in different extent, charging equipment for electric vehicles as well as charging services for electric vehicles during the six months ended 30 June 2017, benefitted from the national policies on the development of new energy vehicle industry.

Electrical DC products

During the six months ended 30 June 2017, sales of the electrical DC products was approximately RMB30,494,000 (for the six months ended 30 June 2016: approximately RMB25,915,000), representing an increase of approximately 17.67%. The directors (the "Directors") of the Company believe that the sales of electrical DC products increased as compared with the corresponding period last year, mainly due to the expansion of the segment market and the increase in demand for equipment upgrade.

Charging equipment for electric vehicles

For the six months ended 30 June 2017, sales of the charging equipment for electric vehicles amounted to approximately RMB102,085,000 (for the six months ended 30 June 2016: approximately RMB90,558,000), representing an increase of approximately 12.73%. The Directors believe that sales growth in the charging equipment for electric vehicles has met the expectation of the Group. The increase in revenue during the period was mainly due to the increase in market demand for charging equipment for electric vehicles, driven by the national policies on vigorous development of new energy vehicle industry.

Construction under BOT arrangements

For the six months ended 30 June 2017, no revenue was generated from the construction under BOT arrangements (for the six months ended 30 June 2016: nil). The Directors believe that the construction under BOT arrangements is one of the most important businesses of the Group. The Group will further integrate advantageous resources, strengthen the efforts on market expansion and scale up the construction under BOT arrangements.

Charging services for electric vehicles

For the six months ended 30 June 2017, the Group's sales of charging services for electric vehicles amounted to approximately RMB4,064,000 (for the six months ended 30 June 2016: RMB189,000). The Directors believe that as the Group's electric vehicle charging network grows sufficiently large in size and its operations are brought on the right track, the revenue generated from the charging services for electric vehicles has been gradually improved, demonstrating that the Group's strategy of "two-wheel drive" has been gradually creating benefits and stable cash flow for the development of the Group.

Others

For the six months ended 30 June 2017, the Group's revenue of other business amounted to approximately RMB502,000, mainly including the revenue from the following two operating segments: (i) no revenue was generated from the power grid monitoring and management equipment (for the six months ended 30 June 2016: approximately RMB100,000); and (ii) sales and lease of electric vehicles of approximately RMB502,000, representing a decrease of approximately 24.51% (for the six months ended 30 June 2016: approximately RMB665,000).

Power gird monitoring and management equipment is not the principal business of the Group, and no revenue was generated during the current interim period, which is affected by the market demand. Sales and lease of electric vehicles is a related business arising from the Company's commencement of the charging services for electric vehicles. The decrease in revenue during the current interim period was mainly due to the decrease in sales of electric vehicles.

Major operating activities in the first half of 2017:

According to the statistics from China Association of Automoblie Manufacturers ("CAAM"), during the first half of 2017, the sales of domestic new energy vehicles was 195,000, representing an increase of approximately 14.7% as compared to 170,000 in the corresponding period of last year, nevertheless, it is still far from the annual guaranteed target of 700,000 as estimated by CAAM early in the year. In addition, it is noted that due to the impact of the subsidy policies and access policies, the sales of new energy vehicles during January to May declined significantly, but the sales had appeared to be remarkably picked up since June, recording a sales of 59,000, representing a year-on-year increase of 33%.

By implementing several relevant policies of charging infrastructure construction, we can see the PRC government has determined to facilitate the work in this respect. Policies on charging infrastructure have been issued by governments of 25 provinces and cities, such as Shanghai, Guangzhou, Tianjin, Hangzhou, Chengdu, Hainan and Fujian, in which, governments of 13 provinces and cities, including Beijing, Xi'an, Hangzhou, Chengdu and Wuhan have specified allowance standards for charging infrastructure. The allowances are mainly classified into four types, namely allowance in proportion to the total investment, fixed allowance, allowance based on construction power as well as double allowances, i.e. construction allowance and operation allowance. This indicates a rapid growth to be shown in construction of domestic charging equipment as well as an increasingly mature policy regarding allowances on domestic charging equipment.

