

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2010**

The board (the “Board”) of directors (the “Directors”) 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 2010 together with the comparative figures for the corresponding period in 2009 as follows. These interim financial statements have not been audited, but have been reviewed by the audit committee and the auditor of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2010*

		<b>Six months ended</b>	
	<i>NOTES</i>	<b>30 June 2010</b> <i>RMB'000</i> <b>(unaudited)</b>	<b>30 June 2009</b> <i>RMB'000</i> <b>(unaudited)</b>
Turnover	(4)	<b>97,943</b>	70,454
Cost of sales		<b>(52,885)</b>	(38,658)
Gross profit		<b>45,058</b>	31,796
Other revenue		<b>3,547</b>	1,415
Fair value change on convertible loan note		<b>(3,956)</b>	366
Selling and distribution expenses		<b>(8,478)</b>	(9,619)
Administrative expenses		<b>(14,531)</b>	(11,483)
Other expenses		<b>(8,054)</b>	–
Share of losses of associates		<b>(227)</b>	–
Finance costs		<b>(867)</b>	(646)
Profit before taxation		<b>12,492</b>	11,829
Taxation	(5)	<b>(3,005)</b>	(1,826)
Profit and total comprehensive income for the period	(6)	<b>9,487</b>	10,003

\* *For identification purpose only*

		<b>Six months ended</b>	
		<b>30 June 2010</b>	30 June 2009
	<i>NOTE</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
Profit and total comprehensive income attributable to:			
Owners of the Company		<b>8,718</b>	10,079
Non-controlling interests		<b>769</b>	(76)
		<b><u>9,487</u></b>	<u>10,003</u>
Earnings per share <span style="float: right;">(8)</span>			
– Basic ( <i>RMB</i> )		<b><u>1.39 cents</u></b>	<u>1.74 cents</u>
– Diluted ( <i>RMB</i> )		<b><u>1.39 cents</u></b>	<u>1.62 cents</u>

The Group recorded a profit attributable to owners of the Company of approximately RMB8.72 million for the six months ended 30 June 2010 as compared to RMB10.08 million for the corresponding period in 2009. The decrease in profit for this period was mainly due to (1) the fair value loss amounted to RMB3,956,000 in respect of the increase in value of the Convertible Note prior to its full conversion upon Listing and (2) expenses incurred by the Company in connection with its listing exercise amounted to RMB8,054,000 for the six months ended 30 June 2010. Excluding the above impacts, the profit attributable to owners of the Company for the first six months of 2010 would be RMB20,728,000, representing an increase of 1.06 times as compared to RMB10,079,000 for the corresponding period in 2009. We believe that this better reflect the results of our normal operations for the six months ended 30 June 2010.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	<i>NOTES</i>	<b>30 June 2010 RMB'000 (unaudited)</b>	31 December 2009 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	(9)	13,738	13,358
Interests in associates	(10)	5,073	–
Intangible assets		1,891	2,079
		<u>20,702</u>	<u>15,437</u>
<b>Current assets</b>			
Inventories		24,144	11,921
Trade and bills receivables	(11)	244,197	221,938
Prepayments, deposits and other receivables		21,114	14,444
Amounts due from shareholders		–	202
Restricted bank balances		8,248	15,667
Bank balances and cash		242,448	27,081
		<u>540,151</u>	<u>291,253</u>
<b>Current liabilities</b>			
Trade and bills payables	(12)	52,638	58,868
Receipts in advance		13,868	2,561
Accruals and other payables		28,630	43,136
Dividend payables		–	2,942
Amount due to a shareholder		–	1,519
Amounts due to directors		–	7,447
Tax payables		10,136	11,247
Bank and other borrowings	(13)	59,269	24,000
Convertible loan note		–	8,581
		<u>164,541</u>	<u>160,301</u>
<b>Net current assets</b>		<u>375,610</u>	<u>130,952</u>
<b>Net assets</b>		<u>396,312</u>	<u>146,389</u>
<b>Capital and reserves</b>			
Share capital	(14)	7,311	2
Reserves		385,868	144,023
<b>Equity attributable to owners of the Company</b>		<u>393,179</u>	<u>144,025</u>
Non-controlling interests		3,133	2,364
<b>Total equity</b>		<u>396,312</u>	<u>146,389</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2010*

## 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, Cayman Island. The address of the principal place of business 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”) since 28 May 2010.

