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

2018

INTERIM REPORT

* For identification purpose only

CONTENTS

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. Zhang Bo Mr. Pang Zhan
Audit Committee	Mr. Li Wan Jun *(Committee Chairman)* Mr. Zhang Bo Mr. Pang Zhan
Remuneration Committee	Mr. Zhang Bo *(Committee Chairman)* Mr. Li Wan Jun Mr. Pang Zhan
Nomination Committee	Mr. Li Xin Qing *(Committee Chairman)* Mr. Zhang Bo Mr. Pang Zhan
Authorised Representatives	Mr. Li Xin Qing Ms. Ho Wing Yan
Company Secretary	Ms. Ho Wing Yan
Auditor	SHINEWING (HK) CPA Limited
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

CORPORATE INFORMATION

Principal Place of Business and Address of 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	Units 3306–12, 33/F., Shui On Centre Nos. 6-8 Harbour Road Wanchai Hong Kong
Principal Share Registrar and Transfer Office	SMP Partners (Cayman) Limited Royal Bank House – 3rd Floor 24 Shedden Road P.O. Box 1586, 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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2018, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively the "Group") recorded revenue of approximately RMB121,389,000, representing a decrease of approximately 11.49% 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"), charging equipment for electric vehicles 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 2017 and 2018.

	Six months ended 30 June			
	2018		2017	
	RMB'000	**%**	RMB'000	%
	(unaudited)		(unaudited)	
Electrical DC products	**41,125**	**33.88**	30,494	22.23
Charging equipment for electric vehicles	**71,742**	**59.10**	102,085	74.44
Charging services for electric vehicles	**7,714**	**6.35**	4,064	2.96
Others	**808**	**0.67**	502	0.37
Total	**121,389**	**100**	137,145	100

The Group recorded a profit for the period attributable to owners of the Company of approximately RMB3,538,000 for the six months ended 30 June 2018 (the "Reporting Period"), representing a decrease of approximately RMB5,314,000 over the profit of approximately RMB8,852,000 in the corresponding period last year. The decrease in profit recorded in the period was mainly due to a decrease in revenue of the Company during the Reporting Period as compared with the corresponding period last year. During the Reporting Period, the Group recorded a decrease of approximately 11.49% in revenue as compared with the corresponding period last year and it was mainly attributable to a relatively significant decrease in revenue from our charging equipment for electric vehicles, one of the Company's major products, as compared to the corresponding period last year resulted from the effect of combined factors such as the macroeconomic conditions and intensifying market competition; while our key electrical DC products and charging services for electric vehicles recorded an increase in revenue in a relatively significant extent during the six months ended 30 June 2018.

Electrical DC products

During the six months ended 30 June 2018, sales of the electrical DC products was approximately RMB41,125,000 (for the six months ended 30 June 2017: approximately RMB30,494,000), representing an increase of 34.86%. The directors of the Company (the "Directors") believe that the sales of electrical DC products recorded a relatively significant increase 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 2018, sales of the charging equipment for electric vehicles amounted to approximately RMB71,742,000 (for the six months ended 30 June 2017: approximately RMB102,085,000), representing a decrease of approximately 29.72%. The decrease in revenue during the Reporting Period was mainly due to the effect of combined factors such as the macroeconomic conditions and intensifying market competition.

MANAGEMENT DISCUSSION AND ANALYSIS

Charging services for electric vehicles

For the six months ended 30 June 2018, the Group's sales of charging services for electric vehicles amounted to approximately RMB7,714,000 (for the six months ended 30 June 2017: RMB4,064,000), representing an increase of 89.81%. 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 2018, the Group's revenue of other business amounted to approximately RMB808,000, 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 2017: Nil); and (ii) sales and lease of electric vehicles of approximately RMB808,000, representing an increase of approximately 60.96% (for the six months ended 30 June 2017: approximately RMB502,000).

Power gird monitoring and management equipment is not the principal business of the Group. Sales and lease of electric vehicles is a related business arising from the Company's commencement of the charging services for electric vehicles. The increase in revenue during the Reporting Period was mainly due to the increase in revenue from the lease of electric vehicles.

Major operating activities in the first half of 2018:

According to the statistics from China Association of Automobile Manufacturers, during the first half of 2018, the sales of domestic new energy vehicles was 412,000 units, representing an increase of approximately 111.5% as compared to 195,000 units in the corresponding period last year, among which, pure electric vehicles accounted for 76%. It is expected that the sales of new energy vehicles will exceed 1 million units in 2018.

As shown in the data published by the China Electric Vehicle Charging Infrastructure Promotion Alliance (the "EVCIPA"), as of June 2018, the number of public charging piles reported by members of the EVCIPA reached 271,751, among which, 119,445 were AC charging piles, 87,956 were DC charging piles and 64,350 were integrated AC and DC charging piles.

On 10 July 2018, pursuant to the "Opinion on Enhancing Protection of the Ecological Environment on All Fronts and Determination to Fight the Battle of Pollution Prevention and Treatment (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的實施意見》)" issued by the Ministry of Transport of the PRC, it was proposed that the government will promote the application of new energy and clean energy vehicles by increasing the application of these vehicles in areas such as city bus, taxi, urban delivery, postal express, airport, railway cargo yard, key regional port, etc.. By the end of 2020, the car ownership of new energy vehicles in areas such as city bus, taxi and urban delivery will amount to 600,000 units. All buses in municipalities, provincial capitals and urban built-up areas in specifically designated cities in key regions will be replaced by new energy vehicles.

During the first half of 2018, a total of 31 policies in relation to charging piles were introduced in the PRC, among which, 7 were policies in respect of subsidies for charging piles with some cities provided subsidies based on construction power and some cities provided subsidies based on the volume of power charged; 14 were policies in respect of charging prices; and 10 were policies in relation to planning and construction of charging facilities. These policies on charging infrastructure demonstrated the government continued to maintain determination and confidence in promoting further development of charging infrastructure.

The Group followed the dual-drive development strategy of "Manufacturing + Operation" by adhering to the long term strategic layout for charging and energy storage. For the charging industry, the Group provided users with one-stop general solution and services from manufacturing of charging equipment, investment in and cooperation for charging facilities, the construction and operation of charging network to charging service platform. For the energy storage business, the Group has stepped up its investment in power storage technology for electricity and actively promoted the implementation of aqueous energy storage battery in the PRC. The major operating conditions during the Reporting Period were as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

I. DC Power System

During the Reporting Period, the Group recorded revenue from DC Power System business of approximately RMB41,125,000, representing an increase of approximately 34.86% as compared to the corresponding period last year. This business has achieved preliminary results from its greater efforts in expanding the segment markets and optimization of the direct sales model. For new products, during the Reporting Period, the Group has introduced products such as electronic stabilized voltage supply, intelligent failure-prevention devices for power transmission cables through technological cooperation, and continued to achieve progress in terms of distributed photovoltaic projects.

II. Charging equipment for electric vehicles

With the intensifying competition in the charging equipment market, all manufacturers are facing critical challenges and the Group has adopted proactive measures in response to the situation. During the Reporting Period, the Group won the bid for Hefei charging network project. The project has an extensive coverage with various models of vehicles in services, comprising 24 public charging stations in Hefei city and its surrounding areas, serving various sectors such as the government, schools, residential districts, park plazas, industrial parks, logistics parks, etc., evidencing further upgrade of the Group's strength in terms of planning and construction of urban public charging facilities. Meanwhile, the Group won the bid for charging stations for buses at Panyu Shiji Headquarter of Guangzhou No.2 Bus Company and adopted 5 Intelligent Charging Islands (智能充電島) and 83 dual DC charging piles for the project, which can provide charging services for 166 pure electric vehicles at the same time. In this project, we adopted the technologies of intelligent charging power distribution and flexible charging in the Intelligent Charging Islands for the first time, enabling better match of output power of the DC charging piles with the charging needs for pure electric vehicles. While effectively enhancing the utilization rate of charging power, it can also offer better protection for batteries, thereby effectively enhancing the safety and useful lives of the batteries. As a new generation of core key facilities of centralized charging stations, relatively small preliminary investment is required for the Intelligent Charging Islands to reach the stage of efficient utilization, and hence has a higher investment value and promising prospect for promotion and application. In addition, the Maoming Jinbao Electric Vehicles Charging Station (茂名市金煲電動汽車充電站), for which the Group is responsible for, has become the first truly electric vehicles charging station that integrates intelligent photovoltaics power storage and charging in Maoming. Through the integration of charging piles with photovoltaics and energy storage, the charging station not only helped further reduce the construction cost and operating costs of charging stations, but also integrated the five aspects of electric vehicles, power batteries, energy storage, photovoltaics and charging stations and thus moving towards a greener virtuous cycle.

