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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of China Titans Energy Technology Group Co., Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 as follows. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	*(4)*	**63,673**	98,673
Cost of sales		**(36,641)**	(51,623)
Gross profit		**27,032**	47,050
Other revenue		**6,219**	5,292
Selling and distribution expenses		**(15,097)**	(13,648)
Administrative expenses		**(24,438)**	(22,176)
Gain on disposal of a subsidiary	*(12)*	**4,446**	–
Share of results of an associate		**(1,118)**	1,178
Finance costs		**(4,801)**	(3,781)

		Six months ended 30 June	
		2013	2012
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
(Loss) profit before taxation		**(7,757)**	13,915
Income tax credit (expense)	*(5)*	**444**	(4,384)
(Loss) profit for the period	*(6)*	**(7,313)**	9,531
(Loss) profit and total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(7,349)**	10,017
Non-controlling interests		**36**	(486)
		(7,313)	9,531
(Loss) earnings per share	*(8)*		
Basic *(RMB)*		**(0.89 cents)**	1.21 cents
Diluted *(RMB)*		**(0.89 cents)**	1.21 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	NOTES	**30 June 2013** **RMB'000** **(unaudited)**	31 December 2012 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**29,362**	32,085
Deposits for acquisition of plant and equipment		**29,279**	28,377
Intangible assets		**759**	947
Interest in an associate		**24,935**	26,053
Available-for-sale financial assets		**6,021**	6,021
Deferred tax assets		**339**	339
		90,695	93,822
Current assets			
Inventories		**73,449**	48,617
Trade and bills receivables	*(9)*	**303,478**	292,980
Prepayments, deposits and other receivables		**77,763**	69,927
Amount due from an associate	*(10)*	**79,822**	80,120
Amount due from a non-controlling shareholder of a subsidiary		**10,589**	89
Restricted bank balances		**3,268**	4,263
Short-term bank deposits		**90,000**	126,000
Bank balances and cash		**24,732**	58,331
		663,101	680,327
Assets classified as held for sale		**–**	28,620
		663,101	708,947
Current liabilities			
Trade and bills payables	*(11)*	**95,650**	94,646
Receipts in advance		**15,027**	11,464
Accruals and other payables		**60,278**	70,599
Tax payable		**13,874**	17,372
Bank borrowings		**65,001**	90,001
		249,830	284,082
Liabilities classified as held for sale		**–**	6,226
		249,830	290,308
Net current assets		**413,271**	418,639
Total assets less current liabilities		**503,966**	512,461

	NOTES	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
Non-current liabilities			
Deferred income		**997**	1,037
Deferred tax liabilities		**9,531**	9,975
		10,528	11,012
Net assets		**493,438**	501,449
Capital and reserves			
Share capital		**7,311**	7,311
Reserves		**466,374**	472,366
Equity attributable to owners of the Company		**473,685**	479,677
Non-controlling interests		**19,753**	21,772
Total equity		**493,438**	501,449

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business and headquarters in the PRC is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the PRC. The address of the principal place of business in Hong Kong is Room 09-10, 41/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2013. HKFRSs comprise HKFRS and HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

4. TURNOVER AND SEGMENT INFORMATION

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

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

During the six months ended 30 June 2013, the Group organises its operations into five reportable segments (six months ended 30 June 2012: five) as follows:

Direct current power system ("DC Power System")	–	Sales of DC Power System products
Plug and switch system ("PASS") products	–	Distribution of PASS products
Power Monitoring	–	Sales of power monitoring and management equipment
Charging Equipment	–	Sales of charging equipment for electric vehicles
Wind and Solar Power	–	Sales of wind and solar power generating balancing control products

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

Six months ended 30 June 2013

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

Six months ended 30 June 2012

	DC Power System *RMB'000* (unaudited)	PASS products *RMB'000* (unaudited)	Power Monitoring *RMB'000* (unaudited)	Charging Equipment *RMB'000* (unaudited)	Wind and Solar Power *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Segment revenue	44,538	683	16,871	36,581	–	98,673
Segment results	16,782	136	7,522	12,673	–	37,113
Unallocated other revenue						1,581
Share of results of an associate						1,178
Unallocated head office and corporate expenses						(22,176)
Finance costs						(3,781)
Profit before taxation						13,915

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

Segment results represent the (loss) profit from each segment without allocation of certain unallocated other revenue, central administrative cost, share of results of an associate and finance costs. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
DC Power System	**285,451**	216,278
PASS products	**15,719**	31,719
Power Monitoring	**59,182**	47,633
Charging Equipment	**197,135**	246,108
Wind and Solar Power	**–**	–
Total segment assets	**557,487**	541,738
Unallocated	**196,309**	261,031
Consolidated assets	**753,796**	802,769

5. INCOME TAX CREDIT (EXPENSE)

	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Corporate Income Tax	**–**	(5,011)
Deferred tax:		
Reversal on withholding tax from distribution on dividend from PRC subsidiaries	**444**	627
	444	(4,384)

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the six months ended 30 June 2013 and 2012.