The condensed consolidated 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 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 with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Under a corporate reorganisation (the “Corporate Reorganisation”) in preparation for the listing of the Company’s shares in the Stock Exchange, the Company became the holding company of the companies comprising the Group on 8 May 2010. Details of the Corporate Reorganisation were set out in the prospectus dated 18 May 2010 issued by the Company (the “Prospectus”).

The condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2009 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the six months ended 30 June 2009, or since the respective dates of incorporation of the relevant entity, where there is a shorter period.

The condensed consolidated statement of financial position of the Group as at 31 December 2009 has been prepared to present the assets and liabilities of the companies now comprising the Group as at 31 December 2009 as if the current group structure had been in existence at that date.

### 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2009 included in the accountants' report in appendix I of the Prospectus.

In the current interim period, the Company invested in associates and adopted share option schemes and 23,920,000 options were granted (see notes 10 and 16). The accounting policies in respect of the investment in associates and share-based payment transactions are as follows:

#### ***Investment in associates***

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates are carried in the condensed consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

## ***Share-based payment transactions***

### *Equity-settled share-based payment transactions*

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRS”) issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

## ***HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements***

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increase or decrease in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increase in interests in existing subsidiaries was treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decrease in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 February 2010.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 July 2010.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2011.*

<sup>5</sup> *Effective for annual periods beginning on or after 1 January 2013.*

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

#### **4. SEGMENT INFORMATION**

The Group determines its operating segments based on the internal reports reviewed by the chief executive officer that are used to make strategic decisions.

The Group currently organises its operations into six reportable segments, namely direct current power system ("DC Power System"), distribution of plug and switch system ("PASS") products and other segments which are power monitoring and management equipment, charging equipment for electric vehicles, wind and solar power generating balancing control products and high power light-emitting diode ("LED") lighting products. They represent six major lines of products sold by the Group. The principal activities of the reportable segments are as follows:

DC Power System	–	Sales of DC Power System products
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
LED products	–	Sales of high power LED lighting products



The following is an analysis of the Group's revenue and the results by operating segments for the period under review:

**Six months ended 30 June 2010**

	DC Power System <i>RMB'000</i> (unaudited)	PASS products <i>RMB'000</i> (unaudited)	Power Monitoring <i>RMB'000</i> (unaudited)	Charging Equipment <i>RMB'000</i> (unaudited)	Wind and Solar Power <i>RMB'000</i> (unaudited)	LED products <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment revenue	<u>51,033</u>	<u>1,582</u>	<u>13,052</u>	<u>15,767</u>	<u>15,752</u>	<u>757</u>	<u>97,943</u>
Segment results	<u>15,491</u>	<u>169</u>	<u>6,957</u>	<u>7,414</u>	<u>6,383</u>	<u>162</u>	36,576
Other revenue							3,547
Share of losses of associates							(227)
Fair value change on convertible loan note							(3,956)
Unallocated head office and corporate expenses							<u>(23,448)</u>
Profit before taxation							<u>12,492</u>

**Six months ended 30 June 2009**

	DC Power System <i>RMB'000</i> (unaudited)	PASS products <i>RMB'000</i> (unaudited)	Power Monitoring <i>RMB'000</i> (unaudited)	Charging Equipment <i>RMB'000</i> (unaudited)	Wind and Solar Power <i>RMB'000</i> (unaudited)	LED products <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment revenue	<u>52,261</u>	<u>5,181</u>	<u>6,323</u>	<u>1,252</u>	<u>–</u>	<u>5,437</u>	<u>70,454</u>
Segment results	<u>17,012</u>	<u>1,471</u>	<u>2,784</u>	<u>591</u>	<u>–</u>	<u>319</u>	22,177
Other revenue							1,415
Fair value change on convertible loan note							366
Unallocated head office and corporate expenses							<u>(12,129)</u>
Profit before taxation							<u>11,829</u>