III. Construction and operation of charging piles

Up to this date, the Group's intelligent and highly efficient centralized charging stations and public charging network in Guangzhou, Shaoguan, Foshan, Zhuhai, Beijing, Baoding, Zhangjiakou, Xi'an and other places were under normal operation. During the Reporting Period, the dedicated express charging stations delivered stable revenue and outstanding performance. While providing customized services for major clients, the Group also collaborated with vehicle operators to develop new businesses with a view to enhance the utilization efficiency of charging stations. For instance, during the Reporting Period, through refined management and market-oriented operation, the utilization efficiency of single charging pile in the charging station at Beijing Aerospace City Bridge No.2 reached 39%, thereby becoming a profitable charging station. For instance, bus charging station at Foshan No.3 Middle School provided services for buses throughout daytime. As the utilization rate of buses decrease in nighttime, the surplus charging capacity will be available for public vehicles, which has in turn enhanced the profitability of the charging station. During the Reporting Period, the charging services fees amounted to RMB7,714,000, representing an increase of 89.81% as compared to the corresponding period last year.

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IV. Operation Maintenance Measures

1. *Top off of the new base, which guarantees the subsequent development of the Group*

During the Reporting Period, the new production base project of the Group has topped off. The new base occupied an area of 20,994 square meters and total gross floor area of 42,961 square meters. The new base can satisfy a series of demands such as office, R&D, production and ancillary services of the Group. Upon completion of construction and commencement of operation of the new base, the production capacity of the Group will be greatly enhanced, which will be favourable for the Group to expand its market shares and hence guarantees the subsequent development of the Group.

2. *Establish internal entrepreneurial platform to inspire the staff's potential*

In order to inspire the potential of internal management, create a benign and mutual development relationship and enhance the operational energy, during the Reporting Period, Titans Technology a subsidiary of the Group, has set up an internal entrepreneurial platform that creates mutual value and shared benefits between the Company and its staff, aiming to achieve a win-win success by the Company and the staff through the platform.

Results analysis

Revenue

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Electrical DC products	**41,125**	30,494
Charging equipment for electric vehicles	**71,742**	102,085
Charging services for electric vehicles	**7,714**	4,064
Others	**808**	502
Total	**121,389**	137,145

For the six months ended 30 June 2018, the Group recorded revenue of approximately RMB121,389,000, representing a decrease of approximately 11.49% as compared to approximately RMB137,145,000 for the corresponding period in 2017. Such decrease in revenue was mainly attributable to the decrease in revenue from our major products, namely charging equipment for electric vehicles, during the period, resulted from the effect of combined factors such as the macroeconomic conditions and intensifying market competition.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. The cost of sales decreased from approximately RMB81,268,000 for the six months ended 30 June 2017 to approximately RMB72,657,000 for the six months ended 30 June 2018, which was mainly attributable to the decrease in revenue during the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB7,145,000 to approximately RMB48,732,000 for the six months ended 30 June 2018 from approximately RMB55,877,000 for the corresponding period in 2017. For the six months ended 30 June 2018, sales of electrical DC products contributed approximately RMB13,683,000 to our gross profit whereas sales of charging equipment for electric vehicles contributed approximately RMB32,616,000 to our gross profit, charging services for electric vehicles contributed approximately RMB2,410,000 to our gross profit and sales and lease of electric vehicles contributed approximately RMB23,000 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	
	2018	2017
	(unaudited)	(unaudited)
Segment		
Electrical DC products	**33.27%**	24.16%
Charging equipment for electric vehicles	**45.46%**	46.07%
Charging services for electric vehicles	**31.25%**	35.51%
Others	**2.85%**	7.17%

The Group's overall gross profit margin decreased to approximately 40.15% for the six months ended 30 June 2018 from approximately 40.74% for the corresponding period in 2017, and increased by approximately 5.64% as compared to approximately 34.51% for the year ended 31 December 2017.

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The gross profit margin of our electrical DC products for the six months ended 30 June 2018 increased by approximately 9.11% as compared to that of the corresponding period in 2017, and increased by approximately 9.92% as compared to approximately 23.35% for the year ended 31 December 2017. During the Reporting Period, the gross profit margin increased as compared to the corresponding period last year, which was mainly due to the fact that the gross profit from sales of some of the new products increased during the period, and its gross profit margin was in line with the Company's expectation.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2018 decreased by approximately 0.61% as compared to that of the corresponding period in 2017, and increased by approximately 6.12% as compared to approximately 39.34% for the year ended 31 December 2017. 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 2018 decreased by approximately 4.26% as compared to that of the corresponding period in 2017, and decreased by approximately 14.71% as compared to approximately 45.96% for the year ended 31 December 2017. 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 2018, the gross profit margin of sales and lease business for electric vehicles decreased by approximately 4.32% as compared to that of the corresponding period in 2017, and decreased by approximately 25.53% as compared to approximately 28.38% for the year ended 31 December 2017. 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 Reporting Period.

Other revenue

Other revenue of the Group, which mainly included value added tax refunds and government grants, increased by approximately 118.42% from approximately RMB6,720,000 for the six months ended 30 June 2017 to approximately RMB14,678,000 for the six months ended 30 June 2018.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB51,000, or approximately 0.20%, from approximately RMB25,387,000 for the six months ended 30 June 2017 to approximately RMB25,438,000 for the six months ended 30 June 2018. The increase in selling and distribution expenses was primarily due to the effects of the following reasons: (1) sales-related fees including entertainment, transportation and advertising expenses increased by approximately RMB1,333,000; (2) sales-related depreciation charges increased by approximately RMB439,000; (3) expenses such as sales-related remuneration and benefits decreased by approximately RMB228,000; (4) sales-related fees including travelling, office and other sundry expenses decreased by approximately RMB78,000; and (5) sales-related expenses including installation and testing, tendering and amortization expenses decreased by approximately RMB1,415,000.

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Administrative and other expenses

Administrative expenses increased by approximately RMB2,461,000, or approximately 8.84%, from approximately RMB27,825,000 for the six months ended 30 June 2017 to approximately RMB30,286,000 for the six months ended 30 June 2018. The increase in the administrative expenses of the Group during the Reporting Period was primarily due to the combined effects of the following reasons: (1) expenses such as salaries and benefits relating to management staff increased by approximately RMB2,245,000; (2) rental, transportation and other sundry expenses increased by approximately RMB1,961,000; (3) travelling fee relating to management staff and maintenance fees increased by approximately RMB125,000; (4) depreciation charges and research and development cost increased by approximately RMB2,763,000; (5) office and entertainment expenses decreased by approximately RMB411,000; (6) bank charges and payment to lawyers and professional individuals decreased by approximately RMB800,000; and (7) foreign exchange loss and loss on disposal of assets decreased by approximately RMB3,422,000.

Share of results of associates

During the Reporting Period, the Group owned 35% (as at 31 December 2017: 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 as the Group's associate, and the Group's share of loss from Pangda Yilian for the Reporting Period was approximately RMB175,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2017: 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 RMB7,000.

During the Reporting Period, the Group indirectly held 26.4% (as at 31 December 2017: 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 RMB2,285,000.

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 2017: 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 RMB25,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2017: Nil) equity interest in Hebei Baike Intelligent New Energy Technology Co., Limited (河北百科智慧新能源科技有限公司) ("Hebei Baike"). Hebei Baike is principally engaged in the construction of charging network for electric vehicles and lease business for electric vehicles. Hebei Baike was accounted for as the Group's associate, and the Group's share of loss from Hebei Baike during the Reporting Period was approximately RMB144,000.

During the Reporting Period, the Group owned 10% (as at 31 December 2017: Nil) equity interest in Tongren City Green Travelling New Energy Transportation Operation Co., Limited (銅仁市綠色出行新能源交通營運有限公司) ("Tongren Green Travelling"). Tongren Green Travelling is principally engaged in the construction of charging network for electric vehicles and lease business for electric vehicles. Tongren Green Travelling was accounted for as the Group's associate, and the Group's share of loss from Tongren Green Travelling during the Reporting Period was approximately RMB17,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs of the Group increased by approximately 92.74% from approximately RMB6,251,000 for the six months ended 30 June 2017 to approximately RMB12,048,000 for the six months ended 30 June 2018. Finance costs of the Group as a percentage of the Group's revenue increased from 4.56% for the six months ended 30 June 2017 to 9.93% for the six months ended 30 June 2018. The increase in finance costs of the Group was attributable to the combined effect of various factors such as the increase in the balance of borrowings and average borrowing costs, and the decrease in revenue of the Group during the Reporting Period.

Loss attributable to non-controlling interests

For the six months ended 30 June 2018, loss attributable to the non-controlling interests of the Group's non-wholly-owned subsidiaries was RMB2,656,000, representing an increase in loss of approximately RMB1,211,000 as compared to an attributable loss of RMB1,445,000 in the corresponding period last year.

Profit attributable to owners of the Company

The Group recorded profit attributable to owners of the Company of approximately RMB3,538,000 for the six months ended 30 June 2018, representing a decrease in profit for the period approximately RMB5,314,000 as compared to a profit of approximately RMB8,852,000 for the corresponding period in 2017.

The profit recorded in the Reporting Period was mainly due to the combined factors such as the relatively significant increase in revenue from electrical DC products and other revenue related to charging equipment for electric vehicles.