Zhuhai Titans Technology Co., Ltd. ("Titans Technology") was established in Zhuhai, the special economic zone, and the income tax rates applicable to it was 15% pursuant to the relevant PRC laws in 2007, Titans Technology and Zhuhai Titans New Energy Systems Co., Ltd. ("Titans New Energy") were recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the period ended 30 June 2013.

Zhuhai Titans Power Electronics Company Limited ("Titans Power"), Titans Technology and Titans New Energy were established in Zhuhai, the special economic zone, and the income tax rate applicable to them was 15% pursuant to the relevant PRC laws in 2007, Titans Technology and Titans New Energy were recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the period ended 30 June 2012.

Starting from May 2008, Titans Power in the PRC is exempted from the PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Provision for PRC income tax has been made based on 50% reduction in Titans Power for the period ended 30 June 2012.

Save as mentioned at above, the relevant tax rate for the Group's subsidiaries in the PRC was 25% for the six months ended 30 June 2013 and 2012.

6. (LOSS) PROFIT FOR THE PERIOD

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

	Six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,461**	2,105
Amortisation of prepaid lease payments	**–**	146
Amortisation of intangible assets	**189**	188
Loss on disposal of property, plant and equipment	**18**	26
Total staff costs	**16,643**	16,352
Share-based payments to staff (included in total staff costs)	**1,357**	2,911
Operating lease rentals in respect of rented premises	**737**	627
Interest income	**(289)**	(158)
Rental income	**–**	(26)
Value added tax ("VAT") refunds *(Note)*	**(4,126)**	(3,711)
Government grant	**(1,741)**	(1,176)

Note:

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

7. DIVIDENDS

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

During the six months ended 30 June 2012, a final dividend of HK1 cent per share in respect of the year ended 31 December 2011 was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid during the six months ended 30 June 2012 and amounted to approximately HK$6,763,000.

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended	
	30 June	30 June
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company	**(7,349)**	10,017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**830,000,000**	830,000,000

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the six months ended 30 June 2013 and 2012.

9. TRADE AND BILLS RECEIVABLES

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**59,698**	103,671
91 – 180 days	**7,847**	6,578
181 – 365 days	**100,382**	48,443
1 – 2 years	**62,811**	104,331
2 – 3 years	**70,073**	19,584
Over 3 years	**2,567**	6,065
	303,378	288,672
Bills receivables	**100**	4,308
	303,478	292,980

All of the bills receivables are aged within 90 days.

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

10. AMOUNT DUE FROM AN ASSOCIATE

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

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**–**	19,301
91 – 180 days	**–**	34
181 – 365 days	**19,308**	–
1 – 2 years	**39,642**	52,747
Over 2 years	**20,872**	8,038
	79,822	80,120

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

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

11. TRADE AND BILLS PAYABLES

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**33,664**	50,529
91 – 180 days	**12,605**	6,807
181 – 365 days	**26,113**	27,961
1 – 2 years	**12,516**	2,267
Over 2 years	**499**	1,231
	85,397	88,795
Bills payables	**10,253**	5,851
	95,650	94,646

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

12. DISPOSAL OF A SUBSIDIARY

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

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

	RMB'000
Net assets disposed of	
Property, plant and equipment	210
Prepaid lease payments	12,814
Inventories	4,886
Trade and bills receivables	2,723
Prepayments, deposits and other receivables	702
Bank balances and cash	760
Trade payables	(264)
Accruals and other payables	(5,292)
	16,539
Gain on disposal of subsidiary	4,446
Non-controlling interests	(2,055)
Total consideration, satisified by cash	18,930
Net cash inflow arising on disposal:	
Cash consideration received	18,930
Bank balances and cash disposed of	(760)
	18,170

13. PLEDGE OF ASSETS

At 30 June 2013, the Group's leasehold land and buildings with an aggregate carrying value of approximately RMB5,895,000 (31 December 2012: RMB6,049,000) were pledged to secure bank borrowings and other facilities.

