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

2019

INTERIM REPORT

* For identification purpose only

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CORPORATE INFORMATION

Board of Directors	Executive Directors Mr. Li Xin Qing *(Chairman)* Mr. An Wei *(Chief Executive Officer)* Independent non-executive Directors Mr. Li Wan Jun Mr. 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)*	Wan & Tang
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 2019, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded revenue of approximately RMB128,399,000, representing an increase of approximately 5.77% 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 2018 and 2019.

	Six months ended 30 June			
	2019		2018	
	RMB'000	**%**	RMB'000	%
	(unaudited)		(unaudited)	
Electrical DC products	**53,473**	**41.65**	41,125	33.88
Charging equipment for electric vehicles	**62,754**	**48.87**	71,742	59.10
Charging services for electric vehicles	**10,600**	**8.26**	7,714	6.35
Others	**1,572**	**1.22**	808	0.67
Total	**128,399**	**100**	121,389	100

The Group recorded a profit for the period attributable to owners of the Company of approximately RMB3,355,000 for the six months ended 30 June 2019 (the "Reporting Period"), representing a decrease of approximately RMB183,000 over the profit of approximately RMB3,538,000 in the corresponding period last year. The decrease in profit recorded in the period was mainly due to the decrease in revenue of the Company from charging equipment for electric vehicles during the Reporting Period.

Electrical DC products

During the six months ended 30 June 2019, sales of the electrical DC products was approximately RMB53,473,000 (for the six months ended 30 June 2018: approximately RMB41,125,000), representing an increase of approximately 30.03%. 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 actively adjusted sales strategies by the Group, the expansion of the segment market and the increase in demand for equipment upgrade during the Reporting Period.

Charging equipment for electric vehicles

For the six months ended 30 June 2019, sales of the charging equipment for electric vehicles amounted to approximately RMB62,754,000 (for the six months ended 30 June 2018: approximately RMB71,742,000), representing a decrease of approximately 12.53%. The decrease in revenue during the Reporting Period was mainly due to the effect of combined factors such as the macroeconomic conditions and intensified market competition.

MANAGEMENT DISCUSSION AND ANALYSIS

Charging services for electric vehicles

For the six months ended 30 June 2019, the Group's sales of charging services for electric vehicles amounted to approximately RMB10,600,000 (for the six months ended 30 June 2018: RMB7,714,000), representing an increase of 37.41%. The Directors believe that as the Group's electric vehicle charging operations are brought on the track of steady development, the revenue generated from the charging services for electric vehicles has been gradually improved, and growing steadily, creating stable cash flow.

Others

For the six months ended 30 June 2019, the Group's revenue of other business amounted to approximately RMB1,572,000, 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 2018: Nil); and (ii) sales and lease of electric vehicles of approximately RMB1,572,000, representing an increase of approximately 94.55% (for the six months ended 30 June 2018: approximately RMB808,000).

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 2019:

During the first half of 2019, the domestic new energy vehicle market continued its growth momentum in the previous year and the production and sales were further improved. According to the statistics from China Association of Automobile Manufacturers, the production and sales of domestic new energy vehicles were 614,000 units and 617,000 units respectively, representing an increase of 48.5% and 49.6% as compared to the corresponding period last year. Among which, the production and sales of pure electric vehicles were 493,000 units and 490,000 units respectively, representing a growth of 57.3% and 56.6% as compared to the corresponding period last year.

As shown in the data published by the China Electric Vehicle Charging Infrastructure Promotion Alliance (the "Alliance"), as of June 2019, there were over 1 million charging poles nationwide, representing a year-on-year increase of 69.3%. Among which, the number of public charging poles reported by the members of the Alliance reached 412,000, representing an increase of 52% as compared to the corresponding period last year. With the sustaining and rapid growth of the number of charging poles, increasing density of charging poles and improving quality of charging services, the popularity of new energy vehicles was further promoted, and at the same time, the future development of charging infrastructure industry will continue to show a positive trend.

During the first half of 2019, various national and local policies supporting the industry development were introduced by relevant government authorities. The implementation of a series of policies including the refinement of subsidy policy and the launch of investment management requirements represents the development of new energy vehicle industry in the PRC is moving to a sound and steadily growing development path that relies on inherent dynamics. Two major aspects in the policies are noteworthy: firstly, in respect of the financial subsidy policy, the government will gradually divert the subsidies for purchasing new energy vehicles to support the construction of charging infrastructure and its ancillary operation services; secondly, in respect of the promotion policy, the government will accelerate the construction of a convenient, efficient and appropriate charging network system and focus on promoting the planning and construction of charging infrastructure. With the strong and targeted support from the policies, the industry development of charging infrastructure will be enhanced in both quantity and quality.

MANAGEMENT DISCUSSION AND ANALYSIS

With the good news of increasing car ownership of new energy vehicles and policy change, the overall development of electric vehicle charging industry will come to a turning point. However, challenges such as intense market competition and unique nature of operation remain, lowering the profitability of charging infrastructure industry. Under such conditions, the Group insists to reasonably improve its deployment with persistence and diligence, and grasp the opportunities of rapid development in the charging infrastructure industry leveraging on the corporate development strategy that integrates "manufacturing" and "operation" and the Operation Plan 2019, as well as strengthen the planning and development of the principal business in terms of manufacturing, operation, management and investment. During the Reporting Period, the operating activities of the Group are primarily as follows:

I. Electrical DC Products

During the Reporting Period, electrical DC products recorded a relatively substantial growth, and its development was in line with our expectation. To satisfy the need of customers for equipment upgrade, the Group has put effort on the product development, aiming at improving product performance and enabling our electrical DC products to run in various traffic hubs and energy facilities. The Group continued to strengthen the direct sales model and achieved remarkable results. In face of the major market competition from the local "Top Two Power Companies", the Group primarily improved the business in two aspects. On the one hand, by fixing and researching and developing an establishment mechanism and strengthening the business cooperation between departments of the Company, the operation management level of the production line was further enhanced. On the other hand, product upgrade projects were expanded, including upgrade of integrated power supply standards, battery testing and monitoring and expansion of backstage software functionality.