Earnings per share

For the six months ended 30 June 2018, basic and diluted earnings per share of the Company ("Share(s)") were both RMB0.38 cent whilst the basic and diluted earnings per share for the corresponding period in 2017 were both RMB0.96 cent. The decrease in basic and diluted earnings per share compared to the corresponding period last year was attributable to the decrease in the profit of the Company during the Reporting Period, as compared with the corresponding period of 2017.

Employees and remuneration

As at 30 June 2018, the Group had 540 employees (as at 30 June 2017: 517) 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 of the PRC, 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 pre-IPO share option scheme on 8 May 2010 (the "Pre-IPO Share Option Scheme"). The purpose of the Pre-IPO Share Option Scheme is to recognise the contributions 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.

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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.

Details of the abovementioned Share Option Scheme are set out in the section headed "Share Option Scheme".

Liquidity, financial resources and capital structure

There has been no change in the capital structure of the Group during the six months ended 30 June 2018. The capital of the Group only comprises ordinary Shares.

The Group generally finances its operation through internal resources, bank and other borrowings and the convertible notes. As at 30 June 2018, the Group had short-term bank deposits, bank balances and cash of approximately RMB73,983,000 (as at 31 December 2017: approximately RMB133,133,000), excluding restricted bank balances of approximately RMB63,409,000 (as at 31 December 2017: approximately RMB61,433,000).

The net current assets of the Group as at 30 June 2018 were approximately RMB320,516,000 (as at 31 December 2017: approximately RMB393,810,000).

Significant investments

On 5 January 2017, the Group 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"), pursuant to which, Zhuhai Titans Power Electronics Company Limited* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics") has conditionally agreed to dispose of, and Lead Intelligent has conditionally agreed to purchase, 10% equity interest in Zhuhai Titans New Power Electronics Company Limited* (珠海泰坦新動力電子有限公司) ("Titans New Power"), at a provisional consideration of RMB135,000,000 (equivalent to approximately HK$149,850,000). Based on the consideration adjustment mechanism under the sale and purchase agreement, the final consideration for disposal of 10% equity interests of Titans New Power by the Group was determined at RMB135,000,000 (which was equivalent to the provisional consideration), and shall be settled by Lead Intelligent by cash and the issuance of consideration shares. Details are set out in the announcement dated 6 January 2017 and the supplemental announcement dated 9 January 2017 of the Company.

As at 30 June 2018, the Group held a financial asset measured at fair value of 4,380,119 shares of Lead Intelligent. Lead Intelligent is a company incorporated in the PRC with limited liability, and its shares are listed on the Shenzhen Stock Exchange (stock code: 300450).

Lead Intelligent distributed to all shareholders an additional 9.968631 bonus share per 10 existing shares held by them according to the 2017 profit distribution plan on 28 March 2018. Therefore, the number of Lead Intelligent shares held by the Group as at 30 June 2018 increased from 2,193,500 shares to 4,380,119 shares.

The available-for-sale financial asset has been recognised and classified as financial asset measured at fair value. The fair value amounted to approximately RMB132,455,000 as at 30 June 2018, representing an increase of approximately RMB7,491,000 in fair value as compared with the fair value of approximately RMB124,964,000 as at 31 December 2017.

The net profit of Lead Intelligent for the first half of 2018 was approximately RMB327,000,000, representing an increase of 82.64% as compared with the corresponding period last year. The whole product line of lithium ion battery equipment has achieved a breakthrough, resulting in a sustainable profitability.

Save as disclosed above, the Group did not hold any significant investment during the six months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

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 agreed to issued, 84,096,000 Shares at the share subscription price of HK$1.19 per subscription Share (the "Share Subscription"). Such issuance was completed on 22 October 2015. For more details, please refer to the announcements of the Company dated 12 October 2015 and 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.

The closing price of the Shares as at 12 October 2015 was HK$1.40.

On 28 February 2018, the Company and the Subscriber entered into the deed of variation, pursuant to which it is agreed that the maturity date of the outstanding convertible notes will be extended from 1 March 2018 to 1 June 2018.

On 1 June 2018, the Company and the Subscriber entered into the second deed of variation, pursuant to which it is agreed that the maturity date of the outstanding convertible notes will be extended from 1 June 2018 to 1 October 2018. During the six months ended 30 June 2018, there is no conversion of convertible notes into Shares.

For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016, 29 February 2016, 28 February 2018, 12 March 2018 and 1 June 2018.

Reasons for and Benefits of the Share Subscription and Issue of Convertible Notes

The Group intended to use the net proceeds from the Share Subscription and issue of the convertible notes for supplementing the operating capital of the Group. The Directors (including the independent non-executive Directors) were of the view that the Share Subscription and issue of the convertible notes would enhance the liquidity of the Group and provide capital for any future investment opportunities of the Group, and the terms thereunder were fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(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 issue of the 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 2018

Proposed use of proceeds	Intended amount to be used from Share Subscription RMB'000 (Approximately)	Intended amount to be used from issue of the convertible notes RMB'000 (Approximately)	Total Intended amount to be used RMB'000 (Approximately)	Actual amount used RMB'000 (Approximately)	Unused amount RMB'000 (Approximately)	Expected timeline for unused proceeds from Share Subscription and issue of the convertible notes
Investment for construction and operation of charging facilities for electric vehicles	32,607	33,606	66,213	66,213	0	N/A
Enhancement of the liquidity of Titans Technology	40,759	42,008	82,767	82,767	0	N/A
Investment for research and development of new technologies on energy reserves	8,152	8,402	16,554	2,614	13,940	by 2020
	81,518	84,016	165,534	151,594	13,940	

The unused balance of the proceeds from Share Subscription and issue of convertible notes amounted to approximately RMB13,940,000, and it was kept at banks in the PRC and Hong Kong as of 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Assuming full conversion of the convertible notes, the total number of issued shares of the Company would be 1,009,089,613 Shares as at 30 June 2018. Set out below is the dilution effect on equity interest of the substantial shareholders of the Company if there had been full conversion of the outstanding convertible notes by the Subscriber as at 30 June 2018:

	As at 30 June 2018		Full conversion of convertible notes as at 30 June 2018	
Substantial Shareholders	**Number of Shares**	**Approximate percentage of issued shares of the Company**	**Number of Shares**	**Approximate percentage of issued shares of the Company**
Mr. Li Xin Qing *(Note 1)*	205,909,875	22.26%	205,909,875	20.41%
Mr. An Wei *(Note 2)*	196,269,875	21.22%	196,269,875	19.45%
Broad-Ocean Motor (Hong Kong) Co. Limited	84,096,000	9.09%	168,129,613	16.66%

Notes:

(1) Mr. Li Xin Qing is interested in 205,709,875 shares under controlled corporation, of which 197,724,457 shares are held by Genius Mind Enterprises Limited, which is beneficial owned by him, and 7,985,418 shares are held by Rich Talent Management Limited, which is owned as to 50% by him.

(2) Mr. An Wei is interested in 195,869,875 shares under controlled corporation, of which 187,884,457 shares are held by Great Passion International Limited, which is beneficial owned by him, and 7,985,418 shares are held by Rich Talent Management Limited, which is owned as to 50% by him.

As calculated based on profit attributable to owners of the Company of approximately RMB3,538,000 for the six months ended 30 June 2018, basic and diluted earnings per share of the Company amounted to RMB3.8 cents.

Based on the cash and cash equivalent as at 30 June 2018 and the cash flow from the operation of the Company, the Company has an ability to meet its redemption obligations under convertible notes as at 30 June 2018.

Based on the implied internal rate of returns of the convertible notes, the Company's share prices at the future date at which it would be equally financially advantageous for the securities holders to convert was as follows:

Date	**1 October 2018**
Share prices (HK$ per share)	1.24

Discloseable Transaction in relation to Provision of Financial Assistance

On 28 February 2018, Titans Power Electronics, a wholly-owned subsidiary of the Company, and Zhongshan Broad-Ocean Motor Co., Limited ("Broad-Ocean Motor") entered into a loan agreement, pursuant to which Titans Power Electronics has agreed to lend to Broad-Ocean Motor with an amount of RMB80,860,000 (equivalent to approximately HK$100,000,000) for a period from 28 February 2018 to 2 June 2018 (the "Loan Agreement").

MANAGEMENT DISCUSSION AND ANALYSIS

As the Subscriber and Broad-Ocean Motor are of the same group, the Company and Broad-Ocean Motor have reached the Loan Agreement with the simultaneous arrangement that the Subscriber would enter into the deed of variation to extend the maturity date of the outstanding convertible notes.

On 1 June 2018, Titans Power Electronics and Broad-Ocean Motor entered into a loan extension agreement, pursuant to which Titans Power Electronics and Broad-Ocean Motor agreed to extend the loan maturity date from 2 June 2018 to 1 October 2018 (the "Loan Extension Agreement") with the simultaneous arrangement that the Subscriber would enter into the second deed of variation to extend the maturity date of the outstanding convertible notes.