14. OPERATING LEASE COMMITMENTS

The Group as a lessee

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**1,740**	1,053
In the second to fifth year inclusive	**181**	538
	1,921	1,591

Operating lease payments represent rentals payable by the Group for certain of its offices and workshops. Leases are negotiated for an average of two (31 December 2012: two) years and rentals are fixed for one (31 December 2012: one) year for the six months ended 30 June 2013.

15. CAPITAL COMMITMENTS

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment		
– Contracted but not provided in the condensed consolidated interim financial statements	**10,357**	11,863
Capital expenditure in respect of the acquisition of investment in a subsidiary		
– Authorised but not contracted for	**19,500**	–
	29,857	11,863

16. EVENT AFTER THE REPORTING PERIOD

On 16 August 2013, Titans Power, a wholly-owned subsidiary of the Company, entered into share transfer agreements with three independent parties, Henan Zhongfen Instrument Co. Ltd ("Henan Zhongfen"), Mr. Tao Jie ("Mr. Tao") and Mr. Zhao Wei ("Mr. Zhao"), pursuant to which the Group acquired from Henan Zhongfen, Mr. Tao and Mr. Zhao their equity interest, which in aggregate amount to 65% of the equity interest of Henan Hongzheng Electric Technology Co. Ltd (a company jointly set up by the aforesaid parties on 16 April 2012) ("Henan Hongzheng") at a consideration of approximately RMB9,000,000, RMB5,250,000 and RMB5,250,000 respectively. Henan Hongzheng is principally engaged in the research and development of equipment and software in the field of intellectual power grid, power electronics and automatic control industry, technology transfer, consultation and technical service. The acquisition has not been completed as at the date of these condensed consolidated interim financial statements.

Details of the acquisition were set out in the Company's announcement dated 19 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2013, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a turnover of RMB63,673,000, representing a decrease of 35.47% over that of the corresponding period last year. Turnover was mainly derived from the Group's principal business including electrical direct current ("DC") products and charging equipment for electric vehicles. The table below shows the turnover of different series of products of the Group for the six months ended 30 June 2012 and 2013.

	For the six months ended 30 June			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**49,302**	**77.43**	44,538	45.14
Charging equipment for electric vehicles	**10,924**	**17.16**	36,581	37.07
Power grid monitoring and management products	**1,713**	**2.69**	16,871	17.10
Wind and solar power generation balancing control systems	**–**	**–**	–	–
Plug and switch system ("PASS") products	**1,734**	**2.72**	683	0.69
Total	**63,673**	**100.00**	98,673	100.00

The Group recorded a loss for the period attributable to owners of the Company of approximately RMB7,349,000 for the six months ended 30 June 2013, representing a decrease of approximately RMB17,366,000 over the profit of approximately RMB10,017,000 of the corresponding period of last year. During the reporting period, the Group recorded a significant decrease in turnover when compared with the corresponding period of last year and incurred an operating loss. This was mainly due to the decrease in government investments in power grid and electric vehicles industries in the first half of the year in which it resulted less sales results than expected for the relevant products of the Group.

Electrical DC products

Our electrical DC products constitute our major line of products and are one of the major sources of revenue. These products include high frequency switch DC power supply systems, high frequency switch communication power supply systems and uninterruptible power supply ("UPS") equipment. The electrical DC products are primarily supplied to power plants and transforming stations (including those owned by local governments and power companies) as well as enterprises from industries, such as railways, petrochemical plants, coal and metallurgy sectors. For the six months ended 30 June 2013, sales of electrical DC products amounted to approximately RMB49,302,000 (for the six months ended 30 June 2012: approximately RMB44,538,000), representing an increase of approximately 10.70%. The Directors consider that the sales increase in electrical DC products had demonstrated that the Group's development in these products is relatively stable. The Group maintains its strong competitiveness in terms of such product.

Charging equipment for electric vehicles

The major customers of the Group's charging equipment for electric vehicles include power grid corporations and other governmental or business institutions. For the six months ended 30 June 2013, sales of our charging equipment for electric vehicles amounted to approximately RMB10,924,000 (for the six months ended 30 June 2012: approximately RMB36,581,000), representing a decrease of approximately 70.14%. When compared with the previous period, the construction of charging stations in China was further slowed down in the first half year of 2013 as result of the decreased number of new projects, which caused significant impact on the sales of the Group's charging equipment for electric vehicles.