II. Charging equipment for electric vehicles

The Group actively adjusted its market strategies to address the intensifying market competition, and strived to increase its market share. The overall revenue of the business during the Reporting Period failed to reach our expectation, however, the Directors believe that the results will be improved by adjusting market strategies and developing and launching popular products.

During the Reporting Period, in respect of market, the Group was awarded the tenders of various new projects, including the award of the State Grid's charging equipment projects once again. Our state grid charging pole projects so far have been across provinces and cities such as Hebei, Jiangxi, Liaoning, Zhejiang, Jiangsu, Sichuan and Chongqing; and the award of the Jiangsu Province Hengtong Longyun New Energy Charging Pole Project (江蘇省亨通龍韵新能源充電樁項目), which includes five sets of 30kW integrated DC charging machines and 160 sets of intelligent charging power distribution chargers with output power of 120kW to 240kW, providing reliable services to the Suzhou public transport charging system and the operation of public stations upon completion.

In respect of technology, the model integrating intelligent charging power distribution technology and advanced system calculation has been applied to multiple charging equipment projects, fully realising the refined adjustments on the charging demand of BMS (Battery Management System) of electronic management system of vehicles, resolving the problems of fixed power output and low utilisation rate of conventional chargers as well as improving the utilisation rate and efficiency of charging equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Construction and operation of charging poles

During the Reporting Period, the charging service fees maintained a rapid growth and became a part of stable income of our principal business. The Group has strived to perfect the charging ancillary services and improve customer service experience based on the building of high-quality charging network and provision of quality charging facility resources. On top of the existing charging facilities, the Group maintained a sound investment strategy and selected quality targets.

For the charging stations in operation, the Group made constant improvements in terms of equipment maintenance, cost management and operation environment, so as to ensure that the charging stations could be operated in a sustainable manner. Additionally, regarding large-scale charging stations such as charging stations built for public transport, new functions including "multiple charges with a single card" (一卡多充) and "VIN (Vehicle Identification Number) charging" are added in the Group's charging system. With such functions, charging poles can be activated to charge multiple vehicles simultaneously using specific smart charging cards or unique identification number of electric vehicles, and thereby improving the management and efficiency of the charging stations.

IV. Fundamental management

1. In the first half of the year, the Group reduced the operational management risks, and conducted management optimisation of various aspects such as organisational structures, business procedure management and business chains so as to satisfy the objective development need. According to the management optimisation plan established by the Group last year, the Group conducted internal optimisation, integration and adjustment to certain departments, thus increasing the operation efficiency and organisation capabilities of the Group while significantly reducing the administrative expenses as compared to the corresponding period last year.

2. In late June 2019, the Jinding New Park Area (金鼎新園區) located in Zhuhai, Guangdong Province (with a gross floor area of over 40,000 square metres) officially commenced operation. The production supply chain centre was the first to enter the New Park Area, and the office of other departments including technology, sales and administration departments will gradually move to the New Park Area. The New Park Area could better serve the Group and open up new horizons for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results analysis

Revenue

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Electrical DC products	**53,473**	41,125
Charging equipment for electric vehicles	**62,754**	71,742
Charging services for electric vehicles	**10,600**	7,714
Others	**1,572**	808
Total	**128,399**	121,389

For the six months ended 30 June 2019, the Group recorded revenue of approximately RMB128,399,000, representing an increase of approximately 5.77% as compared to approximately RMB121,389,000 for the corresponding period in 2018. Such increase in revenue was mainly attributable to the relatively substantial increase in revenue from electrical DC products business during the period.

Cost of sales

The Group's cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. The cost of sales increased from approximately RMB72,657,000 for the six months ended 30 June 2018 to approximately RMB81,573,000 for the six months ended 30 June 2019, which was mainly attributable to the increase in revenue and the adjustment of product pricing strategy during the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB1,906,000 to approximately RMB46,826,000 for the six months ended 30 June 2019 from approximately RMB48,732,000 for the corresponding period in 2018. For the six months ended 30 June 2019, sales of electrical DC products contributed approximately RMB15,699,000 to our gross profit whereas sales of charging equipment for electric vehicles contributed approximately RMB27,918,000 to our gross profit, charging services for electric vehicles contributed approximately RMB3,164,000 to our gross profit and sales and lease of electric vehicles contributed approximately RMB45,000 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Percentage of gross profit margin of respective reportable segments

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
Segment		
Electrical DC products	**29.36%**	33.27%
Charging equipment for electric vehicles	**44.49%**	45.46%
Charging services for electric vehicles	**29.85%**	31.25%
Others	**2.86%**	2.85%

The Group's overall gross profit margin decreased to approximately 36.47% for the six months ended 30 June 2019 from approximately 40.15% for the corresponding period in 2018, and increased by approximately 6.04% as compared to approximately 30.43% for the year ended 31 December 2018.