As one or more of the applicable percentage ratios under Rule 14.07 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in respect of the Loan Agreement and Loan Extension Agreement are more than 5% but less than 25%, the transactions contemplated under the Loan Agreement and the Loan Extension Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the Loan Agreement and Loan Extension Agreement have been set out in the announcements of the Company dated 28 February 2018, 12 March 2018 and 1 June 2018.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2018, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Bank and other borrowings

As at 30 June 2018, total bank and other borrowings and convertible notes of the Group amounted to RMB264,888,000 (among which RMB173,955,000 are secured loans) (as at 31 December 2017: RMB221,962,000, among which RMB138,395,000 were secured loans). Secured bank loans as at 30 June 2018 were subject to the floating interest rates of 5.64% per annum. As at 30 June 2018, the total bank borrowings recorded by the Group increase by RMB35,560,000 as compared with those as at 31 December 2017.

As at 30 June 2018, the Group's current ratio (i.e. current assets divided by current liabilities) was 1.76 as compared with 2.03 as at 31 December 2017, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 23.42% as compared with 20.90% as at 31 December 2017.

Trade and bills receivables

As at 30 June 2018, the Group recorded trade and bills receivables (net of allowance) of approximately RMB300,073,000 (as at 31 December 2017: approximately RMB333,094,000). 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 2018 (for the six months ended 30 June 2017: nil). The allowances for impairment of trade receivables as at 30 June 2018 and 31 December 2017 were RMB52,264,000 and RMB54,497,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in trade and bills receivables of the Group for the six months ended 30 June 2018 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 2017 and 30 June 2018.

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 90 days	**126,810**	151,787
91 days to 180 days	**23,952**	26,626
181 days to 365 days	**81,815**	86,798
Over 1 year to 2 years	**49,195**	50,527
Over 2 years to 3 years	**7,157**	10,379
Over 3 years	**5,692**	6,114
	294,621	332,231

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 2018, the Group's leasehold land and buildings with carrying amounts of approximately RMB1,861,000 (as at 31 December 2017: RMB2,209,000) were pledged to secure bank borrowings and other facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital commitments and contingent liabilities

As at 30 June 2018, the Group had capital expenditure contracted for but not provided in the consolidated financial information of RMB37,864,000 (as at 31 December 2017: approximately RMB64,028,000).

As at 30 June 2018 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 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 RMB1,938,000 (corresponding period in 2017: loss of approximately RMB1,387,000). 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 2018. As at 30 June 2018, 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 foreign exchange (except for business purposes) during the six months ended 30 June 2018.

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:

Currently, the car ownership of new energy vehicles in the PRC has reached 2 million units. According to the "13th Five-Year" plan for new energy vehicles in the PRC, by 2020, the nationwide car ownership of new energy vehicles will exceed 5 million units and the annual production volume will reach 2 million units. By 2025, the proportion of car ownership of new energy vehicles to the total sales volume of vehicles will reach over 20%. By 2030, the nationwide car ownership of new energy vehicles will exceed 100 million units.

In 2017, pursuant to the "Parallel Administrative Measures for Passenger Vehicle Corporate Average Fuel Consumption and New Energy Vehicle Credits (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》)" promulgated by the Ministry of Industry and Information Technology of the PRC, it is proposed that the requirement of new energy vehicle credits will be 10% and 12% in 2019 and 2020, respectively, and the "Double Credit (雙積分)" policy has been implemented on 1 April 2018, which has promoted the rapid development of the new energy vehicles industry in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

On 2 July 2018, the National Development and Reform Commission issued the "Opinions on Innovating and Perfecting the Price Mechanism for the Promotion of Green Development (《關於創新和完善促進綠色發展價格機制的意見》)" (the "Opinion") and proposed that the policy on waiving volume tariff for centralized charging facilities of electric vehicles will extend from the original term of 2020 to 2025. Meanwhile, the Opinions encouraged electric vehicles to provide energy storage services and derive income from difference between peak-to-valley prices, which is in line with the Group's long term strategic layout for its charging and energy storage business.

On 10 July 2018, the Ministry of Transport of the PRC issued the "Opinion on Enhancing Protection of the Ecological Environment on All Fronts and Determination to Fight the Battle of Pollution Prevention and Treatment (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的實施意見》)" and proposed that by the end of 2020, the car ownership of new energy vehicles in areas such as city bus, taxi and urban delivery will amount to 600,000 units. All buses in municipalities, provincial capitals and urban built-up areas in specifically designated cities in key regions will be replaced by new energy vehicles.

The introduction of these policies has demonstrated that the government remains true to its original aspiration of promoting the development of new energy vehicles. As a necessary infrastructure for the development of electric vehicles, under the dual favourable drivers from the market and policies, it is expected that charging equipment will embrace a golden period of development.

Operation and Management Strategy:

1. *Developing a "the five-dimensional service system" to enhance competitiveness*

   Currently, despite the intense competition in the charging equipment market, companies with high capability in providing comprehensive services can continue to secure a leading position amidst the market competition. In light of this, by leveraging our past experience, the Group will further increase its "capability in providing comprehensive services" for the charging infrastructure business and focus to develop a "five-dimensional service system" comprising five dimensions namely, a planning system, supply of equipment, mobile operation, an operation and maintenance system and an operating platform. With the five-dimensional service system, we will focus on solving problems to be encountered during the process such as standardized design, standardized construction, reasonable operation and maintenance and economies of scale in operation, in order to boost the overall competitiveness of the Group.

2. *Upgrade of Intelligent Charging Islands to optimize charging efficiency*

   As a new generation of core key facilities of centralized charging stations, the Intelligent Charging Island was a new key product launched by the Group in 2017 and has instantly received recognition from the market since its operation. Looking forward, the Group will further enhance the advantages of this product in terms of functional performance and overall competitiveness, making it a highly integrated product with higher standard that comprises charging system, new energy power generation system, battery storage system, temperature and humidity control system, environmental monitoring and control system, lighting system, ventilation and cooling system. The upgraded new products will be able to satisfy the market demand and establish sound market reputation through their various characteristics such as modularized, standardized, pre-assembled and integrated, as well as highlighted advantages such as quick deployment, intelligent management, flexible allocation, intelligent allocation, flexible output, safe and reliable, high efficiency and energy conservation, cost reduction, etc..

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Strengthen the use of direct sales model for power DC power supply business*

   Previously, the sales of power DC power supply products were mostly conducted through agency model. Since the beginning of 2018, the Group has strengthened its ability in direct sales. Our personnel being active at the frontlines can swiftly and precisely provide feedback of customer needs to the Group to ensure quick response. Such measures have already achieved positive results. Looking forward, the Group will continue to explore new customers and establish a more diversified customer network, thereby realizing continuous growth of the power DC power supply business.

4. *Prudent investment and operation to establish a quality charging operation assets layout*

   For the charging stations currently in operation, the Group will explore the possibilities for ancillary charging services in eligible stations with a view to enhance the servicing capability and profitability of the charging stations. For new projects, the Group will utilize resources in a reasonable manner, which will mainly be used towards three types of charging stations (piles): (1) dedicated express charging stations; (2) centralized public express charging stations; and (3) destination charging stations (piles) with specific charging volume, thereby prudently establishing a charging operation assets layout.

5. *Actively develop the BOT projects on charging infrastructure*

   The Group has no new BOT projects on charging infrastructure during the first half of the year, however, through the BOT projects currently under operation, the Group understands the feasibility of this business model and has thus been actively deploying and developing BOT projects. The Group has won the bid of a BOT project in Foshan, Guangdong, which will be implemented in the second half of the year.

The Group will seize the historic opportunities of industry development to expedite the R&D and launch of new products, further enhance the advantages of the relevant products in terms of functional performance and overall competitiveness, as well as increase its production capacity. It will also enhance the construction and servicing capability of its charging operation platform, aiming to form a unique charging service model that can cater to market demand, thereby transforming the Group's advantages into real revenue and profits.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	*5*	**121,389**	137,145
Cost of sales		**(72,657)**	(81,268)
Gross profit		**48,732**	55,877
Other revenue		**14,678**	6,720
Selling and distribution expenses		**(25,438)**	(25,387)
Administrative and other expenses		**(30,286)**	(27,825)
Reversal of impairment loss recognised in respect of trade receivables		**2,233**	2,997
Net fair value (loss) gain on derivative components of the convertible notes		**(129)**	7,154
Gain on disposal of a subsidiary	*19*	**–**	347
Share of results of associates		**(2,656)**	(1,562)
Finance costs		**(12,048)**	(6,251)
(Loss) Profit before taxation		**(4,914)**	12,070
Income tax credit (expense)	*6*	**7,608**	(4,663)
Profit for the period	*7*	**2,694**	7,407
Other comprehensive (expense) income 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
Income tax relating to item that may be reclassified subsequently		**–**	(556)
		–	1,666
Items that will not be classified subsequently to profit or loss:			
Change in fair value of equity investments at fair value through other comprehensive income, net of tax		**15,154**	–
Income tax relating to item that will not be reclassified subsequently		**(2,272)**	–
		12,882	–
Other comprehensive income for the period, net of tax		**12,882**	1,666
Total comprehensive income for the period		**15,576**	9,073