Power grid monitoring and management products

For the six months ended 30 June 2013, sales of our power grid monitoring and management products amounted to approximately RMB1,713,000 (for the six months ended 30 June 2012: approximately RMB16,871,000), representing a decrease of approximately 89.85%. The Directors consider that despite the substantial decrease in the delivery amount in the first half year of 2013, the outstanding or implementing contractual amounts of these products have not decreased. The business development of such products remains steady.

Wind and solar power generation balancing control systems

For the six months ended 30 June 2013, our wind and solar power generation balancing control products did not achieve any sales (for the six months ended 30 June 2012: Nil). During the reporting period, the Group mainly emphasized on the further research and development of such product and deployed fewer resources in its marketing. The Directors believe that various restrictions on the integration of wind and solar power generation into the state power grid have curbed the effective application of these products in the market. The market of these products will be expanded along with the continuous improvement of our products and enhancement in market operation.

PASS products

For the six months ended 30 June 2013, the sales of our PASS products amounted to approximately RMB1,734,000 (for the six months ended 30 June 2012: approximately RMB683,000), representing an increase of approximately 153.88%. The Directors consider that this segment is not the Group's main operating business. We will from time to time make adjustment on market strategies based on market demand and our own resources.

Major operating activities in the first half year of 2013

In January 2013, the Group reviewed and concluded the business division management approach implemented in 2012 under the leadership of the Board and further improved the assessment criteria of the business divisions. The Directors consider that the Group had achieved better control in respect of the cost management, market expansion and research and development of new products through the continuous establishment of stringent division assessment system, thereby further enhanced the Group's profitability.

In the first half year of 2013, important progress was made in the development of new high-voltage DC power products targeted at sectors including communication and data centers. At present, the product has passed the product accreditation and type tests performed by major communication operators in China. Meanwhile, the Group also joined "the standard setting group on 336 voltage high-voltage DC power of China Mobile Communications Corporation" (中國移動集團公司關於336伏特高壓直流電源標準制定小組) and participated in the standard setting of the company's products. The Directors believe that the product of the Group will have better market opportunities with the commencement of China's major communication operators in their procurement in the second half year.

In the first half year of 2013, one of the Group's key internal management focus was "enhancing efficiency through downsizing". The Group optimized the number of staff through departmental adjustment, functional consolidation and multi-tasking of the staff. The Directors believe that the above measures can effectively control the Group's management cost and improve management efficiency.

Result analysis

Turnover

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Turnover		
Electrical DC products	**49,302**	44,538
Charging equipment for electric vehicles	**10,924**	36,581
Power grid monitoring and management products	**1,713**	16,871
Wind and solar power generation balancing control systems	**–**	–
PASS products	**1,734**	683
Total	**63,673**	98,673

For the six months ended 30 June 2013, the Group recorded a turnover of approximately RMB63,673,000, representing a decrease of approximately 35.47% as compared to approximately RMB98,673,000 for the corresponding period in 2012. Such decrease was mainly due to decrease and slowdown in industry investment scale and change in sales of such products.

Cost of sales

Our cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. Our cost of sales decreased from approximately RMB51,623,000 for the six months ended 30 June 2012 to approximately RMB36,641,000 for the six months ended 30 June 2013, which was primarily attributable to decrease in sales and increase in some raw materials and direct labour costs.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB20,018,000 to approximately RMB27,032,000 for the six months ended 30 June 2013 from approximately RMB47,050,000 for the corresponding period in 2012. Sales of our electrical DC products contributed approximately RMB20,684,000 to our gross profit, whereas, sales of charging equipment for electric vehicles and sales of power grid monitoring and management products contributed approximately RMB5,225,000 and approximately RMB978,000 respectively to our gross profit for the six months ended 30 June 2013. Gross profit from our sales of PASS products amounted to approximately RMB145,000 for the six months ended 30 June 2013. We will endeavour to enhance and improve the technology of our products and the management of the Company in order to maintain our competitiveness and gross profit margin.

Percentage of gross profit margin of respective reportable segments

	Six months ended 30 June	
	2013	2012
Segment		
Electrical DC products	**41.95%**	44.27%
Charging equipment for electric vehicles	**47.83%**	47.15%
Power grid monitoring and management products	**57.09%**	58.42%
Wind and solar power generation balancing control systems	**–**	–
PASS products	**8.36%**	33.62%

The Group's overall gross profit margin decreased to approximately 42.45% for the six months ended 30 June 2013 from approximately 47.68% for the corresponding period in 2012, but increased by approximately 1.03% as compared to approximately 41.42% for the year ended 31 December 2012.