The Group is firmly optimistic on the overall development prospects of the electric vehicles. Adhered to its "Dual Drive" development strategy, it has tapped the opportunity of development in charging infrastructure arising from the growth of electric vehicles, constantly strengthened equipment manufacturing and vigorously promoted the investment operation. Leveraging on the technological experiences and industrial layout of over twenty years in electrical and electronic industries, and adhered to the advanced ideas and technologies based on the Internet, big data and platformization, we persistently enhanced the development sustainability of the Group. During the reporting period, the operating income amounted to approximately RMB137 million, an increase of approximately 16.79% as compared to the corresponding period of last year. The profit attributable to owners of the Company amounted to approximately RMB8,852,000, an increase of approximately 6.4 times as compared to that of approximately RMB1,198,000 of the corresponding period of last year. The main operating updates are as follows:

I Research and development, Manufacturing and Sales

1. Gain of Market Share by Virtue of Excellent Technological and Product Strengths

   The Group's intelligent intensive charging station (i-Charge Unit) can realize a unified control over all charger modules in one charging stations, which can greatly enhance the equipment utilization efficiency and fully satisfy the demand for vehicle charging through reasonable allocation of power. Such charging stations are pre-assembled and have characteristics as shorter construction period and less land occupation, and well received by the market. For example, during the reporting period, a charging station project of the Group with power supply of approximately 20,000 KVA in Guangzhou is mainly equipped with the i-Charge Unit. The project is capable of charging more than 200 electric vehicles at the same time, which is the largest single charging station undertaken independently by the Company as of today.

2. Strategy Adjustment for Market Competition and Seeking Market Demand

   (1) More competitive market strategies have been adopted for electrical DC products, in which a number of new regional agents or offices have been developed across nationwide, thereby further expanding the segment markets. In addition to further strengthening the major market such as the power grid market, we also proactively responded to the demands for independent projects from the user station, and valued the demands for device upgrade from after-sales service. The revenue of electrical DC products increased by over 17% as compared with that in the corresponding period of last year, which met the Directors' expectation.

(2) As to the charging equipment for electric vehicles, on the one hand, the service capability of products and technologies have been improved comprehensively in terms of following five aspects: the planning and design, the supply of a comprehensive series of products, the mobile operating system for provision of service, the operation and maintenance platform as well as the operation platform for devices. On the other hand, given the industry has developed in a more standardized and matured way, the share of State Grid as a major investor in the charging pile market has been gradually shrinking, while other investors such as regional government, transportation groups, urban construction groups, vehicle operators and property companies have become the major driving forces. Therefore, the Group is actively exploring a diversified sale model to stay in line with the market changes, and achieved a slight increase in revenue of charging equipment as compared to the same period of last year amid an environment with unceasing upgrade of technologies, decreasing selling price and intensified competition, demonstrating that the Group's system solutions, comprehensive service capability and brand strength are well received by the market.

3. Launching Equipment Operation and Maintenance Platform (EOMP) based on the Analysis of Users' Major Concerns

With the expansion of scale of charging equipment and the refinement of charging network, the needs for high efficiency, safe and intelligent management of charging piles are increasingly pressing. In this regard, during the reporting period, an EOMP has been launched, which is equipped with functions of real-time monitoring over the charging pile based on Geographic Information System (GIS), by means of intelligent operation and maintenance monitor center, and such that it can perform monitoring over charging stations/piles through hierarchical visualization methods, intelligent alarming and diagnosis, remote upgrade of equipment, management of spare parts and spare devices, malfunction reporting, regular inspection, statistical analysis and comprehensive inquiry. The launch of EOMP has enhanced the competitiveness of the Group in charging equipment products.

II Investment, Construction and Operation

1. Prudent Investment, Efficient Operation and Preliminary Results

Charging equipment, including charging piles, charging stations, swapping stations and the relevant auxiliary devices, has been incorporated into urban planning as an indispensable infrastructure of a city. However, due to its business model and profit model are yet to be further improved, the construction of charging equipment is now lagging far behind the development of electric vehicles.

During the investment stage, the Group has been adhering to the principle of "constructing charging equipment for vehicles in use", and we prudently selected project to avoid constructing "idle piles". Given the uncertainty of returns to be generated from investment in public charging equipment today, the Group's investment has focused on the projects of centralized special charging equipment, and established a layout for quality public charging network to ensure the investment returns. During the construction stage, an optimal design proposal has been put forward based on the specific situation of each project and the Group's past experiences in project construction, to satisfy the construction requirements of "cost-saving, safety and convenience". During the operation stage, particular attention has been paid to the matters concerning the expansion of charging capacity, reduction of reactive power loss and decrease in operational cost as well as the safety of charging equipment to ensure the quality and efficiency of our investment assets.