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

Segment results represent the profit earned by each segment without allocation of central administrative cost, directors' emoluments, share of losses of associates, fair value change on convertible loan note and finance costs. This is the measure reported to the chief executive officer for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
DC Power System	<b>175,515</b>	166,031
PASS products	<b>25,732</b>	47,937
Power Monitoring	<b>26,423</b>	15,494
Charging Equipment	<b>31,920</b>	14,469
Wind and Solar Power	<b>31,889</b>	–
LED products	<b>1,532</b>	8,362
	<b><u>293,011</u></b>	<u>252,293</u>

## 5. TAXATION

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Current taxation		
PRC Corporate Income Tax	<b><u>3,005</u></b>	<u>1,826</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdiction of Cayman Islands and BVI during the six months ended 30 June 2010 and 2009.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arises in or derived from Hong Kong during the six months ended 30 June 2010 and 2009.

The relevant tax rate for the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2010 and 2009.

Zhuhai Titans Technology Co., Ltd. ("Titans Technology") and Zhuhai Titans New Energy Systems Co., Ltd. ("Zhuhai Clear"), subsidiaries of the Company, 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 six months ended 30 June 2010 and 2009.

Starting from May 2008, Zhuhai Titans Automatic Technology Company Limited ("Titans Automatic"), subsidiary of the Company in the PRC, is exempted from the PRC income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. No provision for PRC income tax has been made in the condensed consolidated statement of financial position as Titans Automatic was exempted from PRC income tax during the six months ended 30 June 2010 and 2009.

## 6. PROFIT FOR THE PERIOD

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

	<b>Six months ended</b>	
	<b>30 June 2010 RMB'000 (unaudited)</b>	<b>30 June 2009 RMB'000 (unaudited)</b>
Amortisation of intangible assets	188	188
Depreciation of property, plant and equipment	922	863
Loss on disposal of property, plant and equipment	35	2
Total staff cost	8,222	6,938
Interest income	(177)	(87)
Value added tax ("VAT") refunds ( <i>Note</i> )	<u>(2,895)</u>	<u>(595)</u>

*Note:*

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

## 7. DIVIDENDS

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2010</b>	2009
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	<b>8,718</b>	10,079
Effect of dilutive potential ordinary shares:		
Fair value change on convertible loan note	—	(366)
	<u>—</u>	<u>(366)</u>
Earnings for the purpose of diluted earnings per share	<b>8,718</b>	9,713
	<u><b>8,718</b></u>	<u>9,713</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	<b>627,707,403</b>	580,240,000
Effect of dilutive potential ordinary shares:		
Convertible loan note	—	19,760,000
Share options	<b>839,632</b>	—
	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares		
for the purpose of diluted earnings per share	<b>628,547,035</b>	600,000,000
	<u><b>628,547,035</b></u>	<u>600,000,000</u>

For the six months ended 30 June 2009, the weighted average number of ordinary shares for calculation of basic earnings per share has been determined after taking into consideration of 580,240,000 shares issued pursuant to the Corporate Reorganisation and the capitalisation issue of the Company as detailed in Appendix V to the Prospectus of the Company dated 18 May 2010 but excluding any share to be issued pursuant to the public offering and adjusted for the effect of shares to be issued upon conversion of convertible loan note.

The computation of diluted earnings per share for the six months ended 30 June 2010 does not include the effect of the convertible loan note since it would result in an increase in earning per share.

## 9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group disposed of certain furniture, fixtures and equipment with a carrying amount of RMB174,000 (six months ended 30 June 2009: RMB2,000), resulting in a loss on disposal of RMB35,000 (six months ended 30 June 2009: RMB2,000).

During the six months ended 30 June 2010, the Group acquired property, plant and equipment with a cost of RMB1,476,000 (six months ended 30 June 2009: RMB1,494,000).