The gross profit margin of our electrical DC products for the six months ended 30 June 2019 decreased by approximately 3.91% as compared to that of the corresponding period in 2018, and increased by approximately 4.32% as compared to approximately 25.04% for the year ended 31 December 2018. During the Reporting Period, the gross profit margin decreased as compared to the corresponding period last year, which was mainly due to intensified market competition during the period.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2019 decreased by approximately 0.97% as compared to that of the corresponding period in 2018, and increased by approximately 7.89% as compared to approximately 36.6% for the year ended 31 December 2018. 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 2019 decreased by approximately 1.40% as compared to that of the corresponding period in 2018, and increased by approximately 3.23% as compared to approximately 26.62% for the year ended 31 December 2018. 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 2019, the gross profit margin of sales and lease of electric vehicles increased by approximately 0.01% as compared to that of the corresponding period in 2018, and decreased by approximately 3.83% as compared to approximately 6.69% for the year ended 31 December 2018. The gross profit margin of sales and lease business was generally consistent with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue

Other revenue of the Group, which mainly included value added tax refunds and government grants, decreased by approximately 26.37% from approximately RMB14,678,000 for the six months ended 30 June 2018 to approximately RMB10,808,000 for the six months ended 30 June 2019.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB4,512,000, or approximately 17.74%, from approximately RMB25,438,000 for the six months ended 30 June 2018 to approximately RMB20,926,000 for the six months ended 30 June 2019. The decrease 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 decreased by approximately RMB1,182,000; (2) sales-related depreciation charges decreased by approximately RMB440,000; (3) expenses such as sales-related remuneration and benefits decreased by approximately RMB1,280,000; (4) sales-related fees including travelling, office and other sundry expenses decreased by approximately RMB1,773,000; and (5) sales-related expenses including installation and testing, tendering and amortisation expenses increased by approximately RMB163,000.

Administrative and other expenses

Administrative expenses decreased by approximately RMB4,094,000, or approximately 13.52%, from approximately RMB30,286,000 for the six months ended 30 June 2018 to approximately RMB26,192,000 for the six months ended 30 June 2019. The decrease in the administrative expenses of the Group during the Reporting Period was primarily due to the combined effects of the following reasons: (1) expenses such as salaries and benefits relating to management staff decreased by approximately RMB3,987,000; (2) rental, transportation and other sundry expenses decreased by approximately RMB2,139,000; (3) travelling fee relating to management staff and maintenance fees decreased by approximately RMB1,319,000; (4) depreciation charges and research and development cost decreased by approximately RMB5,726,000; (5) office and entertainment expenses decreased by approximately RMB455,000; and (6) bank charges and payment to lawyers and professional individuals increased by approximately RMB9,532,000.

Share of results of associates

During the Reporting Period, the Group owned 35% (as at 31 December 2018: 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 RMB323,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2018: 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 RMB2,000.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group owned 49% (as at 31 December 2018: 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"). Jiaoyun Titans is mainly engaged in the construction of charging equipment network for electric vehicles 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 RMB41,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2018: 20%) equity interest in Qingdao Titans Yilian New Energy Technology Co., Limited* (青島泰坦驛聯新能源科技有限公司) ("Qingdao Titans"). Qingdao Titans is engaged in the construction of charging network for electric vehicles, as well as the sale, lease and maintenance business of electric vehicles. Qingdao Titans was accounted for as the Group's associate, and the Group's share of loss from Qingdao Titans during the Reporting Period was approximately RMB5,000.

During the Reporting Period, the Group owned 36% (as at 31 December 2018: 36%) equity interest in Guangdong Titans Intelligent Power Co., Ltd* (廣東泰坦智能動力有限公司) ("Guangdong Titans"). Guangdong Titans is principally engaged in the research and development, sales and manufacturing of charging equipment for Automated Guided Vehicles ("AGV"). Guangdong Titans was accounted for as the Group's associate, and the Group's share of loss from Guangdong Titans during the Reporting Period was approximately RMB437,000.

During the Reporting Period, the Group owned 11% (as at 31 December 2018: 11%) equity interest in Zhuhai Huada Taineng Smart Energy Co., Ltd* (珠海華大泰能智慧能源有限公司) ("Huada Taineng"). Huada Taineng is principally engaged in the research and development, manufacturing and sales of photovoltaic power and microgrid equipment. Huada Taineng was accounted for as the Group's associate, and the Group's share of loss from Guangdong Titans during the Reporting Period was approximately RMB8,000.

During the Reporting Period, the Group owned 10% (as at 31 December 2018: 10%) 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 RMB46,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs of the Group decreased by approximately 72.65% from approximately RMB12,048,000 for the six months ended 30 June 2018 to approximately RMB3,295,000 for the six months ended 30 June 2019. Finance costs of the Group as a percentage of the Group's revenue decreased from 9.93% for the six months ended 30 June 2018 to 2.57% for the six months ended 30 June 2019. The decrease in finance costs of the Group was attributable to the decrease in the balance of borrowings and average borrowing costs during the Reporting Period.

Loss attributable to non-controlling interests

For the six months ended 30 June 2019, loss attributable to the non-controlling interests of the Group's non-wholly-owned subsidiaries was RMB353,000, representing a decrease in loss of approximately RMB491,000 as compared to an attributable loss of RMB844,000 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 RMB3,355,000 for the six months ended 30 June 2019, representing a decrease in profit for the period approximately RMB183,000 as compared to a profit of approximately RMB3,538,000 for the corresponding period in 2018.

The profit recorded in the Reporting Period was mainly due to the combined effect of factors such as the significant decrease in selling and distribution expenses and administrative and other expenses compared to the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Earnings per share

For the six months ended 30 June 2019, basic and diluted earnings per share of the Company ("Share(s)") were both RMB0.36 cent whilst the basic and diluted earnings per share for the corresponding period in 2018 were both RMB0.38 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 2018.

Employees and remuneration

As at 30 June 2019, the Group had 452 employees (as at 30 June 2018: 540) 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 share option scheme on 8 May 2010 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives to the eligible persons (including but not limited to employees, officers, agents, consultants or representatives of any members of the Group (including the executive or non-executive directors of any members of the Group)) for their contributions to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group.

Liquidity, financial resources and capital structure

There has been no change in the capital structure of the Group during the six months ended 30 June 2019. The capital of the Group only comprises ordinary shares.

The Group generally finances its operation through internal resources, bank and other borrowings. As at 30 June 2019, the Group had short-term bank deposits, bank balances and cash of approximately RMB78,746,000 (as at 31 December 2018: approximately RMB83,955,000), excluding restricted bank balances of approximately RMB9,831,000 (as at 31 December 2018: approximately RMB38,451,000).