Being the promoter and practitioner of charging infrastructure construction, the Group has vigorously established a standardized system for charging equipment construction by means of constantly summarizing experiences in design of charging networks and construction of charging stations, persistently optimized the construction and service cost in a bid to improving customer satisfaction, which contributed as the core competitiveness of the Group. As of today, the investment and operation of charging equipment has been expanded steadily in various regions such as Zhuhai, Guangzhou, Shaoguan, Beijing, Baoding, Zhangjiakou and Qingdao. During the reporting period, the revenue from charging services fees has increased to approximately RMB4,060,000, which is 21.5 times as much as the same period of last year.

2. Promoting the Development of Electric Vehicles and Kicking off Electric Vehicles Sharing

To further promote the development of electric vehicles, the Group kicked off an electric vehicle sharing project in Zhuhai, and launched the "Safe Travel" management platform APP for electric vehicle sharing. At present, more than 10 sharing and leasing stations have been set up at the key traffic points such as hotels, supermarkets, governments, cultural and sports centres and ports, not only providing a new, environment-friendly and smart means of transportation for residents' daily usage and travelers' sightseeing, but also a way of protecting Zhuhai's natural environment. It is expected that leveraging on such enjoyable way of self-driving and sharing economic method, more users may enjoy the convenience and comfort brought by the electric vehicles, thereby promoting the development of electric vehicles.

3. Obtaining the Electric Installation (Maintenance or Testing) Permit and Enhancing Competitiveness

During the reporting period, the Group has obtained the Electric Installation (Maintenance or Testing) Permit (承裝(修、試)電力設施許可證) issued by South China Energy Regulatory Bureau of National Energy Administration, which enhanced the comprehensive strengths of the Group in charging infrastructure of projects such as "engineering-procurement-construction" ("EPC") and BOT.

III Operation Maintenance Measures:

1. Focusing on Talent Cultivation and Evaluation System Improvement

During the reporting period, the Group has actively enriched its talents pool, enhanced its human resource management and identified the defects in managerial staff's leadership for further improvement. Meanwhile, an assessment and evaluation system for the managerial staff of the Group and the core management team members of the Group has been further improved and enhanced.

2. Constant Risk Management and Strengthening Risk Awareness

Relevant policies for project management and investment management have been modified to solidify the three-tier risk management structure covering the Group, subsidiaries and project teams. The rationality and effectiveness of risk management system have been monitored continuously through the identification and assessment of the major internal and external risks of the Group.

3. Optimizing Process Management and Improving the Efficiency

During the reporting period, by means of optimizing and improving the existing processes, we have removed unnecessary process steps and established more appropriate business processes, thereby remarkably promoting the process optimisation and management. Besides, by virtue of monthly review on the process efficiency, the duration of operational process has been taken under control and utilization efficiency of the process has been greatly enhanced.

IV Equity Investment:

1. On 24 May 2017, Yuyaozhuolin Titans Electric Co. Ltd*(余姚卓林泰坦電氣有限公司), whose 49% equity interests were held by Zhuhai Titans Power Electronics Group Co., Ltd* (珠海泰坦電力電子集團有限公司) ("Titans Power"), was cancelled due to business adjustment.

2. On 27 May 2017, Zhuhai Titans Energy Storage Technology Co., Ltd.* (珠海泰坦儲能科技有限公司) transferred 100% equity interest in Jieneng Electrical Appliance Investment (Beijing) New-energy Technology Co., Ltd.* (潔能電投(北京)新能源科技有限公司) to a third party natural person.

3. On 30 May 2017, Titans Holdings Co., Limited (泰坦控股有限公司) ("Titans Holdings") and Juline Corporation (美國卓領公司) established a company, Juline-Titans LLC, with Titans Holdings holding 5% equity interests. Juline-Titans LLC acquired Aquion Energy Inc, which is engaged in production of the environmental-friendly seawater battery. The principal assets and patented technologies acquired will be used for the development of energy storage business.

4. On 5 June 2017, Titans Technology and Zhuhaixingneng Electric Power Co., Limited* (珠海星能售電有限公司) established a non-wholly owned subsidary, Zhuhai Taixing Technology Co., Limited* (珠海泰星科技有限公司) ("Zhuhai Taixing") with registered capital of RMB10 million, whose 51% shares was held by Titans Technology. Zhuhai Taixing is mainly engaged in the integrating operation of photovoltaic energy storage projects and charging business.

5. On 12 July 2017, Titans Power completed the transfer of its 5% equity interests of Beijing Shui Mu Hua Tong Technology Company Ltd.* (北京水木華通科技有限公司) ("Shui Mu Hua Tong") to Hubei Changjiang Weilai New Energy Industrial Development Fund Partnership* (湖北長江蔚來新能源產業發展基金合夥企業), an independent third party, in a cash consideration of RMB13,333,000. Upon the completion of equity transfer, the Group has ceased to hold any equity interests in Shui Mu Hua Tong.