The gross profit margin of our electrical DC products for the six months ended 30 June 2013 decreased by approximately 2.32% as compared to that of the corresponding period in 2012, which was due to intensifying product competition in the industry.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2013 increased slightly by approximately 0.68% as compared to that of the corresponding period in 2012, which basically maintained at the level in the corresponding period in 2012.

The gross profit margin of our power grid monitoring and management products for the six months ended 30 June 2013 decreased by approximately 1.33% as compared to that of the corresponding period in 2012, which basically maintained at the level in the corresponding period in 2012.

The gross profit margin of our PASS products for the six months ended 30 June 2013 decreased by approximately 25.26% as compared to that of the corresponding period in 2012. The Directors considered that fluctuation of gross profit margin was under reasonable range because of the relatively less turnover from our PASS products.

Other revenue

Other revenue of the Group, which mainly included value added tax refunds and government grants, increased by approximately 17.52% from approximately RMB5,292,000 for the six months ended 30 June 2012 to approximately RMB6,219,000 for the six months ended 30 June 2013.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1,449,000, or approximately 10.62% from approximately RMB13,648,000 for the six months ended 30 June 2012 to approximately RMB15,097,000 for the six months ended 30 June 2013. The increase was primarily due to the following reasons: (1) an increase in sales-related expenses such as salaries and wages, benefits, social security expenditure and traveling expenses of approximately RMB516,000; (2) an increase in the expenses in transportation, agency, tender services and installation testing relating to sales and after-sales services of approximately RMB1,020,000; (3) an increase in office and other expenses relating to sales of approximately RMB222,000; (4) a decrease in business entertainment and tender expenses relating to sales of approximately RMB309,000.

Administrative expenses

Administrative expenses increased by approximately RMB2,262,000, or approximately 10.20%, from approximately RMB22,176,000 for the six months ended 30 June 2012 to approximately RMB24,438,000 for the six months ended 30 June 2013. The increase in the administrative expenses of the Group was primarily due to (1) an increase in wages and retirement benefit contributions of approximately RMB1,534,000 during the reporting period; (2) an increase in the expenses such as depreciation, material consumption, transportation and repairment of approximately RMB2,474,000; (3) an increase in research and development expenses, business entertainment expenses and sundry expenses of approximately RMB626,000; (4) expenses in disposal of a subsidiary of approximately RMB1,021,000; (5) a decrease in equity settled share-based payments of approximately RMB1,554,000 in respect of the share options granted pursuant to the pre-IPO share option scheme of the Company adopted on 8 May 2010 (the "Pre-IPO Share Option Scheme") and the new share options granted on 17 February 2011 pursuant to the share option scheme of the Company adopted on 8 May 2010 (the "Share Option Scheme"); (6) a decrease in expenses such as office, travel and professional services of approximately RMB1,544,000; (7) a decrease in banking expenses, exchange loss and share management expenses of approximately RMB295,000.

Gain on disposal of interest in a subsidiary

On 5 January 2013, the Group transferred the entire 93.55% shares held by it in Jiangyin Titans High Voltage Electric Co., Ltd.*（江陰泰坦高壓電氣有限公司）, a subsidiary of the Group, to two independent third parties, and recorded a gain of approximately RMB4,446,000. Details of the disposal were set out in the Company's announcement dated 7 December 2012. As described in the announcement, the reasons for disposal of the subsidiary were to further optimise and rationalise the operation management of the Group, and at the same time, to enable the Group to focus its resources on its main operating business.

Share of results of an associate

As at 30 June 2013, the Group owned 35% (as at 31 December 2012：35%）equity interest in Beijing Hua Shang Clear New Energy Technology Co., Ltd.*（北京華商三優新能源科技有限公司）. This company was accounted for as the Group's associated company, and the Group's attributable loss from this company for the six months ended 30 June 2013 was approximately RMB1,118,000, representing a decrease of approximately RMB2,296,000 over the profit of approximately RMB1,178,000 of the same period last year.