The net current assets of the Group as at 30 June 2019 were approximately RMB444,758,000 (as at 31 December 2018: approximately RMB448,978,000).

Significant investments

The Group did not hold any significant investment during the six months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2019, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Bank and other borrowings

As at 30 June 2019, total bank and other borrowings of the Group amounted to RMB183,280,000 (among which RMB183,014,000 are secured loans) (as at 31 December 2018: RMB275,424,000 among which RMB179,481,000 were secured loans). Secured bank loans as at 30 June 2019 were subject to the floating interest rates ranging from 5.64% to 6.96% per annum. As at 30 June 2019, the total bank borrowings recorded by the Group decreased by RMB92,144,000 as compared with those as at 31 December 2018.

As at 30 June 2019, the Group's current ratio (i.e. current assets divided by current liabilities) was 3.21 as compared with 2.61 as at 31 December 2018, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 20.18% as compared with 28% as at 31 December 2018.

Trade and bills receivables

As at 30 June 2019, the Group recorded trade and bills receivables (net of allowance) of approximately RMB275,987,000 (as at 31 December 2018: approximately RMB238,024,000). The Group did not make additional allowance for impairment loss in respect of trade and bills receivables during the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil). The allowances for impairment of trade receivables as at 30 June 2019 and 31 December 2018 were RMB61,759,000 and RMB69,962,000 respectively.

The increase in trade and bills receivables of the Group for the six months ended 30 June 2019 as mainly due to the increase in revenue of the Group and delay in the schedule of some of the customers' projects during the Reporting Period.

The table below sets out the ageing analysis of trade receivables (net of allowance for impairment loss of trade receivables) of the Group as at 31 December 2018 and 30 June 2019.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 90 days	**84,881**	87,901
91 days to 180 days	**33,083**	18,884
181 days to 365 days	**63,261**	56,748
Over 1 year to 2 years	**76,837**	62,682
Over 2 years to 3 years	**14,868**	9,857
Over 3 years	**2,057**	382
	274,987	236,454

MANAGEMENT DISCUSSION AND ANALYSIS

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 higher 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; (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 2019, the Group's leasehold land and buildings with carrying amounts of approximately RMB1,165,000 (as at 31 December 2018: RMB1,513,000) were pledged to secure bank borrowings and other facilities granted to the Group.

Capital commitments and contingent liabilities

As at 30 June 2019, the Group had capital expenditure contracted for but not provided in the consolidated financial information of RMB40,694,000 (as at 31 December 2018: approximately RMB53,690,000).

As at 30 June 2019 and the date of this announcement, the Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange

The Group conducts its business primarily in the PRC with substantially all of its transactions 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 RMB32,000 (corresponding period in 2018: loss of approximately RMB1,938,000). 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 2019. As at 30 June 2019, 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 2019.

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

The use of new energy in vehicles has become an irresistible trend, and the technological potential of pure electric vehicles will soon be further explored. The environmental performance of new energy vehicles helps increase the carrying capacity of cities and will be the essential pillar for the future development of ultra-large cities. In 2019, it is expected the annual sales of new energy vehicles will reach 1.6 million units, representing a year-on-year increase of 33.3%. To accommodate the rapid development of new energy vehicles and strive to attain the 1:1 ratio of electric vehicles to charging facilities under the "Electric Vehicle Charging Infrastructure Development Plan" (《電動汽車充電基礎設施建設規劃》) by 2020, the PRC will certainly persist in promoting the development plan of construction of charging infrastructure. In light of the level of importance laid by the government on new energy vehicles and charging infrastructure industry in the first half of 2019, the government will continue to promulgate various national and local policies in the second half of the year to support the orderly development of the charging industry.

The Group is of the view that the competition in the charging pole industry will be further intensified, leading to the race among market competitors to seize market shares such that the Group shall maintain and improve its core competitiveness without delay. As a major participant in the charging infrastructure construction industry, the Group will take active strategies of operation and management on the basis of the work done in the first half of the year, to encourage a balanced development of the manufacturing business of charging equipment for electric vehicles and operation and construction business of charging facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will focus on the following:

1. Build a quality customisation mechanism and develop value-added services

The Group has attached great importance to the business needs of different customers, and boosted its own competitiveness by improving its capability in delivering integrated services. With the assistance of big data in relation to charging, modelling analysis are conducted based on user's charging behaviour and habit, charging efficiency of equipment and operation status of stations, in order to design the update plan of products for customers and facilitate product upgrade. Meanwhile, through effective data and behaviour analysis, the Group believes that corresponding value-added services can be further explored and developed, and thereby improving the profitability.

2. Strengthen operational management of charging stations and deepen the cooperation relationship with operators

The operation management level of charging stations will directly affect our charging business. While pursuing the growth and diversified development of charging business, with regard to charging stations in operation or to be constructed, the Group will implement a series of measures to improve the operation management level of charging stations, for example, strengthening the maintenance and repair work of station facilities, setting reasonable prices and developing promotional campaigns, as well as investigating operating environments surrounding the stations. In addition, the Group will fully operate the service content provided and improve our operational procedure so as to reasonably estimate the service capabilities in our operation.

3. Actively develop EPC projects to realise performance plan

Leveraging on our one-stop system solution and integrated service capabilities, the Group will actively commence EPC projects in the second half of the year, which is expected to improve the operating results of the Group. In addition, the Group will expedite the process of providing solutions to the public travel vehicles in cities in Guangdong region and make complementary efforts to support charging operators in order to enhance our brand value.