6. On 14 July 2017, Titans Power invested in Guangdong Shengneng Intelligent Technology Co., Ltd* (廣東盛能智能科技有限公司) ("Guangdong Shengneng") and held 40% of its equity interest and completed the shareholder registration. Subsequently, Guangdong Shengneng changed its name to Guangdong Titans Intelligent Power Co., Ltd* (廣東泰坦智能動力有限公司) ("Titans Intelligent"), with a registered capital of RMB16,666,700. Titans Intelligent is mainly engaged in the provision of high-efficient and stable charger with high power and background data service to AGV (Automated Guided Vehicles) users. In the opinions of directors, AGV charging business enjoys a similar technological platform as compared with that of the Group's existing charging piles with different market segment. The Group expects that its charging technology could be gradually expanded into markets of different industries through shareholding of Titans Intelligent.

Results analysis

Revenue

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Electrical DC products	**30,494**	25,915
Charging equipment for electric vehicles	**102,085**	90,558
Charging services for electric vehicles	**4,064**	189
Others	**502**	765
Total	**137,145**	117,427

For the six months ended 30 June 2017, the Group recorded revenue of approximately RMB137,145,000, representing an increase of approximately 16.79% as compared to approximately RMB117,427,000 for the corresponding period in 2016. Such increase in revenue was mainly attributable to the increase in revenue from our key electrical DC products, charging equipment for electric vehicles as well as charging services for electric vehicles during the period, benefitted from the national policies on the development of new energy vehicle industry.

Cost of sales

The Group's cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. The cost of sales increased from approximately RMB68,291,000 for the six months ended 30 June 2016 to approximately RMB81,268,000 for the six months ended 30 June 2017, which was in line with the increase in revenue during the current interim period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately RMB6,741,000 to approximately RMB55,877,000 for the six months ended 30 June 2017 from approximately RMB49,136,000 for the corresponding period in 2016. For the six months ended 30 June 2017, sales of electrical DC products contributed approximately RMB7,368,000 to our gross profit whereas sales of charging equipment for electric vehicles contributed approximately RMB47,030,000 to our gross profit, charging services for electric vehicles contributed approximately RMB1,443,000 to our gross profit and sales and lease of electric vehicles contributed approximately RMB36,000 to our gross profit. We will endeavour to enhance and improve the technology of the Group's products and the management of the Group in order to maintain our competitiveness and gross profit margin.

Percentage of gross profit margin of respective reportable segments

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
Segment		
Electrical DC products	**24.16%**	25.31%
Charging equipment for electric vehicles	**46.07%**	46.76%
Charging services for electric vehicles	**35.51%**	35.98%
Others	**7.17%**	21.18%

The Group's overall gross profit margin decreased to approximately 40.74% for the six months ended 30 June 2017 from approximately 41.84% for the corresponding period in 2016, and increased by approximately 8.01% as compared to approximately 32.73% for the year ended 31 December 2016.

The gross profit margin of our electrical DC products for the six months ended 30 June 2017 decreased by approximately 1.15% as compared to that of the corresponding period in 2016, and increased by approximately 0.28% as compared to approximately 23.88% for the year ended 31 December 2016. During the reporting period, the gross profit margin basically remained stable as compared to the corresponding period last year, which was mainly due to the fact that such product is well-developed and its gross profit margin is within a controllable range.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2017 decreased by approximately 0.69% as compared to that of the corresponding period in 2016, and increased by approximately 9.30% as compared to approximately 36.77% for the year ended 31 December 2016. The slight decrease in the gross profit margin compared to the corresponding period last year was under control.

The gross profit margin of our charging services for electric vehicles for the six months ended 30 June 2017 decreased by approximately 0.47% as compared to that of the corresponding period in 2016, and increased by approximately 8.98% as compared to approximately 26.53% for the year ended 31 December 2016. The slight decrease in the gross profit margin compared to the corresponding period last year was under control.

For the six months ended 30 June 2017, the gross profit margin of sales and lease business for electric vehicles decreased by approximately 14.01% as compared to that of the corresponding period in 2016, and decreased by approximately 19.78% as compared to approximately 26.95% for the year ended 31 December 2016. The decrease in the gross profit margin of sales and lease of electric vehicles was mainly due to a combination of factors including the increase in lease of electric vehicles in the operating segment and the decrease in sales of electric vehicles with relatively higher gross profit margin during the period.