## 10. INTERESTS IN ASSOCIATES

	<b>30 June 2010 RMB'000 (unaudited)</b>
Cost of investments in unlisted associates	5,300
Share of post acquisition results	<u>(227)</u>
	<b><u>5,073</u></b>
	<b>30 June 2010 RMB'000 (unaudited)</b>
Total assets	15,363
Total liabilities	<u>(23)</u>
Net assets	<u>15,340</u>
Group's share of net assets of associates	<u>5,073</u>
Revenue	<u>-</u>
Loss for the period	<u>(657)</u>
Group's share of result of associates for the period	<b><u>(227)</u></b>

As at 30 June 2010, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of incorporation/operation	Class of share held	Proportion of nominal value of registered capital held by the Group	Proportion of voting power held	Principal activities
Beijing Hua Shang Clear New Energy Technology Co., Ltd.* (北京華商三優新能源科技有限公司)	Registered	PRC	Capital contribution	45%	45%	Promotion and sale of charging equipment for electric vehicles
Henan Longyuan New Energy Equipment Co., Ltd.* (河南龍源新能源裝備有限公司)	Registered	PRC	Capital contribution	26%	26%	Sale of charging equipment for electric vehicles and wind and solar power equipment

\* for identification only

## 11. TRADE AND BILLS RECEIVABLES

The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:

	<b>30 June 2010 RMB'000 (unaudited)</b>	31 December 2009 RMB'000 (audited)
0 – 90 days	<b>79,899</b>	116,558
91 – 180 days	<b>22,518</b>	39,883
181 – 365 days	<b>104,447</b>	45,661
1 – 2 years	<b>27,275</b>	15,716
2 – 3 years	<b>9,679</b>	2,635
Over 3 years	<b>59</b>	485
	<b>243,877</b>	220,938
Bills receivables	<b>320</b>	1,000
	<b>244,197</b>	221,938

All of the bills receivables are aged within 90 days.

The Group allows credit periods ranging from 30 to 90 days to its trade customers counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separate into initial deposit payment which due upon signing of sales contracts, the payment after installation and testing and retention money which due from the end of the product quality assurance period which is twelve to eighteen months after the installation and testing.

## 12. TRADE AND BILLS PAYABLES

The ageing analysis of trade payables, based on the invoice dates, is as follows:

	<b>30 June</b> <b>2010</b> <i><b>RMB'000</b></i> <b>(unaudited)</b>	31 December 2009 <i>RMB'000</i> (audited)
0 – 90 days	<b>40,174</b>	25,064
91 – 180 days	<b>3,539</b>	746
181 – 365 days	<b>3,166</b>	2,719
1 – 2 years	<b>832</b>	751
Over 2 years	<b>194</b>	75
	<hr/>	<hr/>
	<b>47,905</b>	29,355
Bills payables	<b>4,733</b>	29,513
	<hr/>	<hr/>
	<b>52,638</b>	58,868
	<hr/> <hr/>	<hr/> <hr/>

The credit periods on purchases of goods range from 90 to 180 days.

## 13. BANK AND OTHER BORROWINGS

	<b>30 June</b> <b>2010</b> <i><b>RMB'000</b></i> <b>(unaudited)</b>	31 December 2009 <i>RMB'000</i> (audited)
Bank loans, secured	<b>39,269</b>	8,000
Bank loans, unsecured	<b>12,000</b>	13,000
Other borrowing, unsecured	<b>8,000</b>	3,000
	<hr/>	<hr/>
	<b>59,269</b>	24,000
	<hr/> <hr/>	<hr/> <hr/>
Carrying amounts repayable:		
Within one year, shown under current liabilities	<b>59,269</b>	24,000
	<hr/> <hr/>	<hr/> <hr/>

During the current period, the Group obtained new bank loans amounting to RMB59,269,000 (at 31 December 2009: RMB24,000,000). The effective interest rates (which also equal to contracted interest rates) on the Group's bank loan range from 2.29% to 7% per annum for the six months ended 30 June 2010 (for the year ended 31 December 2009: from 5.83% to 7.34% per annum).

The secured bank loans are collateralised by pledging of the Group's leasehold land and buildings and accounts receivables as set out in note 15.