4. Maintain our capability by self-development and facilitate development through product upgrade

The Group persists to develop its own intellectual property rights, protect the essentials for research and development, and create a desirable research and development atmosphere. On the basis of the existing core products, the Group actively follows the trend of development and makes good preparation of product upgrade. Through research and development projects, the Group realises upgrade in interconnectivity for their products. In respect of the internet of things (IoT), the Group improves the level of intelligence of extended products or systems such as smart low voltage switch cabinet and power simulation.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Maintain market foresight and commence relevant discussion on research

To actively accommodate the future development of ubiquitous IoT, and maintain the foresight on the market and products, the Group will develop research and development proposal of related technology application for demonstration in the second half of the year, to address and follow the development trend of "large-scale power conversion system" and "products of ubiquitous IoT in electricity".

6. Improve asset structure and focus on major business

Following the corporate sustainable development strategy and avoiding risks caused by excessive expansion are important for the long term development of the Group. Thus, the management of the Group believes that, in the second half of the year, the Group should review the investment projects involved in the recent years and our assets, to further optimise the current resource structure, and deploy core resources to quality assets and major businesses, in a bid to enhance the core competitiveness of the Group in the market.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2019 and there has been no material deviation from the Code Provisions.

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 directors securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards of the Model Code during the six months ended 30 June 2019.

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 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2019.

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 consolidated interim results of the Group for the six months ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June **2019** **RMB'000** **(Unaudited)**	2018 RMB'000 (Unaudited)
Revenue	*5*	**128,399**	121,389
Cost of revenue		**(81,573)**	(72,657)
Gross profit		**46,826**	48,732
Other revenue		**10,808**	14,678
Selling and distribution expenses		**(20,926)**	(25,438)
Administrative and other expenses		**(26,192)**	(30,286)
Reversal of impairment loss recognised in respect of trade receivables		**8,203**	2,233
Reversal of impairment loss recognised in respect of contract assets		**300**	–
Other gains and losses		**(3,282)**	(129)
Share of results of associates		**(862)**	(2,656)
Finance costs		**(3,295)**	(12,048)
Profit (loss) before taxation		**11,580**	(4,914)
Income tax (expense) credit	*6*	**(8,578)**	7,608
Profit for the period	*7*	**3,002**	2,694
Other comprehensive income (expense) for the period			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income, net of tax		**1,327**	15,154
Income tax relating to item that will not be reclassified subsequently		**(199)**	(2,272)
Other comprehensive income for the period, net of tax		**1,128**	12,882
Total comprehensive income for the period		**4,130**	15,576

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**3,355**	3,538
– Non-controlling interests		**(353)**	(844)
		3,002	2,694
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		**4,483**	16,420
– Non-controlling interests		**(353)**	(844)
		4,130	15,576
Earnings per share	*9*		
Basic and diluted (RMB cent)		**0.36**	0.38

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**156,230**	125,951
Right-of-use assets		**8,622**	–
Prepaid lease payments		**–**	7,989
Prepayment for the construction of property, plant and equipment		**2,051**	23,533
Intangible assets		**40,106**	41,712
Finance lease receivable		**–**	615
Interests in associates	11	**5,428**	6,290
Financial asset at fair value through profit or loss		**17,242**	17,242
Financial asset at fair value through other comprehensive income		**23,976**	22,649
Deferred tax assets		**8,701**	9,493
		262,356	255,474
Current assets			
Inventories		**74,448**	80,814
Trade and bills receivables	12	**275,987**	238,024
Contract assets		**43,107**	42,817
Loan receivables		**46,686**	150,228
Prepayments, deposits and other receivables		**113,672**	92,128
Right-of-use assets		**543**	–
Prepaid lease payments		**–**	312
Amount due from associates	13	**–**	1,232
Finance lease receivable		**107**	107
Tax recoverable		**2,830**	–
Restricted bank balances		**9,831**	38,451
Short-term bank deposits		**10,000**	24,000
Bank balances and cash		**68,746**	59,955
		645,957	728,068
Current liabilities			
Trade and bills payables	14	**81,682**	83,490
Contract liabilities		**17,601**	7,691
Accruals and other payables		**9,924**	5,757
Lease liabilities		**231**	–
Amount due to associates	13	**122**	698
Tax payable		**997**	510
Bank and other borrowings	15	**90,642**	180,944
		201,199	279,090

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Net current assets		**444,758**	448,978
Total assets less current liabilities		**707,114**	704,452
Non-current liabilities			
Bank and other borrowings	*15*	**92,638**	94,480
Lease liabilities		**175**	–
Deferred tax liabilities		**18,158**	17,959
		110,971	112,439
Net assets		**596,143**	592,013
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**567,258**	562,775
Equity attributable to owners of the Company		**575,345**	570,862
Non-controlling interests		**20,798**	21,151
Total equity		**596,143**	592,013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 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 may 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)	62,609	2,066	236,066	647,106	25,905	673,011
At 1 January 2019 (audited)	8,087	325,141	8,640	504	(2,092)	(1,539)	63,416	2,066	166,639	570,862	21,151	592,013
Profit (loss) for the period	–	–	–	–	–	–	–	–	3,355	3,355	(353)	3,002
Other comprehensive income (expense) for the period:												
Net fair value gain on available-for-sale financial assets	–	–	–	–	1,327	–	–	–	–	1,327	–	1,327
Income tax relating to items that will not be reclassified subsequently	–	–	–	–	(199)	–	–	–	–	(199)	–	(199)
Total comprehensive income (expense) for the period	–	–	–	–	1,128	–	–	–	3,355	4,483	(353)	4,130
At 30 June 2019 (unaudited)	8,087	325,141	8,640	504	(964)	(1,539)	63,416	2,066	169,994	575,345	20,798	596,143

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 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(45,549)**	6,335
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	**14,000**	55,000
Purchase of property, plant and equipment	**(1,073)**	(46,254)
Deposit paid for acquisition of property, plant and equipment	**–**	(60,356)
Proceeds from disposal of property, plant and equipment	**76**	60
Repayment from loan receivables	**103,542**	–
Acquisition of an available-for-sale financial asset	**–**	(9,379)
Other cash flows arising from investing activities	**1,560**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**118,105**	(60,929)
FINANCING ACTIVITIES		
Bank and other borrowings raised	**13,200**	52,869
Repayment of bank and other borrowings	**(105,344)**	–
Withdrawal of restricted bank balances	**28,620**	–
Placement of restricted bank balances	**–**	(1,976)
Interest paid	**–**	(1,792)
Payment of lease liabilities	**(241)**	–
Other cash flows arising from financing activities	**–**	1,343
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(63,765)**	50,444
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,791**	(4,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**59,955**	60,133
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	**68,746**	55,983

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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

The condensed consolidated interim financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2019 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 2018 except as described below.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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 2019.