Other revenue

Other revenue of the Group, which mainly included value added tax refunds and government grants, increased by approximately 22.07% from approximately RMB5,505,000 for the six months ended 30 June 2016 to approximately RMB6,720,000 for the six months ended 30 June 2017.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB3,602,000, or approximately 16.53%, from approximately RMB21,785,000 for the six months ended 30 June 2016 to approximately RMB25,387,000 for the six months ended 30 June 2017. The increase in selling and distribution expenses was primarily due to the following reasons: (1) Expenses such as the sales-related remuneration and benefits increased by approximately RMB1,711,000; (2) sales-related fees such as travelling, entertainment and office expenses increased by approximately RMB1,097,000; (3) sales-related expenses such as installation and testing, depreciation and tendering service fee increased by approximately RMB275,000; (4) sales-related expenses such as transportation and other miscellaneous expenses increased by approximately RMB519,000.

Administrative and other expenses

Administrative expenses decreased by approximately RMB2,327,000, or approximately 7.72%, from approximately RMB30,152,000 for the six months ended 30 June 2016 to approximately RMB27,825,000 for the six months ended 30 June 2017. The decrease in the administrative expenses of the Group during the reporting period was primarily due to the combined effects of the following reasons: (1) salaries and staff welfare relating to management increased by approximately RMB166,000; (2) entertainment expense and payment to lawyers and professional individuals increased by approximately RMB139,000; (3) depreciation, bank charges and loss on disposal of property, plant and equipment increased by approximately RMB2,206,000; (4) travelling and office fee relating to management decreased by approximately RMB391,000; (5) research and development cost decreased by approximately RMB3,294,000; (6) directors' emoluments and rental decreased by approximately RMB231,000; (7) maintenance, transportation and other miscellaneous expenses decreased by approximately RMB882,000; (8) decrease in foreign exchange loss of RMB40,000 as a result of the difference between the exchange rate on 31 December 2016 for the convertible notes with principal amount of HK$100,000,000, which were converted into RMB with the exchange rate at 30 June 2017.

Share of results of associates

During the reporting period, the Group owned 35% (as at 31 December 2016: 35%) equity interest in Beijing Pangda Yilian New Energy Technology Co., Limited* (北京龐大驛聯新能源科技有限公司) ("Pangda Yilian"). Pangda Yilian was accounted for the Group's associate, and the Group's share of loss from Pangda Yilian for the reporting period was approximately RMB1,125,000.

During the reporting period, the Group owned 20% (as at 31 December 2016: 20%) equity interest in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森信息技術有限公司) ("Beijing Aimeisen"). Beijing Aimeisen is mainly engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group's associate, and the Group's share of loss from Beijing Aimeisen for the reporting period was approximately RMB12,000.

During the reporting period, the Group indirectly held 26.4% (as at 31 December 2016: 26.4%) equity interest in Changsha Xiandao Technology Development Co., Ltd.* (長沙先導快線科技發展有限公司) ("Changsha Xiandao"), which principally engaged in the sales of electric vehicles as well as the construction and operation of charging facilities. Changsha Xiandao was accounted for as the Group's associate, and the Group's share of loss from Changsha Xianda for the reporting period was approximately RMB412,000.

During the reporting period, the Group owned 49% equity interest in Qingdao Jiaoyun Titans New Energy Vehicle Leasing Service Co., Ltd* (青島交運泰坦新能源汽車租賃服務有限公司) ("Jiaoyun Titans") (as at 31 December 2016: 49%). Jiaoyun Titans is mainly engaged in the construction of charging equipment network for electric vehicles business and lease business for electric vehicles. Jiaoyun Titans was accounted for as the Group's associate, and the Group's share of loss from Jiaoyun Titans during the reporting period was approximately RMB13,000.

Finance costs

Finance costs of the Group increased by approximately 21.73% from approximately RMB5,135,000 for the six months ended 30 June 2016 to approximately RMB6,251,000 for the six months ended 30 June 2017. Finance costs of the Group as a percentage of the Group's revenue increased from 4.37% for the six months ended 30 June 2016 to 4.56% for the six months ended 30 June 2017. The increase in finance costs of the Group was in line with the growth of revenue of the Group during the reporting period.

Loss attributable to non-controlling interests

For the six months ended 30 June 2017, loss attributable to the non-controlling interests of the Group's non-wholly-owned subsidiaries was RMB1,445,000, representing an increase in loss of approximately RMB966,000 as compared to an attributable loss of RMB479,000 in the corresponding period last year.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately RMB8,852,000 for the six months ended 30 June 2017, representing an increase in profit for the period approximately RMB7,654,000 as compared to a profit of approximately RMB1,198,000 for the corresponding period in 2016.