#### 14. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Share capital HKD'000 (unaudited)</b>
<i>Authorised:</i>			
Ordinary shares of HK\$0.01 each			
Balance at 1 January 2009, 31 December 2009 and 1 January 2010			
		38,000,000	380
Increase during the period	<i>(c)(i)</i>	<u>9,962,000,000</u>	<u>99,620</u>
At 30 June 2010		<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
<i>RMB'000 (unaudited)</i>			
<i>Issued and fully paid:</i>			
Balance at 1 January 2009, 31 December 2009 and 1 January 2010			
		100,000	1
Issued in consideration for the acquisition of a subsidiary pursuant to the Corporate Reorganisation			
	<i>(a)</i>	100,000	1
Conversion of convertible loan note			
	<i>(b)</i>	6,825	–
Capitalisation issue of shares			
	<i>(c)(iii)</i>	598,193,175	5,269
Issued of new shares upon listing of the Company's shares on the Stock Exchange			
	<i>(c)(ii)</i>	200,000,000	1,762
Issue of remuneration shares			
	<i>(c)(iv)</i>	1,600,000	14
Issued of new shares upon exercise of the over-allotment option			
	<i>(d)</i>	<u>30,000,000</u>	<u>264</u>
At 30 June 2010		<u><u>830,000,000</u></u>	<u><u>7,311</u></u>



The share capital at 31 December 2009 represents the share capital of Titans (BVI) Limited (“Titans BVI”).

*Notes:*

- (a) On 8 May 2010, the Company acquired the entire issued share capital of Titans BVI from Clear Profit Resources Limited, Benefit Way Group Limited, Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited, Honor Boom Investments Limited, Huge Step Holdings Limited, Jumbo Gain Enterprises Limited and Perfect Quality Holdings Limited by the allotment and issue of a total of 100,000 Shares, all credited as fully paid, to Clear Profit Resources Limited, Benefit Way Group Limited, Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited, Honor Boom Investments Limited, Huge Step Holdings Limited, Jumbo Gain Enterprises Limited and Perfect Quality Holdings Limited as to 2,820 Shares, 3,850 Shares, 1,380 Shares, 32,865 Shares, 32,865 Shares, 14,250 Shares, 3,830 Shares, 4,150 Shares and 3,990 Shares respectively as consideration.
- (b) On 28 May 2008, the convertible loan note was converted into 6,825 ordinary shares of HK\$0.01 each in the Company.
- (c) On 8 May 2010, shareholders’ resolutions were passed to approve the matters set out in the paragraph headed “Written resolutions of all the Shareholders passed on 8 May 2010” in Appendix V to the Prospectus, pursuant to which:
  - (i) The authorised share capital of the Company was increased from HKD380,000 to HKD100,000,000 divided into 10,000,000,000 ordinary shares of HKD0.01 each.
  - (ii) On 28 May 2010, 200,000,000 ordinary shares of HKD0.01 each of the Company were issued (“New Issue”) at HKD1.18 by way of placing and public offer. On the same date, the Company’s shares were listed on the Main Board of the Stock Exchange.
  - (iii) Subject to the share premium account of the Company being credited as a result of the New Issue, the directors of the Company were authorised to capitalise HKD5,981,932 (equivalent to RMB5,269,484) standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 598,193,175 ordinary shares for allotment and issue to the shareholders of the Company on the register of the members of the Company at the close of business on 14 May 2010 in proportion to their then respective existing shareholdings in the Company and the directors allotted and issued such shares as aforesaid and gave effect to the capitalisation.

(iv) The allotment and issue of 1,600,000 shares to OSK Capital Hong Kong Limited (“OSK”) as part of the consideration for the services provided by it as sponsor to the Company for the listing of the Company’s shares. In the opinion of the directors of the Company, the consideration was determined with reference to the fair value of the service provided by OSK.

(d) On 1 June 2010, an over-allotment option was exercised and a further 30,000,000 shares of HKD0.01 each were issued at HKD1.18 per share.

All shares issued during the period ranked *pari passu* in all respects with all shares then in issue.