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
– Owners of the Company		**3,538**	8,852
– Non-controlling interests		**(844)**	(1,445)
		2,694	7,407
Total comprehensive income (expense) for the period attribute to:			
– Owners of the Company		**16,420**	10,518
– Non-controlling interests		**(844)**	(1,445)
		15,576	9,073
Earnings per share	*9*		
Basic and diluted (RMB cent)		**0.38**	0.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**99,407**	56,837
Prepaid lease payments		**8,145**	8,301
Goodwill		**449**	449
Prepayment for the construction of property, plant and equipment		**–**	13,000
Intangible assets		**30,405**	32,085
Deposit paid for the acquisition of property, plant and equipment		**60,356**	–
Financial lease receivable		**662**	–
Interests in associates	11	**5,676**	8,332
Available-for-sale financial assets		**–**	159,152
Financial asset at fair value through profit or loss		**149,697**	–
Financial asset at fair value through other comprehensive income		**24,609**	–
Deferred tax assets		**7,084**	7,523
		386,490	285,679
Current assets			
Inventories		**92,789**	76,717
Trade and bills receivables	12	**300,073**	333,094
Prepayments, deposits and other receivables		**205,153**	157,980
Prepaid lease payments		**312**	312
Amounts due from associates	13	**4,674**	4,137
Financial asset at fair value through profit or loss	14	**2,793**	–
Held for trading investment		**–**	9,248
Redemption option derivative of the convertible notes	17	**1,263**	165
Restricted bank balances		**63,409**	61,433
Short-term bank deposits		**18,000**	73,000
Bank balances and cash		**55,983**	60,133
		744,449	776,219
Current liabilities			
Trade and bills payables	15	**114,931**	101,193
Contract liabilities		**12,951**	–
Receipts in advance		**–**	6,791
Accruals and other payables		**26,839**	29,963
Convertible notes	17	**90,933**	83,567
Amounts due to associates	13	**281**	185
Conversion option derivative of the convertible notes	17	**1,405**	175
Tax payable		**16,514**	25,590
Bank and other borrowings	16	**160,079**	134,945
		423,933	382,409
Net current assets		**320,516**	393,810
Total assets less current liabilities		**707,006**	679,489

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	*16*	**13,876**	3,450
Deferred tax liabilities		**20,119**	18,604
		33,995	22,054
Net assets		**673,011**	657,435
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**639,019**	622,599
Equity attributable to owners of the Company		**647,106**	2,630,686
Non-controlling interests		**25,905**	26,749
Total equity		**673,011**	657,435

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to Owner of the Company											
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 *(Note (a))*	Exchange translation reserve RMB'000	Available-for-sale financial assets revaluation reserve RMB'000	Capital reserve RMB'000 *(Note (b))*	Statutory reserve fund RMB'000	Other reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (audited)	8,087	325,141	8,640	504	102,130	(1,539)	38,954	2,066	92,077	576,060	8,982	585,042
Profit (loss) for the period	–	–	–	–	–	–	–	–	8,852	8,852	(1,445)	7,407
Other comprehensive income (expense) for the period:												
Net fair value gain on available-for-sale financial assets	–	–	–	–	2,222	–	–	–	–	2,222	–	2,222
Income tax relating to items that may be reclassified subsequently	–	–	–	–	(556)	–	–	–	–	(556)	–	(556)
Total comprehensive income (expense) for the period	–	–	–	–	1,666	–	–	–	8,852	10,518	(1,445)	9,073
Transfer in (out)	–	–	–	–	–	–	2,980	–	(2,980)	–	–	–
At 30 June 2017 (unaudited)	8,087	325,141	8,640	504	103,796	(1,539)	41,934	2,066	97,949	586,578	7,537	594,115
At 1 January 2018 (audited)	8,087	325,141	8,640	504	(6,950)	(1,539)	62,209	2,066	232,528	630,686	26,749	657,435
Profit (loss) for the period	–	–	–	–	–	–	–	–	3,538	3,538	(844)	2,694
Other comprehensive income (expense) for the period:												
Net fair value gain on available-for-sale financial assets	–	–	–	–	15,154	–	–	–	–	15,154	–	15,154
Income tax relating to items that will not be reclassified subsequently	–	–	–	–	(2,272)	–	–	–	–	(2,272)	–	(2,272)
Total comprehensive income (expense) for the period	–	–	–	–	12,882	–	–	–	3,538	16,420	(844)	15,576
At 30 June 2018 (unaudited)	8,087	325,141	8,640	504	5,932	(1,539)	62,209	2,066	236,066	647,106	25,905	673,011

Notes:

(a) Merger reserve represents the amount of consideration paid to Zhuhai Titans Group Company Limited, in excess of the net book value of the subsidiary acquired from Zhuhai Titans Technology Co., Ltd.* 珠海泰坦科技股份有限公司 ("Titans Technology") in previous years.

(b) Capital reserve represents the difference between the fair values of the net assets acquired from non-controlling interests and the carrying values of the underlying assets and liabilities attributable to these additional interests.

(c) Other reserve represents the difference of the consideration paid for the acquisition of an additional equity interest in a subsidiary and the carrying value of the additional equity interests of the subsidiary acquired.

* *English name is for identification purpose only.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**6,335**	(51,699)
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	**55,000**	48,988
Purchase of property, plant and equipment	**(46,254)**	(11,335)
Deposit paid for acquisition of property, plant and equipment	**(60,356)**	–
Proceeds from disposal of property, plant and equipment	**60**	–
Proceeds from partial consideration from the disposal of assets classified as held for sale	**–**	17,500
Capital contribution to an associate	**–**	(980)
Net cash inflow on disposal of a subsidiary	**–**	(22)
Acquisition of an available-for-sale financial asset	**(9,379)**	–
Other cash flows arising from investing activities	**–**	794
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(60,929)**	54,945
FINANCING ACTIVITIES		
Bank and other borrowings raised	**52,869**	19,180
Repayment of bank and other borrowings	**–**	(11,260)
Withdrawal of restricted bank balances	**–**	163
Placement of restricted bank balances	**(1,976)**	–
Interest paid	**(1,792)**	(3,321)
Other cash flows arising from financing activities	**1,343**	3,707
NET CASH FROM IN FINANCING ACTIVITIES	**50,444**	8,469
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(4,150)**	11,715
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**60,133**	13,830
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD representing bank balances and cash	**55,983**	25,545

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

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, 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 Units 3306–12, 33/F., Shui On Centre, Nos. 6-8 Harbour Road, 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 2018 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 statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2018.

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

The adoption of HKFRS 9 and 15 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 4 below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 HKFRS 9 Financial instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the (1) classification and measurement of financial assets and financial liabilities; (2) impairment of financial assets and (3) general hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 January 2018.

3.1.1 Classification and measurements

At the date of initial application of HKFRS 9, the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and their contractual cash flow characteristics, and has classified its financial assets and financial liabilities into the appropriate categories of HKFRS 9, as explained below:

Trade receivable and other receivables, amount due from associates, bill receivables with recourse previously classified as loan and receivables carried at amortised cost:

They are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets continue to be subsequently measured at amortised cost upon application of HKFRS 9.

Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment:

These equity investments qualified for designation as measured at FVTOCI under HKFRS 9. The Group has elected the option in respect of certain of the Group's unlisted equity instruments amounting to HK$24,609,000 as they are held for medium-term strategic purpose, and reclassified them to financial assets at FVTOCI upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 HKFRS 9 Financial instruments (continued)

3.1.2 Impairment of financial assets

The Group has the following type of financial instruments that are subject to the new impairment requirements under HKFRS 9.

Trade receivable/lease receivable at amortised cost:

The Group applied the simplified approach to provide for expected credit losses ("ECL") under HKFRS 9 and recognised lifetime expected losses for all trade receivables and lease receivable. The trade receivables and lease receivable are grouped based on shared credit risk characteristics and others (e.g. past due information, etc) for measuring ECL.

Financial assets with low credit risk:

The Group measured a 12-month ECL in respect of the following financial instruments:

- Other financial assets including amounts due from associates, bank balances and cash, restricted bank balances and short-term bank deposits for which credit risk has not increased significantly since initial recognition.

Based on assessment by the management of the Group, no loss allowance at 1 January 2018 was made.

The following table summaries the opening balance adjustments recognized for each line item in the condensed consolidated statement of financial position on initial application of HKFRS 9 and HKFRS 15:

	At 31 December 2017 RMB'000	Effect from application of HKFRS 9 RMB'000	Effect from application of HKFRS 15 RMB'000	**At 1 January 2018 RMB'000**
Non-current assets				
Available-for-sale financial assets	159,152	(159,152)	–	**–**
Financial asset at fair value through profit or loss	–	134,543	–	**134,543**
Financial asset at fair value through other comprehensive income	–	24,609	–	**24,609**
Current assets				
Held for trading investment	9,248	(9,248)	–	**–**
Financial asset at fair value through profit or loss	–	9,248	–	**9,248**
Current liabilities				
Receipts in advance	6,791	–	(6,791)	**–**
Contract liabilities	–	–	6,791	**6,791**

4. CHANGE IN ACCOUNTING POLICIES

4.1 HKFRS 9 Financial instruments

4.1.1 Classification and measurement

All recognised financial assets that are within the scope of HKFRS 9 are to be subsequently measured at amortised cost or fair value, depending on the entity's business model for managing the financial assets and cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

Financial assets at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal outstanding are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses), together with foreign exchange gains and losses.