The profit recorded in the reporting period was mainly due to the combined factors such as the relatively significant increase in revenue from charging equipment for electric vehicles and the decrease in administrative and other expenses.

Earnings per share

For the six months ended 30 June 2017, basic and diluted earnings per share of the Company ("Share(s)") were both RMB0.96 cent whilst the basic and diluted earnings per share for the corresponding period in 2016 were both RMB0.12 cent. The increase in basic and diluted earnings per share compared to the corresponding period of last year was attributable to the increase in the profit of the Company during the reporting period, as compared with the corresponding period of 2016.

Employees and remuneration

As at 30 June 2017, the Group had 517 employees (as at 30 June 2016: 474) in total. 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, and the premium in respect of which is undertaken by the Group and the employees respectively based on percentages fixed by relevant PRC laws.

The Company adopted the share option scheme on 8 May 2010 (the "Share Option Scheme"). 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.

Liquidity, financial resources and capital structure

The Group generally finances its operation through internal resources, bank and other borrowings and the convertible notes. As at 30 June 2017, the Group had short-term bank deposits, bank balances and cash of approximately RMB106,571,000 (as at 31 December 2016: approximately RMB143,844,000), excluding restricted bank balances of approximately RMB148,385,000 (as at 31 December 2016: approximately RMB148,548,000).

The net current assets of the Group as at 30 June 2017 were approximately RMB530,444,000 (as at 31 December 2016: approximately RMB593,829,000).

The Group did not hold any significant financial investment during the six months period ended 30 June 2017 save for currency held.

SHARE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

Share Subscription

On 12 October 2015, the Company entered into a share subscription agreement (the "Share Subscription Agreement") with Broad-Ocean Motor (Hong Kong) Co. Limited (the "Subscriber"). Pursuant to the Share Subscription Agreement, the Subscriber agreed to subscribe for, and the Company issued, 84,096,000 Shares at the share subscription price of HK$1.19 per subscription share. Such issuance was completed on 22 October 2015.

Issue of Convertible Notes

On 12 October 2015, the Company and the Subscriber entered into a subscription agreement on convertible notes, pursuant to which the Company agreed to issue, and the Subscriber has subscribed for, the convertible notes in the principal amount of not more than HK$100,000,000. Based on the initial conversion price of HK$1.19, a maximum number of 84,033,613 conversion shares will be allotted and issued upon full conversion of the convertible notes. The issue of convertible notes with aggregate principal amount of HK$100,000,000 was completed on 29 February 2016. During the six months ended 30 June 2017, there is no conversion of convertible notes into shares in the Company. For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016 and 29 February 2016.

Use of Proceeds from the Share Subscription and Issue of Convertible Notes

(1) In Respect of the Share Subscription

The gross proceeds and the net proceeds (after deduction of related expenses payable by the Company) of the share subscription are HK$100,074,240, equivalent to approximately RMB81,988,000, and HK$99,500,000, equivalent to approximately RMB81,518,000, respectively. The net issue price per subscription share based on the above net proceeds is approximately HK$1.183.

(2) In Respect of the Issue of Convertible Notes

The aggregate principal amount of the convertible notes is HK$100,000,000, the net proceeds (after deducting estimated expenses) from the issue of the convertible notes was approximately HK$99,727,000, equivalent to approximately RMB84,246,000 and approximately RMB84,016,000, respectively and the net price per conversion share was approximately HK$1.187.

40% of the above net proceeds from Share Subscription and Convertible Notes will be applied as to the investment for construction and operation of charging facilities for electric vehicles of the Company, 50% of the above net proceeds will be used as to enhance the liquidity of our wholly-owned subsidiary, Titans Technology and the remaining 10% of the above net proceeds will be used as to the investment for research and development of new technologies on energy reserves etc. of the Group.