## 15. PLEDGE OF ASSETS

At 30 June 2010, the Group had pledged its leasehold land and buildings and 99% equity interest in a subsidiary with carrying values of approximately RMB8,083,000 and RMB151,798,000 respectively (at 31 December 2009: RMB8,489,000 and RMB139,267,000 respectively) to secure general banking facilities and bank borrowings granted to the Group.

As 30 June 2010, the Group had pledged its accounts receivables with carrying values of approximately RMB39,117,000 (at 31 December 2009: nil) to secure bank borrowings granted to the Group.

## 16. SHARE-BASED PAYMENTS

### *Pre-IPO share option scheme*

Pursuant to a written resolution approved by the Company’s shareholders on 8 May 2010, the pre-IPO share option scheme of the Company (“Pre-IPO Share Option Scheme”) became effective. Certain executive directors, senior managerial staff and employees of the Group were granted options to recognise their contribution to the Group. Under the Pre-IPO Share Option Scheme, 53 participants (the “Grantees”) have been conditionally granted options by the Company. The exercise of the options would entitle the Grantees to purchase aggregate of 23,920,000 shares of the Company immediately following completion of the placing and public offer and the capitalisation issue at 50% of the final offer price. The options are exercisable by instalments twelve months after 28 May 2010, the date on which the shares of the Company were listed on the Stock Exchange, (the “Listing Date”) and up to 5 years since the Listing Date.

The Group will receive HKD1 for each grant under the Pre-IPO Share Option Scheme.

Equity-settled share-based payment of RMB987,000 was recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2010.

### ***Share option scheme***

Pursuant to the resolution in writing of shareholders of the Company on 8 May 2010, the Company has adopted a new share option scheme (the “Share Option Scheme”) for a period of 10 years commencing on 8 May 2010, the board of directors of the Company may, at its discretion, grant share options to any individual being an employee, officer, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) for at a consideration of HKD1 on acceptance of the option offer. The subscription of shares in the Company is subject to the terms and conditions as stipulated in the Share Option Scheme. No share options were granted during the six months ended 30 June 2010 since adoption. Details of the Share Option Scheme are set out in the section headed “Statutory and General Information – Share Option Scheme” of Appendix V to the Company’s Prospectus dated 18 May 2010.

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

The Company has share option schemes for eligible persons. Details of the share options outstanding during the current period are as follows:

	<b>Number of share options</b>
Outstanding at 1 January 2010	–
Granted during the period	<u>23,920,000</u>
Outstanding at 30 June 2010	<u><u>23,920,000</u></u>

In the current period, share options were granted on 8 May 2010. The aggregate fair value of the options determined at the date of grant using the Binomial model was HKD15,741,178 (equivalent to approximately RMB13,760,000).

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

Grant date share price ( <i>HKD</i> )	1.05 – 1.2
Exercise price ( <i>HKD</i> )	0.525 – 0.6
Expected life ( <i>years</i> )	2.058 – 5.058
Expected volatility	54.59% – 57.84%
Dividend yield	1.17%
Risk-free interest rate	0.58% – 1.82%

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

## 17. OPERATING LEASE COMMITMENTS

### *The Group as a lessor*

Property rental income earned during six months ended 30 June 2009 and 2010 were RMB27,000 and RMB22,000 respectively. All of the properties held have committed tenants for the next one year.

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease receipts:

	<b>30 June</b> <b>2010</b> <i>RMB'000</i> (unaudited)	31 December 2009 <i>RMB'000</i> (audited)
Within one year	<u><u>12</u></u>	<u><u>39</u></u>

### *The Group as a lessee*

The Group leases its office and workshop under operating lease arrangement. At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	<b>30 June</b> <b>2010</b> <i>RMB'000</i> (unaudited)	31 December 2009 <i>RMB'000</i> (audited)
Within one year	834	639
In the second to fifth year inclusive	<u>963</u>	<u>793</u>
	<u><u>1,797</u></u>	<u><u>1,432</u></u>

## 18. RELATED PARTY DISCLOSURES

During the six months ended 30 June 2009 and 2010, the Group had entered into the following transactions with related parties.