Financial assets at fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in other income using the effective interest method.

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.1 HKFRS 9 Financial instruments (continued)

4.1.1 Classification and measurement (continued)

Financial assets at fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at financial assets at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch. A gain or loss on financial asset that is subsequently measured at FVTPL is recognised in profit or loss and presented in other gains (losses) in the period in which it arises.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

In respect of the Group's equity instruments, the Group subsequently measures them at fair value. On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate equity instrument as at FVTOCI if the instrument is neither held for trading nor a contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies, with fair value gains and losses recognised in OCI and accumulated in investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss when they are derecognised. Instead, they will be transferred to retained earnings. Dividends from equity instruments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at FVTPL are recognised in other gains (losses) in the condensed consolidated statement of profit or loss and other comprehensive income as applicable.

With regard to the measurement of financial liabilities designated as at FVTPL, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.1 HKFRS 9 Financial instruments (continued)

4.1.2 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and bills receivables, prepayments, deposits and other receivables and lease receivable. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade and bills receivables and lease receivable, the Group applies the simplified approach permitted by HKFRS 9 and records lifetime ECL that results from all possible default events over the expected life of these financial instruments.

For other financial instruments, the ECL is based on the 12-month ECL. The 12-months ECL is the portion of lifetime ECL that results from possible default events within 12 months after the reporting date, unless when there has been a significant increase in credit risk since initial recognition of the financial instrument, the allowance will be based on the lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with that assessed at the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group presumes that the credit risk on a financial asset has increased significantly when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the above requirements, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have a low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet it contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default and is estimated as the difference between all contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.2 HKFRS 15 Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligations is transferred to customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group applies output method in measuring the progress towards complete satisfaction of the relevant performance obligation and recognises revenue on the basis of direct measurement of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.2 HKFRS 15 Revenue from contracts with customers (continued)

The Group recognises revenue for a performance obligation satisfied over time only if the Group can reasonably measure its progress to towards complete satisfaction of the performance obligation. In circumstances where the Group is unable to reasonably measure the outcome of a performance obligation but expects to recover the cost incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4.2.1 Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

4.2.2 Contract cost

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, and are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review. Where the amortisation period of the asset is one year or less, the Group applies practical expedient under HKFRS 15 to recognise the incremental costs as an expense when incurred.

5. 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 two operating segments namely (i) Power Monitoring – sales of power monitoring and management equipment; and (ii) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

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 2018

	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	42,125	70,742	7,714	808	121,389
Segment results	14,221	34,311	2,410	23	50,965
Other revenue					14,678
Net fair value loss on derivative components of the convertible notes					(129)
Share of results of associates					(2,656)
Finance costs					(12,048)
Unallocated head office and corporate expenses					(55,724)
Loss before taxation					(4,914)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

For the six months ended 30 June 2017

	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	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

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, net fair value (loss) 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 CODMs for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

Segment assets	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
DC Power System	**192,961**	177,323
Charging Equipment	**387,285**	321,750
Charging Services and Construction	**41,831**	59,909
Others	**8,463**	8,090
Total segment assets	**630,540**	567,072
Assets classified as held for sale	**2,793**	9,248
Unallocated	**497,606**	459,048
Consolidated assets	**1,130,939**	1,035,368

Segment liabilities	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
DC Power System	**38,114**	32,090
Charging Equipment	**83,407**	70,311
Charging Services and Construction	**5,773**	5,036
Others	**869**	732
Total segment liabilities	**128,163**	108,169
Unallocated	**329,765**	278,102
Consolidated liabilities	**457,928**	386,271

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

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.

6. INCOME TAX CREDIT (EXPENSE)

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
– Current period	**(2,031)**	(4,505)
– Over-provision in prior years	**11,593**	–
	9,562	(4,505)
Deferred tax – current period	**(1,954)**	(158)
	7,608	(4,663)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2018 and 2017. 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 2018 and 2017.

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 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 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange loss, net	**1,938**	1,387
Depreciation of property, plant and equipment	**3,624**	5,712
Amortisation of intangible assets	**1,680**	1,656
Amortisation of prepaid lease payments	**156**	156
Loss on disposal of property, plant and equipment	**30**	2,035
Minimum lease payments paid under operating lease rentals in respect of rented premises	**1,673**	1,451
Bank interest income	**(366)**	(639)
Value added tax ("VAT") refunds *(note (i))*	**(3,984)**	(1,781)
Government grants *(note (ii))*	**(2,380)**	(3,707)
Research and development expenses (including in administrative and other expenses) *(note (iii))*	**11,315**	9,245

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 RMB2,349,000 (2017: RMB3,149,000) 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 2018 and 2017.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

8. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 June 2018 and 2017 nor has any dividend been proposed since the end of reporting period.

9. 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	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**3,538**	8,852

	Six months ended 30 June	
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**925,056**	925,056

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 2018 and 2017.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB90,000 (six months ended 30 June 2017: RMB2,035,000), resulting in a loss on disposal of approximately RMB30,000 (six months ended 30 June 2017: loss on disposal of approximately RMB2,035,000).

During the six months ended 30 June 2018, the Group acquired of property, plant and equipment with a cost of approximately RMB46,254,000 (six months ended 30 June 2017: RMB11,335,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

11. INTERESTS IN ASSOCIATES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Cost of investment in unlisted associates	**14,080**	14,080
Share of post acquisition results, net of dividend received	**(8,404)**	(5,748)
	5,676	8,332

As at 30 June 2018 and 31 December 2017, the Group had interests in the following associates:

Name of entity	Form of entity	Place of establishment/ operation	Class of share held	Proportion of ownership interests indirectly held by the Group		Proportion of voting power held		Principal activities
				2018	2017	**2018**	2017	
Beijing Aimeisen	Registered	The PRC	Contributed capital	**20%**	20%	**20%**	20%	Research and development of charging equipment
Pangda Yilian	Registered	The PRC	Contributed capital	**35%**	35%	**35%**	35%	Research and development of charging equipment
Changsha Xiandao	Registered	The PRC	Contributed capital	**26.4%**	26.4%	**26.4%**	26.4%	Research and development of charging equipment
Qingdao Jiaoyun	Registered	The PRC	Contributed capital	**49%**	49%	**49%**	49%	Research and development of charging equipment

Note: The Group is able to exercise significant influence over Beijing Aimeisen because it has appointed one out of the three directors of Beijing Aimeisen at the date of the establishment.

* *English name is for identification purpose only*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

12. TRADE AND BILLS RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	**346,885**	386,728
Less: allowance for impairment loss of trade receivables	**(52,264)**	(54,497)
	294,621	332,231
Bills receivables	**5,452**	863
Total trade and bills receivables	**300,073**	333,094

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 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0 – 90 days	**126,810**	151,787
91 – 180 days	**23,952**	26,626
181 – 365 days	**81,815**	86,798
1 – 2 years	**48,431**	50,527
2 – 3 years	**7,866**	10,379
Over 3 years	**5,747**	6,114
	294,621	332,231

The Group allows an average credit period of 90 days (31 December 2017: 90 days) to its trade customers or 90 days (31 December 2017: 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

12. TRADE AND BILLS RECEIVABLES (continued)

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.

13. AMOUNTS DUE FROM (TO) ASSOCIATES

(a) The amounts due from associates were unsecured, interest-free and trading in nature.

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0 – 90 days	**2,000**	356
181 – 365 days	**2,674**	3,781
	4,674	4,137

The Group allows an average credit period of 90 days (31 December 2017: 90 days) to its associates for balances which are trading in nature.

In determining the recoverability of amounts due from associates, 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 amounts due from associates required at the end of the reporting period.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Investment fund in the PRC	**2,793**	–

The investment was reclassified from held for trading investment of HK$9,248,000 at 1 January 2018 after the adoption of HKFRS 9 as detailed in note 3.

Loss on fair value change of held for trading investment of approximately RMB752,000 was recognized for the year ended 31 December 2017 (2018: nil).

15. TRADE AND BILLS PAYABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables	**104,991**	88,997
Bills payables	**9,940**	12,196
	114,931	101,193

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 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0 – 90 days	**90,601**	73,017
91 – 180 days	**5,036**	5,541
181 – 365 days	**13,256**	14,980
1 – 2 years	**6,038**	7,655
	114,931	101,193

The average credit period on purchases of goods is 90 days (31 December 2017: 90 days).