	As of 30 June 2017			
Proposed use of proceeds	**Intended amount to be used from Share Subscription**	**Intended amount to be used from Convertible Notes**	**Total Intended amount to be used**	**Actual amount used**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Investment for construction and operation of charging facilities for electric vehicles	**32,607**	**33,606**	**66,213**	**50,058**
Enhancement of the liquidity of Titans Technology	**40,759**	**42,008**	**82,767**	**82,767**
Investment for research and development of new technologies on energy reserves	**8,152**	**8,402**	**16,554**	**1,772**
	81,518	**84,016**	**165,534**	**134,597**

The unused balance of the proceeds from Share Subscription and issue of convertible notes amounted to approximately RMB30,937,000, and it was kept at banks in the PRC and Hong Kong as of 30 June 2017.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

Disposal of 10% equity interest in Zhuhai Titans New Power Electronics Co. Ltd (珠海泰坦新動力電子有限公司) ("Titans New Power")

On 5 January 2017, Zhuhai Titans Power Electronics Group Co., Ltd* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Wuxi Lead Intelligent Equipment Co. Ltd* (無錫先導智能裝備股份有限公司) ("Lead Intelligent"), a listed company in the Shenzhen Stock Exchange and an independent third party to the Group, pursuant to which the Company has conditionally agreed to dispose of 10% equity interest in Titans New Power. at the aggregate consideration of RMB135,000,000, (the "Consideration") in which (i) 45% of the Consideration, being RMB60,750,000, will be settled by cash; and (ii) 55% of the Consideration, being RMB74,250,000, will be settled by 2,185,108 shares of Lead Intelligent, representing approximately 0.54% of the existing issued shares of Lead Intelligent as at 6 January 2017. The Consideration was determined with reference to the valuation report prepared by an independent valuer engaged by Lead Intelligent with fair value of approximately RMB1,350,000,000. Details are set out in the Company's announcements dated on 6 January 2017 and 9 January 2017.

Bank and other borrowings

As at 30 June 2017, total bank and other borrowings and convertible notes of the Group amounted to RMB239,765,000 (among which RMB149,850,000 are secured loans) (as at 31 December 2016: RMB225,262,000, among which RMB149,850,000 were secured loans). Secured bank loans as at 30 June 2017 were subject to the floating interest rates of 0.32% per annum. As at 30 June 2017, the total bank borrowings recorded by the Group was the same as compared with those as at 31 December 2016.

As at 30 June 2017, the Group's current ratio (i.e. current assets divided by current liabilities) was 2.43 as compared with 3.25 as at 31 December 2016, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 23.67% as compared with 23.30% as at 31 December 2016.

Trade and bills receivables

As at 30 June 2017, the Group recorded trade and bills receivables (net of allowance) of approximately RMB286,492,000 (as at 31 December 2016: approximately RMB228,365,000). The Group did not make additional allowance for impairment loss recognised in respect of trade and bills receivables during the six months ended 30 June 2017 (for the six months ended 30 June 2016: nil). The allowances for impairment of trade receivables as at 30 June 2017 and 31 December 2016 were approximately RMB60,625,000 and RMB63,622,000 respectively.

The increase in trade and bills receivables of the Group for the six months ended 30 June 2017 as mainly due to the increase in revenue of the Group during the reporting period.

The table below sets out the ageing analysis of trade and bills receivables (net of allowance for impairment loss of trade receivables) of the Group as at 31 December 2016 and 30 June 2017.

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**126,619**	84,530
91 days to 180 days	**25,881**	43,094
181 days to 365 days	**70,786**	34,737
Over 1 year to 2 years	**49,833**	55,188
Over 2 years to 3 years	**9,598**	8,462
Over 3 years	**3,775**	2,354
	286,492	228,365

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 properly installed and tested. It is normally stipulated in the contract that the balance of 10% will be withheld, being retention money as a form of product performance surety, and be settled 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 feature of the power electronic market that equipment suppliers will face a relatively long trade receivables turnover period, 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 2017, the Group's leasehold land and buildings with carrying amounts of approximately RMB2,557,000 (as at 31 December 2016: RMB2,902,000) were pledged to secure bank borrowings and other facilities granted to the Group.

Capital commitments and contingent liabilities

As at 30 June 2017, the Group had capital expenditure contracted for but not provided in the consolidated financial information of RMB61,721,000 (as at 31 December 2016: approximately RMB65,636,000).

As at 30 June 2017 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 information is 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 RMB1,387,000 (corresponding period in 2016: loss of approximately RMB1,427,000). 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 2017. As at 30 June 2017, 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 2017.

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 will monitor the development of our customers' projects on a timely basis and communicate with our customers regarding the settlement of our trade and bills receivables.

Future business prospect and plans

Industry Structure and Trends

Although the State Grid's market share in charging piles will decrease gradually in a short run, its annual investment plans on charging equipment and each tender form the indicators of the industrial development. During the first half of 2017, the number of tenders in the first batch invited by the State Grid experienced a decline as compared to that in the corresponding period of last year, together with a failure in achieving the expected sales volume in new energy vehicles, impairing the development of charging equipment industry. On 31 July 2017, the second batch of tenders for charging equipment was launched by the State Grid with a substantial increase in scale as compared to the first batch, indicating a continuous and active implementation in State Grid's charging pile construction plans, helping to enhance the market confidence. It is expected that the demand for charging equipment will be poured out increasingly in the second half of the year, so that the wide disparity between vehicles and charging piles may be narrowed.