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

The adoption of HKFRS 16 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 interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts on adoption of HKFRS 16 Leases (continued)

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.22%.

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of approximately RMB647,000 were recognised on 1 January 2019.

The Group recognises right-of-use assets and measures them at either:

- their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property lease; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group as lessor

The Group leases some of the machineries. The accounting policies applicable to the Group as lessor are not different from those under HKAS 17.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.2 Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 Determining whether an Arrangement contains a Lease;

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- reliance on previous assessments on whether leases are onerous by applying HKAS 37 as an alternative to performing an impairment review;

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. CHANGE IN ACCOUNTING POLICIES

4.1 HKFRS 16 Leases

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.1 HKFRS 16 Leases (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. CHANGE IN ACCOUNTING POLICIES (continued)

4.1 HKFRS 16 Leases (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy as stated in the Group's annual consolidated financial statements for the year ended 31 December 2018.

Lease modification

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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 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 2019

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 2019

	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	53,473	62,754	10,600	1,572	128,399
Segment results	15,699	27,918	3,164	45	46,826
Other revenue					10,808
Other gains and losses					(3,282)
Share of results of associates					(862)
Finance costs					(3,295)
Unallocated head office and corporate expenses					(38,615)
Profit before taxation					11,580

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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 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	41,125	71,742	7,714	808	121,389
Segment results	14,221	34,311	2,410	23	50,965
Other revenue					14,678
Other gains and losses					(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)

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, certain other gains and losses, 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 2019

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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
DC Power System	**257,305**	204,569
Charging Equipment	**301,958**	345,960
Charging Services and Construction	**91,110**	74,482
Others	**7,565**	5,782
Total segment assets	**657,938**	630,793
Unallocated	**250,375**	352,749
Consolidated assets	**908,313**	983,542

Segment liabilities	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
DC Power System	**41,348**	27,174
Charging Equipment	**48,645**	59,384
Charging Services and Construction	**8,196**	4,812
Others	**1,216**	509
Total segment liabilities	**99,405**	91,879
Unallocated	**212,765**	299,650
Consolidated liabilities	**312,170**	391,529

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, certain right-of-use assets, deferred tax assets, certain deposits and other receivables, tax recoverable, restricted bank balances, short-term bank deposits and bank balances and cash; and

- all liabilities are allocated to operating segments other than certain accruals and other payables, certain receipts in advance, lease liabilities, tax payable, bank and other borrowings and deferred tax liabilities.

Upon application of HKFRS 16, the Group's right-of-use assets and lease liabilities are now included in the measure of segment assets and segment liabilities respectively at 30 June 2019. In respect of segment result, there is no change of measurement of segment result due to recognition of depreciation of right-of-use assets, interest expenses on lease liabilities etc.. Comparative information is not restated.

6. INCOME TAX (EXPENSE) CREDIT

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
– Current period	**(7,786)**	(2,031)
– Over-provision in prior years	**–**	11,593
	(7,786)	9,562
Deferred tax – current period	**(792)**	(1,954)
	(8,578)	7,608

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2019 and 2018. 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 2019 and 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

6. INCOME TAX CREDIT (EXPENSE) (continued)

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

Titans Technology was established in Zhuhai, the special economic zone, and the income tax rate applicable to Titans Technology was 15% pursuant to the relevant PRC laws in 2007. Titans Technology was recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province since 2008 and the income tax rate applicable to it is 15% for the six months ended 30 June 2019 and 2018.

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange loss, net	**32**	1,938
Depreciation of property, plant and equipment	**7,818**	3,624
Depreciation of right-of-use assets	**398**	–
Amortisation of intangible assets	**1,606**	1,680
Amortisation of prepaid lease payments	**–**	156
(Gain) loss on disposal of property, plant and equipment	**(18)**	30
Bank interest income	**(305)**	(366)
Value added tax ("VAT") refunds *(note (i))*	**(6,013)**	(3,984)
Government grants *(note (ii))*	**(620)**	(2,380)
Research and development expenses (included in administrative and other expenses) *(note (iii))*	**12,221**	11,315

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 RMB620,000 (2018: RMB2,349,000) 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 2019 and 2018.

(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 2019

8. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 June 2019 and 2018 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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**3,355**	3,538

	Six months ended 30 June	
	2019	2018
	'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 dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB58,000 (six months ended 30 June 2018: RMB80,000), resulting in a gain on disposal of approximately RMB18,000 (six months ended 30 June 2018: loss on disposal of approximately RMB30,000).