Finance costs

Finance costs of the Group increased by approximately 26.98% from approximately RMB3,781,000 for the six months ended 30 June 2012 to approximately RMB4,801,000 for the six months ended 30 June 2013. Finance costs of the Group as a percentage of turnover increased from 3.83% for the six months ended 30 June 2012 to 7.54% for the six months ended 30 June 2013. The increase in finance costs of the Group was mainly due to increase in total average bank borrowings during the reporting period.

Profit (loss) attributable to non-controlling interests

For the six months ended 30 June 2013, profit attributable to the non-controlling interests of our non wholly-owned subsidiaries was approximately RMB36,000 as compared to an attributable loss of approximately RMB(486,000) in the corresponding period of last year, representing their share of profit (loss) in our non wholly-owned subsidiaries.

(Loss) profit attributable to the owners of the Company

The Group recorded a loss attributable to the owners of the Company of approximately RMB(7,349,000) for the six months ended 30 June 2013 as compared to a profit of approximately RMB10,017,000 for the corresponding period in 2012 with a year-on-year decrease of approximately RMB17,366,000.

For the six months ended 30 June 2013, the Group recorded a loss attributable to the owners of the Company as compared with the profit for the corresponding period of 2012, as certain products of the Group was unable to achieve the sales performance as expected, which was mainly attributable to the decrease and slowdown in industry investment scale during the reporting period, while at the same time being affected by factors like increasing labour costs, increase in sales and distribution expenses and administrative expenses.

(Loss) earnings per share

For the six months ended 30 June 2013, basic loss per share of the Company (the "Share") and diluted loss per share were RMB(0.89) cents and RMB(0.89) cents respectively whilst the basic and diluted earnings per share for the corresponding period in 2012 were RMB1.21 cents and RMB1.21 cents respectively. The decrease in the basic earnings per share and diluted earnings per share over the corresponding period of last year was due to the loss generated in the reporting period as compared to profit recorded by the Company in the corresponding period of 2012.

Employees and remuneration

As at 30 June 2013, the Group had 428 employees (as at 30 June 2012: 525). The remuneration paid to our employees and 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 a retirement benefit scheme and medical insurance. The Group also makes contributions to the retirement funds in compliance in all material respects with the requirements of the laws and regulations of the jurisdictions where it operates.

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

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

The Company adopted the Pre-IPO Share Option Scheme on 8 May 2010 and options carrying rights to subscribe for a total of 23,920,000 shares were granted to 53 employees of the Group on 8 May 2010, including two executive Directors, under the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of eligible persons (including employees, officers, agents, consultants or representatives and sales partners of the Group) who have contributed or will contribute to the Group and to provide incentives to them. For the six months ended 30 June 2013, under the Pre-IPO Share Option Scheme, share options to subscribe for 320,000 shares were lapsed as a result of the departure of some employees and options to subscribe for 5,730,000 shares were lapsed as a result of the share options past due and the employees did not exercise such share options vested to them during the period. As at the date of this announcement, share options carrying rights to subscribe for a total of 11,140,000 shares remained outstanding under the Pre-IPO Share Option Scheme.

The Company also adopted the Share Option Scheme on 8 May 2010. The purpose of the Share Option Scheme is to provide incentives to the eligible persons (including but not limited to employees, officers, agents, consultants or representatives of any members of the Group (including the executive or non-executive directors of any members of the Group)) for their contributions to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group. On 17 February 2011, the Company published an announcement relating to the grant of share options where share options carrying rights to subscribe for a total of 19,430,000 shares were granted to 61 employees of the Group on the same day under the Share Option Scheme. For the six months ended 30 June 2013, under the Share Option Scheme, options to subscribe for 300,000 shares were lapsed as a result of the departure of some employees and options to subscribe for 6,096,666 shares were lapsed as a result of the share options past due and the employees did not exercise such share options vested to them during the period. As at the date of this announcement, share options carrying rights to subscribe for a total of 11,893,334 shares remained outstanding under the Share Option Scheme.

Liquidity, financial resources and capital structure

The Group generally finances its operation through internal resources and bank borrowings. As at 30 June 2013, the Group had short-term bank deposits, bank balances and cash of approximately RMB114,732,000 (as at 31 December 2012: approximately RMB184,331,000), excluding restricted bank balances of approximately RMB3,268,000 (as at 31 December 2012: approximately RMB4,263,000).

The net current assets as at 30 June 2013 were approximately RMB413,271,000 (as at 31 December 2012: approximately RMB418,639,000).

The Group did not hold any significant financial investment during the six months ended 30 June 2013 save for currency held.