In a long run, some countries have announced to ban the sales of gasoline vehicles and diesel vehicles in the future, for example, Norway and Netherlands will implement the banning in 2025, German and India in 2030 while France and UK in 2040. Also, various new models of electric vehicles were launched by major automobile brands successively, resulting in a boom in global new energy vehicle industry. Currently, the new energy vehicles enjoy more rapid development than that of charging equipment, which in turn will drive the construction of charging equipment. We believe that, with the outburst of demands for new energy vehicles, auxiliary charging infrastructures will see substantial development potential.

Operation and Management Strategy:

1. ***Accelerating the R&D of the Charging System with "Integrating Photovoltaics, Energy Storage and Charging" and Preparing for New Products***

   Given the rapid development of distributed photovoltaic and energy storage technology in recent years, the Group expects to tap the opportunities arising thereof and integrate the photovoltaics, energy storage and charging functions into the charging equipment of electric vehicles as its principal product, in a bid to providing users with a systematic solution of "Integrating Photovoltaics, Energy Storage and Charging". Such charging system may not only facilitate the application of storage technology, but also supply energy at the charging stations for electric vehicles in an environment-friendly manner, which will enhance considerable economic and social benefits, and enjoy a promising development prospect. Currently the "Integrating Photovoltaics, Energy Storage and Charging" system is undertaking an accelerated R&D process and the planning of relevant project is expected to be completed in the second half of the year.

2. ***Promoting Cost Optimization and Strengthening Competitiveness***

   The Group strongly believes that "saving costs for our clients is a way of expanding markets for ourselves". Therefore, particular efforts are dedicated in this regard by us, including the provision of hierarchical products to the clients to serve different demands, reduction of cost through technological upgrades and cost optimization through resource integration, so as to enhance our market competitiveness.

3. Expanding Diversified Cooperative Channels and Market Coverage

On 26 July 2017, Zhuhai Titans Technology Co., Limited* (珠海泰坦科技股份有限公司), a wholly-owned subsidiary of the Group, entered into an equity transfer agreement to acquire 45% equity interest in Shandong Hui Dian New Energy Technology Co., Ltd*(山東匯電新能源科技有限公司) ("Huidian New Energy"), a company which will serve as the Group's production base in the central and eastern regions of China. Its partner, Guo Wei Venture Capital Investment Co., Ltd*(國濰創業投資有限公司), which is the wholly-owned subsidiary of WF Investment Group, in Weifang City. Leveraging on the superior resources of the partner, we will further expand our market in Shandong and provide clients in the central and eastern regions with better services. It is expected that the Group will adopt more cooperation with regional investment institutions, in a bid to further increasing our market coverage.

4. Actively Exploring BOT/PPP (Public Private Partnership) projects on Charging Infrastructure

Given the fierce market competition, a diversified charging network construction model has been explored continuously by the Group to ensure the investment and operation of charging infrastructure will be acquired and conducted in an optimized way. For the contraction and construction of the BOT projects on charging infrastructure in Guangdong Province and Hebei Province last year, we not only achieved satisfactory investment returns, but also acquired valuable experiences, thereby enhancing the overall competitiveness of the Group in investment and operation of the charging infrastructure. In addition, the Group is proactively negotiating on the potential quality projects and seeking to secure and implement new BOT or PPP projects on charging infrastructure in the second half of the year.

5. Inspiring the Staff's Potential and Planning to Establish an Internal Entrepreneurial Platform

The Group is planning to set up an internal operation platform which may inspire the potential of internal management and create mutual value and shared benefits between the company its staff. The proposed Internal Entrepreneurial Platform will create a benign and mutual development relationship and enhance the operational energy, not only serving for the future development of the Group, identifying and cultivating talents, exploring various business models and seeking the driver of growth, but also providing the staff with more career paths and self-improvement, aiming to achieve a win-win success by the Group and the staff.

In conclusion, in the second half of the year, the Group will focus on its annual aim and operational tasks, making breakthroughs in its results through proactive innovation, in a bid to achieving a stable development of the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2017.

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 2017 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 directors' 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 2017.

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 2017.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2017.

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 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (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 2017 containing all the 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, 28 August 2017

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. Zhang Bo and Mr. Pang Zhan.

* *For identification purpose only*