During the six months ended 30 June 2019, the Group acquired of property, plant and equipment with a cost of approximately RMB22,555,000 (six months ended 30 June 2018: RMB46,254,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

11. INTERESTS IN ASSOCIATES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cost of investment in unlisted associates	**16,146**	16,146
Share of post acquisition results, net of dividend received	**(10,718)**	(9,856)
	5,428	6,290

As at 30 June 2019 and 31 December 2018, the Group had interests in the following associates:

Name of entity	Form of entity	Place of establishment/ operation	Class of shares held	Proportion of ownership interests indirectly held by the Group		Proportion of voting power held		Principal activities
				2019	2018	**2019**	2018	
Pangda Yilian	Registered	The PRC	Contributed capital	**35%**	35%	**35%**	35%	Research and development of charging equipment
Changsha Xiandao *(note (a))*	Registered	The PRC	Contributed capital	**18.4%**	18.4%	**18.4%**	18.4%	Research and development of charging equipment
Tongren Green Travelling *(note (b))*	Registered	The PRC	Contributed capital	**10%**	10%	**10%**	10%	Leases of electric vehicles under operating leases
Guangdong Titans	Registered	The PRC	Contributed capital	**36%**	36%	**36%**	36%	Research and development, sales and manufacturing of automated guided vehicles ("AGV")

Note:

(a) The Group is able to exercise significant influence over Changsha Xiandao because it has the power to appoint two out of the five directors of Changsha Xiandao under the provisions stated in the Article of Association of Changsha Xiandao.

(b) The Group is able to exercise significant influence over Tongren Green Travelling because it has the power to appoint one out of the three directors of Tongren Green Travelling under the provisions stated in the Article of Association of Tongren Green Travelling.

* *English name is for identification purpose only*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

12. TRADE AND BILLS RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	**336,746**	306,416
Less: allowance for impairment loss of trade receivables	**(61,759)**	(69,962)
	274,987	236,454
Bills receivables	**1,000**	1,570
Total trade and bills receivables	**275,987**	238,024

The following is an ageing analysis of trade 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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 – 90 days	**84,881**	87,901
91 – 180 days	**33,083**	18,884
181 – 365 days	**63,261**	56,748
1 – 2 years	**76,837**	62,682
2 – 3 years	**14,868**	9,857
Over 3 years	**2,057**	382
	274,987	236,454

The Group allows an average credit period of 90 days (31 December 2018: 90 days) to its trade customers or 90 days (31 December 2018: 90 days) counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separated into initial deposit payment which due upon signing of sales contracts, the payment after installation and testing and retention money which due from the end of the product quality assurance period.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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 amount 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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 – 90 days	–	135
91–190 days	–	226
181 – 365 days	–	871
	–	1,232

The Group allows an average credit period of 90 days (31 December 2018: 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 2019

14. TRADE AND BILLS PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	**75,732**	72,453
Bills payables	**5,950**	11,037
	81,682	83,490

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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 – 90 days	**39,017**	55,367
91 – 180 days	**28,261**	9,552
181 – 365 days	**9,194**	12,918
1 – 2 years	**1,515**	2,978
Over 2 years	**3,695**	2,675
	81,682	83,490

The average credit period on purchases of goods is 90 days (31 December 2018: 90 days).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

15. BANK AND OTHER BORROWINGS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Bank borrowings, secured	**145,258**	151,953
Other borrowings, secured	**37,756**	27,528
Other borrowings, unsecured	**266**	95,943
	183,280	275,424
Carrying amounts repayable (based on schedule repayment dates set out in the loan agreement):		
Within one year	**90,642**	180,944
After one year but within two years	**12,778**	27,450
After two year but within five years	**22,602**	24,077
After five years	**57,258**	42,953
	183,280	275,424
Amounts shown under current liabilities	**90,642**	180,944
Amounts shown under non-current liabilities	**92,638**	94,480
	183,280	275,424

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

15. BANK AND OTHER BORROWINGS (continued)

As at 31 December 2018, bank borrowings of RMB82,971,000 (As at 30 June 2019: nil) and RMB68,982,000 (As at 30 June 2019: RMB145,258,000) are arranged at fixed interest rate of 0.32% (As at 30 June 2019: nil) and floating interest rate of the PRC base lending rate with increment by 15% – 60% (As at 30 June 2019: the floating interest rate of the PRC base lending rate with increment by 15% – 60%) respectively.

As at 30 June 2019, other borrowing of approximately RMB2,795,000 (2018: RMB3,450,000) is arranged at fixed interest rate of 5.75% and secured by motor vehicles with carrying amount of approximately RMB1,743,000 (2018: RMB2,411,000).

As at 30 June 2019, other borrowings of approximately RMB12,359,000 (As at 31 December 2018: RMB13,410,000), approximately RMB9,402,000 (As at 31 December 2018: RMB10,668,000) and RMB13,200,000 (As at 31 December 2108: nil) are secured by plant and machinery with carrying amount of approximately RMB1,623,000 (As at 31 December 2018: RMB1,975,000) and operating income derived from new BOT in Foshan, respectively.

As at 31 December 2018, other borrowings of HK$103,000,000 (equivalent to approximately RMB90,248,000) (As at 30 June 2019: nil) are unsecured, and carry at fixed interest rate of 5% per annum. The proceed was used for the redemption of convertible notes.

As at 30 June 2019, other borrowings of HK$290,000 (equivalent to approximately RMB266,000) (As at 31 December 2018: HK$6,500,000 (equivalent to approximately RMB5,695,000)) are unsecured, carry interest at fixed rate of 10% per annum, for short-term financing needs.

The effective interest rates (which also equal to contracted interest rates) on the Group's bank borrowings and other borrowings range are from 5.64% to 6.96% and 5.75% to 14.44% (year ended 31 December 2018: 0.32% to 6.53% and 5.90% to 13.41%) per annum for the period ended 30 June 2019.

During the period ended 30 June 2019, the Group obtained new bank borrowings and other borrowings in the amount of RMB30,305,000 (year ended 31 December 2018: RMB263,005,000). 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 2019, secured bank borrowings of RMB43,000,000 (2018: RMB40,000,000) was guaranteed by the Company and the directors of the Company with guaranteed amount of approximately RMB120,000,000 (2018: RMB120,000,000). Details of the guarantees by the directors of the Company are set out in note 18(c).