Bank borrowings

As at 30 June 2013, total bank borrowings amounted to approximately RMB65,001,000 (as at 31 December 2012: approximately RMB90,001,000), of which RMB13,000,000 were secured loans (as at 31 December 2012: approximately RMB50,000,000), and the balance of RMB52,001,000 were unsecured loans (as at 31 December 2012: approximately RMB40,001,000). Secured bank loans as at 30 June 2013 were subject to the floating interest rates ranging from 6.30% to 6.60% per annum. The Group recorded a decrease of approximately RMB25,000,000 in total bank borrowings as at 30 June 2013 as compared with as at 31 December 2012. The decrease was mainly due to the Company's decreased demand of liquidity.

As at 30 June 2013, the Group's current ratio (current assets divided by current liabilities) was 2.65 as compared with 2.44 as at 31 December 2012, and the gearing ratio (borrowings divided by total assets x 100%) was 8.62% as compared with 11.21% as at 31 December 2012.

Trade and bills receivables

As at 30 June 2013, the Group recorded trade and bills receivables (net of allowance) of approximately RMB303,478,000 (as at 31 December 2012: approximately RMB292,980,000). The Group did not make additional specific doubtful debts provision for trade and bills receivables during the first six months of 2013 (for the six months ended 30 June 2012: RMB Nil; for the year ended 31 December 2012: RMB3,347,000). As at 30 June 2013, the Group made an allowance of approximately RMB16,778,000 for trade receivables.

The increase in trade receivables for the six months ended 30 June 2013 was mainly due to that certain projects of the Company were undergoing equipment life-run adjustment and testing after delivery and conditions for collection had not been met.

The table below sets out the ageing analysis of trade and bills receivables (net of allowance for doubtful debts) as at 30 June 2013.

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Trade receivables		
Within 90 days	**59,698**	103,671
91 days to 180 days	**7,847**	6,578
181 days to 365 days	**100,382**	48,443
Over 1 year to 2 years	**62,811**	104,331
Over 2 years to 3 years	**70,073**	19,584
Over 3 years	**2,567**	6,065
	303,378	288,672
Bills receivables	**100**	4,308
	303,478	292,980

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

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

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

Pledge of assets

As at 30 June 2013, the Group's leasehold land and buildings with carrying values of approximately RMB5,895,000 (31 December 2012: RMB6,049,000) were pledged to secure bank borrowings and other facilities.

Capital commitments and contingent liabilities

As at 30 June 2013, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment of approximately RMB10,357,000 (31 December 2012: approximately RMB11,863,000).

On 16 August 2013, the Group entered into share transfer agreements with three independent third parties to acquire the remaining 65% of equity interest in Henan Hongzheng Electric Technology Co., Ltd*（河南弘正電氣科技有限公司）, a subsidiary of the Group, at a total consideration of RMB19,500,000. The acquisition has not been completed as at the date of this announcement.

As at 30 June 2013 and the date of this announcement, the Group had no significant contingent liabilities.

Non-controlling interests

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equity attributable to the owners of the Company	**473,685**	479,677
Non-controlling interests	**19,753**	21,772
Total equity	**493,438**	501,449

For the six months ended 30 June 2013, the non-controlling interests of the Group were decreased by approximately RMB2,019,000 as compared to the year ended 31 December 2012. The decrease was mainly due to reduction in non-controlling interest as result of the disposal of shares in a subsidiary of the Group during the period.

Foreign exchange

The Group conducts its business primarily in the PRC with substantially all of its transactions are denominated and settled in Renminbi. The Group's consolidated financial statements are expressed in Renminbi, whereas dividends on the shares, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of the shares. During the reporting period, the Group recorded an exchange loss of approximately RMB48,000 (the corresponding period in 2012: loss of approximately RMB125,000). 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 2013. As at 30 June 2013, the Group had no hedging arrangement in place with respect to foreign currency exchange.

The Group adopted a conservative approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the six months ended 30 June 2013.

Our accounts department projects monthly cash receipts and plans for cash payments based on the information 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, and our sales partners monitor the development of our customers' projects and communicate with our customers regarding the settlement of our trade and bills receivables.

Future business prospect and plans

The Directors consider that despite the unsatisfactory operating performance of the Group in the first half year which was mainly due to insufficient market demand for some of our products, the overall operating conditions of the Group remain well with our products still maintained strong market competitiveness with solid market position. Once the external market environment becomes promising, the Group will be able to achieve sound operating revenue and profit.