16. BANK AND OTHER BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Bank borrowings, secured	**158,000**	133,000
Other borrowings, unsecured	**15,955**	5,395
	173,955	138,395
Carrying amounts repayable (based on schedule repayment dates set out in the loan agreement):		
Within one year	**160,079**	134,945
After one year but within two years	**13,876**	2,222
After two year but within five years	**–**	1,228
	173,955	138,395
Amounts shown under current liabilities	**160,079**	134,945
Amounts shown under non-current liabilities	**13,876**	3,450
	173,955	138,395

Bank borrowings of RMB48,000,000 (2017: RMB48,000,000) and RMB12,000,000 (2017: RMB12,000,000) are arranged at fixed interest rate of 0.32% (2017: 0.32%) and floating interest rate of the PRC base lending rate with increment by 50% (2017: the floating interest rate of the PRC base lending rate with increment by 50%) respectively.

Bank borrowings of RMB98,000,000 (2017: RMB73,000,000) are arranged at fixed interest rate of 6.1%.

16. BANK AND OTHER BORROWINGS (continued)

As at 30 June 2018, other borrowing of RMB15,955,000(2017: RMB5,395,000) is arranged at fixed interest rate of 5.75% and secured by motor vehicles with carrying amount of approximately RMB8,063,000 (2017: RMB3,557,000).

The effective interest rates (which also equal to contracted interest rates) on the Group's bank borrowings and other borrowings range are from 0.32% to 6.53% and 5.90% to 13.41% (year ended 31 December 2017: 0.32% to 6.53% and 5.90% to 13.41%) per annum for the period ended 30 June 2018.

During the period ended 30 June 2018, the Group obtained new bank borrowings and other borrowings in the amount of RMB25,000,000 and RMB23,760,000 (year ended 31 December 2017: RMB95,000,000 and RMB17,163,000). The proceeds were used as the Group's working capital. The above bank borrowings are all denominated in RMB, which is the functional currency of the respective entities and hence no foreign currency risk exposure.

As at 30 June 2018, secured bank borrowings of RMB40,000,000 (2017: RMB40,000,000) was secured by its leasehold land and buildings with carrying values of approximately RMB2,124,000 (2017: RMB2,209,000) and was guaranteed by the Company and the directors of the Company with guaranteed amount of approximately RMB120,000,000 (2017: RMB120,000,000). Details of the guarantees by the directors of the Company are set out in note 21(c).

As at 30 June 2018, secured bank borrowings of approximately RMB51,000,000 (As at 31 December 2017: RMB48,000,000) was secured by the restricted bank balances of approximately RMB50,882,000 (As at 31 December 2017: RMB50,882,000). The Group has available un-utilised overdraft and short-term bank loan facilities of approximately RMB2,000,000 (As at 31 December 2017: RMB1,864,000).

As at 30 June 2018, secured bank borrowings of approximately RMB67,000,000 (2017: RMB45,000,000) are pledged with available-for-sale financial assets with carrying amount of approximately RMB132,455,000 (2017: RMB124,964,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

17. CONVERTIBLE NOTES

On 29 February 2016, the Company issued convertible notes (the "CNs") with aggregate principal amount of HK$100,000,000, equivalent to approximately RMB84,246,000, to a substantial shareholder of the Company with maturity date on 1 October 2018 (the "Maturity Date"). During the period, the convertible notes have been extended the mature date to 30 October 2018, provided that all terms included remain unchanged. The CNs is denominated in HK$. The CNs bear interest at the base lending interest rate offered to the institutions by the People's Bank of China per annum, payable semi-annually.

At 30 June 2018, the interest rate of the CNs was 4.35% (31 December 2017: 4.35%).

The principal terms of the CNs are as follows:

Conversion: The holder of the CNs is entitled to convert the CNs into ordinary shares of the Company at a conversion price of HK$1.19 per ordinary share.

The conversion rights are exercisable by the holder at any time during the period commencing from the date of issue of the CNs up to the Maturity Date.

Redemption: The Company may, by notice, redeem whole or part of the outstanding CNs at the face value of the principal amount of such CNs together with all interest accrued before or on the Maturity Date.

The holder of the CNs is not entitled to request for early redemption except for event of default occurred.

Unless previously converted or redeemed, the Company will redeem the CNs, in whole or in part, at the face value on the Maturity Date.

The CNs contain three components, including liability component, conversion option derivative and redemption option derivatives, which were presented as "convertible notes", "conversion option derivative of convertible bonds" and "redemption option derivative of convertible bonds" in the condensed consolidated statement of financial position. The effective interest rate of the liability component is 19% at the date of issue. The conversion option derivative and redemption option derivative are measured at fair value with changes in fair value recognised in condensed consolidated statement of profit or loss and other comprehensive income.

No conversion or redemption of the CNs has been made during the six months ended 30 June 2018 (2017: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

17. CONVERTIBLE NOTES (continued)

The movement of the liability and derivative components of the CNs and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	Liability component of the CNs	**Financial asset – Early redemption derivative of the CNs**	**Financial liability – Conversion option derivative of the CNs**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2017	75,412	(13,331)	22,200	84,281
Effective interest expense for the year	14,081	–	–	14,081
Interest paid	(3,680)	–	–	(3,680)
Exchange (gain) loss recognised in profit or loss	(2,246)	372	(619)	(2,493)
Changes in fair value	–	12,794	(21,406)	(8,612)
At 31 December 2017 and 1 January 2018	83,567	(165)	175	83,577
Effective interest charge for the period	7,818	–	–	7,818
Exchange loss (gain) recognised in profit or loss	1,340	(31)	34	1,343
Interest paid	(1,792)	–	–	(1,792)
Changes in fair value	–	(1,067)	1,196	129
At 30 June 2018	90,933	(1,263)	1,405	91,075

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

17. CONVERTIBLE NOTES (continued)

The net changes in fair value of the derivative components of the CNs of approximately RMB129,000 were recognised in the condensed consolidated statement of profit or loss and other comprehensive income. The inputs into the model were as follows:

	At 30 June 2018 (Unaudited)	At 31 December 2017 (Audited)	At 29 February 2016 (date of issue) (Audited)
Share price	**HK$0.97**	HK$0.93	HK$1.21
Conversion price	**HK$1.19**	HK$1.19	HK$1.19
Expected volatility	**39%**	34%	63%
Expected life	**0.25 years**	0.16 years	2 years
Risk-free rate	**1.51%**	1%	0.59%
Expected dividend yield	**Nil**	Nil	Nil

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 30 June 2018 and 31 December 2017:

	30 June 2018 (Unaudited)			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss ("FVTPL")				
Redemption option derivative of the CNs	–	–	1,263	1,263
Listed equity securities	149,697	–	–	149,697
Investment fund	–	2,793	–	2,793
Financial assets at fair value through other comprehensive income ("FVTOCI")	–	–	–	–
Unlisted equity securities	–	–	24,609	24,609
Total	149,697	2,793	25,872	178,362
Financial liabilities at FVTPL				
Conversion option derivative of the CNs	–	–	1,405	1,405

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) **Fair value of the Group's financial instruments that are measured at fair value on a recurring basis** (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 30 June 2018 and 31 December 2017: (continued)

	31 December 2017			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Redemption option derivative of the CNs	–	–	165	165
Investment fund classified as held for trading investment	–	9,248	–	9,248
Available-for-sale financial assets				
Listed equity securities	134,543	–	–	134,543
Unlisted equity securities	–	–	24,609	24,609
Total	134,543	9,248	24,774	168,565
Financial liabilities at FVTPL				
Conversion option derivative of the CNs	–	–	175	175

There were no transfers between levels of fair value hierarchy in the current and prior periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

The valuation techniques and inputs used in the fair value measurement of the financial instruments on a recurring basis are set out below:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	30/6/2018	31/12/2017				
	RMB'000	RMB'000				
Listed equity securities classified as available-for-sale financial assets	**–**	134,543	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed equity securities classified as financial assets at fair value through profit or loss	**149,697**	–	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment fund classified as held for trading investment	**–**	9,248	Level 2	Quoted prices from financial institutions based on bid prices in active market for the listed shares under the portfolio of the unlisted fund instruments	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

The valuation techniques and inputs used in the fair value measurement of the financial instruments on a recurring basis are set out below: (continued)

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	30/6/2018	31/12/2017				
	RMB'000	RMB'000				
Investment fund classified as financial assets at fair value through profit or loss	**2,793**	–	Level 2	Quoted prices from financial institutions based on bid prices in active market for the listed shares under the portfolio of the unlisted fund instruments	N/A	N/A
Unlisted equity securities classified as available-for-sale financial assets	**–**	24,609	Level 3	Market approach – by reference to the asset with identical or similar assets in the market	N/A	N/A
Unlisted equity securities classified as financial assets at fair value through other comprehensive income	**24,609**	–	Level 3	Market approach – by reference to the asset with identical or similar assets in the market	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurement of financial instruments that are measured on a recurring basis are as follows:

	Unlisted equity securities RMB'000	Bond securities RMB'000	Financial asset – Redemption option derivative of the CNs RMB'000	Financial liability – Conversion option derivative of the CNs RMB'000
At 1 January 2017	148,211	–	13,331	(22,200)
Purchase	24,609	10,000	–	–
Disposal	(148,211)	–	–	–
Exchange (loss) gain recognised in profit or loss	–	–	(372)	619
Changes in fair value through profit or loss	–	–	(12,794)	21,406
Loss on deemed disposal	–	(752)	–	–
At 31 December 2017	24,609	9,248	165	(175)
Exchange gain (loss) recognised in profit or loss	–	–	31	(34)
Changes in fair value through profit or loss	–	–	1,067	(1,196)
At 30 June 2018	24,609	9,248	1,263	(1,405)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

19. DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2017

On 27 May 2017, the Group disposed of entire equity interest in Jienan Electronic (Beijing) New Energy Technology Company Limited* (潔能電投(北京)新能源科技有限公司) ("Jienan Electronic") to an independent third party for a cash consideration of RMB1. The net liabilities of Jienan Electronic at the date of disposal were as follows:

Consideration received:

	RMB'000 **(Unaudited)**
Cash received *(note)*	**–**

Note: The amount represents an amount less than RMB1,000

Analysis of assets and liabilities over which control was lost:

	27 May 2017 **RMB'000** **(Unaudited)**
Property, plant and equipment	**42**
Prepayments, deposits and other receivables	**755**
Bank balances and cash	**22**
Accruals and other payables	**(1,166)**
Net liabilities disposed of	**(347)**

* English name is for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

19. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 June 2017 (continued)

Gain on disposal of Jienan Electronic:

	27 May 2017 **RMB'000** **(Unaudited)**
Consideration received	–
Net liabilities disposed of	**347**
Gain on disposal of Jienan Electronic	**347**

Net cash outflows on disposal of Jienan Electronic:

	27 May 2017 **RMB'000** **(Unaudited)**
Cash consideration	–
Less: bank balances and cash disposed of	**(22)**
	(22)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

20. 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 follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**2,779**	5,952
In the second to fifth year inclusive	**1,358**	2,477
	4,137	8,429

Operating lease payments represent rentals payable by the Group for certain of its offices and workshops. Leases are negotiated for a range of one to two years (31 December 2017: one to two years) and rentals are fixed for the lease period for the six months ended 30 June 2018 and year ended 31 December 2017.

The Group as a lessor

Property rental income and rental income from operating leases of electric vehicles earned during the six months ended 30 June 2018 were approximately RMB18,000 (six months ended 30 June 2017: RMB25,000) and RMB10,600 (six months ended 30 June 2017: RMB216,000) respectively. The property held has committed tenants for a range of one to two years (31 December 2017: one to two years). The contract periods for the operating lease of electric vehicles are one year (31 December 2017: one year).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**6**	68
	6	68

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

21. CAPITAL COMMITMENTS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Capital expenditures contracted for but not provided in the condensed consolidated financial information/consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**60,356**	–
– Construction of property, plant and equipment	**4,349**	46,271
– Establishment of associates	**13,750**	9,947
– Capital contribution to subsidiaries	**33,594**	7,810
	112,049	64,028

22. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2018, the Group entered into the following transactions with related parties:

(a) Income received

	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Sales to associates *(note)*	**129**	497

Note: Sales of charging equipment for electric vehicles to the associates for the six months ended 30 June 2018 and 2017 were conducted on terms mutually agreed with the parties, which were by reference to prevailing market prices under the sales agreement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

22. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation to key management personnel

The directors of the Company consider that the executive directors are the only key management personnel of the Group. The remuneration of executive directors during the six months ended 30 June 2018 was as follows:

	Six months ended	
	30 June 2018	30 June 2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**467**	465
Post-employment benefits	**14**	14
	481	479

The remuneration of the executive directors is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

(c) Guarantees from directors

At 30 June 2018 and 31 December 2017, certain bank and other borrowings of the Group were guaranteed by Mr. Li Xin Qing and Mr. An Wei, directors of the Company:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
To the extent of	**120,000**	120,000

Details of the borrowings of the Group are set out in note 16.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the 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 2018 and there have been no material deviations from the Code Provisions.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, the interests of the Directors and their associates in the Shares which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (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 shares of the Company
Mr. Li Xin Qing	Interest of controlled corporations	205,709,875 *(Note 2)*	22.26%
	Beneficial owner	200,000	
Mr. An Wei	Interest of controlled corporations	195,869,875 *(Note 3)*	21.22%
	Beneficial owner	400,000	

Notes:

1. All interests in the Shares were long positions.

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

3. The entire issued share capital of Great Passion International Limited ("Great Passion") is beneficially owned by Mr. An Wei ("Mr. An") who is deemed to be interested in 187,884,457 Shares held by Great Passion by virtue of the SFO. In addition, by virtue of the SFO, Mr. An is also deemed to be interested in 7,985,418 Shares held by Rich Talent, a company which is owned as to 50% by him.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2018, 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 Share Option Scheme, at no time during the six months ended 30 June 2018 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 2018, 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 the provisions of 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 shares of the Company
Ms. Zeng Zhen *(Note 2)*	Interest of spouse	205,909,875	22.26%
Genius Mind *(Note 3)*	Beneficial owner	197,724,457	21.37%
Ms. Yan Kai *(Note 4)*	Interest of spouse	196,269,875	21.22%
Great Passion *(Note 5)*	Beneficial owner	187,884,457	20.31%
Honor Boom Investments Limited *(Note 6)*	Beneficial owner	82,458,117	8.91%
Mr. Li Xiao Bin *(Note 6)*	Interest of controlled corporation	82,458,117	8.91%
Ms. Zhang Lina *(Note 7)*	Interest of spouse	82,458,117	8.91%
Mr. Thomas Karl Amade Pilscheur	Beneficial owner	66,244,818	7.16%
Ms. Feng Yanlin *(Note 8)*	Interest of spouse	66,244,818	7.16%
Broad-Ocean Motor (Hong Kong) Co. Limited *(Note 9)*	Beneficial owner	168,129,613	18.18%
Zhongshan Broad-Ocean Motor Co., Ltd. *(Note 9)*	Interest of controlled corporation	168,129,613	18.18%
Mr. Lu Chuping *(Note 9)*	Interest of controlled corporation	168,129,613	18.18%

OTHER INFORMATION

Notes:

1. All interests in the Shares were long positions.

2. 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 Xin Qing is interested by virtue of the SFO.

3. The entire issued share capital of Genius Mind is beneficially owned by Mr. Li Xin Qing. Mr. Li Xin Qing is deemed to be interested in the Shares held by Genius Mind by virtue of the SFO. Mr. Li Xin Qing is the sole director of Genius Mind.

4. Ms. Yan Kai is the spouse of Mr. An Wei. Therefore, Ms. Yan Kai is deemed to be interested in the Shares in which Mr. An Wei is interested by virtue of the SFO.

5. 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 Wei is the sole director of Great Passion.

6. 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 Xiao Bin is deemed to be interested in the 82,458,117 Shares held by Honor Boom by virtue of the SFO.

7. Ms. Zhang Lina is the spouse of Mr. Li Xiao Bin. Therefore. Ms. Zhang Lina is deemed to be interested in the Shares in which Mr. Li Xiao Bin is interested by virtue of the SFO.

8. Ms. Feng Yanlin is the spouse of Mr. Thomas Karl Amade Pilscheur. Therefore, Ms. Feng Yanlin is deemed to be interested in the Shares in which Mr. Thomas Karl Amade Pilscheur is interested by virtue of the SFO.

9. The 168,129,613 Shares comprise (i) beneficial interest in 84,096,000 Shares; and (ii) 84,033,613 Shares to be issued upon exercise of conversion rights attaching to the convertible notes (based on the initial conversion price of HK$1.19) pursuant to a subscription agreement between the Company and Broad-Ocean Motor (Hong Kong) Co. Limited. The issue of the convertible notes was completed on 29 February 2016. The entire issued share capital of Broad-Ocean Motor (Hong Kong) Co. Limited was owned by Zhongshan Broad-Ocean Motor Co., Ltd., which is in turn 43.82% of its interest was beneficially owned by Mr. Lu Chuping.

Save as disclosed above, as at 30 June 2018, 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 the provision of 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.

OTHER INFORMATION

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

A Pre-IPO Share Option Scheme was adopted 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 28 May 2010 (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 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, 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 options were conditionally granted to the grantees.

As at the date of this report, there are no outstanding share options and no shares are available for issue under the Pre-IPO Share Option Scheme.

OTHER INFORMATION

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 its absolute discretion, have made valuable contributions to the business of the Group based on their performance and/or years of service, or are 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"). 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 Shares 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.

OTHER INFORMATION

No options were granted, exercised, lapsed or cancelled by the Company under the Share Option Scheme during the six months ended 30 June 2018. There were no outstanding options under the Share Option Scheme at the beginning and at the end of the six months ended 30 June 2018.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 60,570,000 Shares, representing 6.55% of the issued Shares 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 Directors, all Directors confirmed that they had complied with the required standards of the Model Code during the six months ended 30 June 2018.

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 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the 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 2018.

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 risk management, internal control systems and financial reporting matters, including the review of the unaudited interim results of the Group for the six months ended 30 June 2018.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this report, no other significant events took place subsequent to 30 June 2018 and up to the date of this report.

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

Hong Kong, 24 August 2018

* *For identification purpose only*