As at 30 June 2019, secured bank borrowings of approximately RMB102,258,000 (As at 31 December 2018: RMB111,953,000) was secured by its leasehold land buildings, certain right-of-use assets, certain trade receivables and restricted bank balances of approximately RMB1,537,000, RMB8,144,000, RMB68,568,000, and RMB9,831,000 (As at 31 December 2018: RMB1,761,000, RMB8,301,000, RMB70,106,000 and RMB26,882,000) respectively. The Group has available un-utilised overdraft and short-term bank loan facilities of approximately RMB2,344,000 (As at 31 December 2018: RMB2,000,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

16. 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.

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 30 June 2019 and 31 December 2018:

	30 June 2019		31 December 2018	
	Level 1	**Level 3**	Level 1	Level 3
	RMB'000	**RMB'000**	RMB'000	RMB'000
Financial assets at FVTPL				
Listed equity securities	**17,242**	**–**	17,242	–
Financial assets at FVTOCI				
Unlisted equity securities	**–**	**23,976**	–	22,649

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 2019

16. 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
	30/6/2019 RMB'000	31/12/2018 RMB'000				
Listed equity securities classified as available-for-sale financial assets	**17,242**	17,242	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity securities classified as available-for-sale financial assets	**23,976**	22,649	Level 3	Market approach – by reference to the asset with identical or similar assets in the market	(i) Price-to-book ratio of 2.21 (31/12/2018: 2.14); (ii) Marketability discount of 35% (31/12/2018: 35%); and (iii) Specific business risk discount of 56% (31/12/2018: 56%)	(i) The higher the price-to-book ratio, the higher the fair value. (ii) The higher of marketability discount, the lower the fair value. (iii) The higher the specific business risk discount, the lower the fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

16. 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	**Financial asset – Redemption option derivative of the CNs** RMB'000	**Financial liability – Conversion option derivative of the CNs** RMB'000
At 1 January 2018	24,609	165	(175)
Exchange (loss) gain recognised in profit or loss	–	(94)	92
Changes in fair value through profit or loss	–	863	(988)
Changes in fair value through other comprehensive income	(1,960)	–	–
Redemption of CNs	–	(934)	1,071
At 31 December 2018	22,649	–	–
Changes in fair value through other comprehensive income	1,327	–	–
At 30 June 2019	23,976	–	–

17. CAPITAL COMMITMENTS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of property, plant and equipment	**37,194**	50,190
– Establishment of associates	**3,500**	3,500
	40,694	53,690

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

18. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2019, the Group entered into the following transactions with related parties:

(a) Income received

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales to associates *(note)*	**1,495**	129

Note: Sales of charging equipment for electric vehicles to the associates for the six months ended 30 June 2019 and 2018 were conducted on terms mutually agreed with the parties, which were by reference to prevailing market prices under the sales agreement.

(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 2019 was as follows:

	Six months ended	
	30 June 2019	30 June 2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**521**	467
Post-employment benefits	**–**	14
	521	481

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

18. RELATED PARTY TRANSACTIONS (continued)

(c) Guarantees from directors

At 30 June 2019 and 31 December 2018, 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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
To the extent of	**120,000**	120,000

Details of the borrowings of the Group are set out in note 15.

19. SUBSEQUENT EVENT

On 3 April 2019, Zhuhai Titans Power Electric Group Co., Limited* (珠海泰坦電力電子集團有限公司) ("Titans Power Electric"), a wholly-owned subsidiary of the Company has entered into an agreement with Zhuhai Ruishi Smart Technology Co., Limited* (珠海銳視智慧科技有限公司) ("Zhuhai Ruishi") to acquire 20% of the shares of Wuhan Ruishi Smart Technology Co., Limited* (武漢銳視智慧科技有限公司) ("Wuhan Ruishi") held by Zhuhai Ruishi with RMB10,000,000 in cash. The registration of change was completed on 9 July 2019, meanwhile, the name of Wuhan Ruishi was changed to Wuhan Titans Smart Technology Co,. Limited* (武漢泰坦智慧科技有限公司) ("Wuhan Titans"). Wuhan Titans is primarily engaged in the development of computer software and hardware, the company has succeeded in developing the "TitanOS Artificial Intelligence (AI) system platform", and the wide application of such AI technology will become an integral part of smart energy strategic development.

* *English name is for identification purpose only.*

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2019, 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)*	22.24%
	Beneficial owner	200,000	0.02%
Mr. An Wei	Interest of controlled corporations	195,869,875 *(Note 3)*	21.17%
	Beneficial owner	400,000	0.04%

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. Among 197,724,457 Shares, a total of 40,000,000 Shares were provided as security to a person other than a qualified lender. 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. Among 187,884,457 Shares, a total of 20,000,000 Shares were provided as security to a person other than a qualified lender. 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.

Save as disclosed above, as at 30 June 2019, 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.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the six months ended 30 June 2019 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 2019, 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	84,096,000	9.09%
Zhongshan Broad-Ocean Motor Co., Ltd. *(Note 9)*	Interest of controlled corporation	84,096,000	9.09%
Mr. Lu Chuping *(Note 9)*	Interest of controlled corporation	84,096,000	9.09%

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 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 2019, 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 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. The remaining life of Share Option Scheme is 1 year.

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.

OTHER INFORMATION

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.

No options were granted, exercised, lapsed or cancelled by the Company under the Share Option Scheme during the six months ended 30 June 2019. There were no outstanding options under the Share Option Scheme at the beginning and at the end of the six months ended 30 June 2019.

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.

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.

OTHER INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the change of information on Directors are as follows:

Mr. Li Xin Qing and Mr. An Wei, are executive Directors, have re-entered into service contracts with the Company for a term of three years commencing from 28 May 2019; and

Mr. Zhang Bo and Mr. Li Wan Jun, are independent non-executive Directors, have re-entered into appointment letters with the Company for a term of three years commencing from 15 April 2019 and 28 May 2019 respectively.

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

Hong Kong, 23 August 2019

* *For identification purpose only*