In view of the current market environment, in the second half year of 2013, the focus of operation and management work of the Group will lie on:–

1. The Directors believe that with the further certainty of national policies on the encouragement of electric vehicles applications, in the second half year of 2013, the construction of electric vehicles charging stations will be reactivated gradually after the dormant period. As such, the Group will grasp such opportunity through: (1) increasing its market investment in participating actively key projects construction; (2) improving its product quality; and (3) maintaining advanced technology for its products and etc. It will strive to achieve rapid development in the sales of electric vehicles charging equipments. In addition, during the reporting period, battery formation, capacity grading and testing equipment of the Group achieved its sales performance as expected. In the second half year, we will continue to expand the market to achieve further growth in selling such product.

2. Based on the market information currently available, the major operators in the communication industry in the PRC will commence the procurement of high-voltage DC power system one after another in the second half year of 2013. Hence, the Group will strive to achieve selling the high-voltage DC power systems in the market by (1) improving its product series; (2) enhancing the stability and technology indicators of its products; and (3) increasing its market investments.

3. the work focuses of the Group's internal management include (1) under the foundation of the works in "enhancing efficiency through downsizing" in the first half year, it will continue to adjust its organization structure and position deployment, while at the same time adjust and improve part of its management processes, stringently control the increase in management costs, and thus eventually enhance the profitability of the Group; (2) accelerate the implementation of Enterprise Resource Planning ("ERP") System to improve corporate operating management and increase corporate management efficiency to strive for the online application of the ERP System by the end of 2013; and (3) under the foundation of our previous internal control works, in the second half year of 2013, it will mainly carry on the research and development of project management and control and improve its existing research and development management system, and thereby achieve the optimization of product development process in the three aspects of "progressing, quality and costs".

UP-TO-DATE INFORMATION REGARDING DIRECTORS

According to the service agreement entered into between each of Mr. Li Xin Qing and Mr. An Wei, two executive directors of the Company, and the Company on 8 May 2010 and the letter of appointment entered into between each of Mr. Li Wan Jun and Mr. Yu Zhuo Ping, two independent non-executive directors of the Company, and the Company on 8 May 2010, their terms of service expired on 27 May 2013. Each of them has entered into service agreement or letter of appointment with the Company for a term of three years with effect from 28 May 2013, the terms of which are substantially similar to those set out in the 2012 Annual Report of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code Provisions") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own corporate governance code. During the six months ended 30 June 2013, the Company has complied with the Code Provisions and there have been no material deviations from the Code Provisions.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its model code regarding director's securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the provisions of the Model Code during the six months ended 30 June 2013.

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 2013.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Disposal of subsidiary

On 7 December 2012, the Group entered into share transfer agreements with two independent third parties to dispose its entire 93.55% equity interests in Jiangyin Titans High Voltage Electric Co., Ltd.*（江陰泰坦高壓電氣有限公司）("Jiangyin Titans"). The completion of the disposal took place on 5 January 2013, upon which Jiangyin Titans ceased to be a subsidiary of the Group.

Details of the disposal were set out in the Company's announcement dated 7 December 2012.

Save as disclosed above, the Group had no material acquisition and disposal of its subsidiaries and associated companies during the six months ended 30 June 2013.

Acquisition of subsidiary after the reporting period

On 16 April 2012, the Group established a company, Henan Hongzheng Electric Technology Co., Ltd*（河南弘正電氣科技有限公司）("Henan Hongzheng"), in Zhengzhou, Henan Province with three independent third parties jointly. The Group contributed RMB10,500,000 for 35% of the equity interests of Henan Hongzheng. The Group is the largest shareholder of Henan Hongzheng and controls the board of directors and operation decisions of Henan Hongzheng. Henan Hongzheng is a subsidiary and under the control of the Group.

On 16 August 2013, the Group entered into share transfer agreements with each of the three independent third parties to acquire the remaining 65% of equity interest in Henan Hongzheng at a total consideration of RMB19,500,000. The acquisition has not been completed as at the date of this announcement.

Details of the acquisition were set out in the Company's announcement dated 19 August 2013.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2013.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed with the management regarding the Company's interim financial information and interim results for the six months ended 30 June 2013.

PUBLICATION OF THE INTERIM RESULT AND REPORT

This announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.titans.com.cn). The interim report of the Company for the six months ended 30 June 2013 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 28 August 2013

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

* *For identification purpose only*