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Rental income from a company in which a director of a subsidiary has beneficial interest	<b>24</b>	24

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

The Company became listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 May 2010 (the “Listing”). The Directors believe that the successful listing of the Company on the Stock Exchange provides a good platform from which to build up the future business development of the Group.

As disclosed in the prospectus of the Company dated 18 May 2010 (the “Prospectus”), the Group is principally engaged in the sale of electrical DC products, power grid monitoring and management products, charging equipment for electric vehicles, wind and solar power generation balancing control products, and high-power LED lighting products. All the above products are developed internally by the Group. The Group is also engaged in the sale of PASS (Plug & Switch System) which is a switch product for electricity transmission systems and is developed and manufactured by an internationally reputable electrical products supplier. During the six months ended 30 June 2010, the Group continued to focus on these business activities.

### **Electrical DC products**

Our electrical DC products constitute our major line of products and major source of revenue. This product line includes high frequency switch DC power supply systems, high frequency switch communication power supply systems and UPS (uninterruptible power supply) equipment. Our electrical DC products are primarily supplied to and used by power plants and transforming stations (including those owned by the local governments and power companies) as well as other companies which consume a high level of energy, such as railways, petrochemical plants, enterprises in the coal and metallurgy sectors in the People’s Republic of China (“China” or the “PRC”). For the six months ended 30 June 2010, turnover of electrical DC products amounted to RMB51,033,000 (for the six months ended 30 June 2009: RMB52,261,000). The Directors consider that the decrease of approximately 2.35% was as result of normal fluctuations in market demands.

## **Charging equipment for electric vehicles**

We sold charging equipment for electric vehicles to our customers which include power grid corporations that acquired charging equipment for their charging stations, automobile companies which acquired ancillary charging equipment for their electric vehicles, environment and sanitation authorities and municipal departments which acquired charging equipment for their electric vehicles. For the six months ended 30 June 2010, sales of our charging equipment for electric vehicles increased to RMB15,767,000 (for the six months ended 30 June 2009: RMB1,252,000). As stated in the Prospectus, in May 2009, the State Grid Corporation of China published a document expressing its support to speed up the construction of electric vehicle charging stations in major cities such as Shanghai, Beijing and Tianjin, where such charging stations will become the first batch of showcase charging stations in major cities which can be used for charging electric buses and other public vehicles as well as electric cars. The Directors believe that there are attractive growth opportunities for the Group's electric vehicle charging products.

During the reporting period, we have participated in the construction projects of some charging stations. One of the charging stations is in Shangdong province (山東臨沂市焦莊充電站) which started its operation in June 2010. Based on its planned scale, such charging station is the largest in the PRC with a capacity of charging 36 electric vehicles simultaneously. We have supplied equipment like charging machines, monitoring system and electric distribution system for this project.

## **Power grid monitoring and management products**

Power grid monitoring and management technology can improve the power supply quality, reduce losses due to electricity supply problems and reduce the relative negative impact on end-users as a result of power supply disruptions. Enhancing power supply efficiency will result in energy savings and will help make “greener” power grids.

Power grid companies in China are the major customers of our power grid monitoring and management products, including our “power quality on-line monitoring systems”, “power supply and environment monitoring systems” and “transforming station and high-voltage transmission circuit on-line monitoring systems”. The PRC government has, over recent years, implemented several initiatives to promote power grid efficiency and energy saving. This has created a huge potential for market growth for power grid monitoring and management products. For the six months ended 30 June 2010, our sales of power grid monitoring and management products continued to experience a healthy growth to RMB13,052,000 (for the six months ended 30 June 2009: RMB6,323,000), representing an increase of approximately 1.06 times which was attributed to the high market demand for power grid monitoring and management products.

### **Wind and solar power generation balancing control products**

Our off-grid power generation balancing control devices are designed primarily to facilitate the provision of “green” energy to users in remote areas where no power supply is available from a power grid. Our major customers for our sales of such products for the six months ended 30 June 2010 were power companies in the PRC. We target to sell these products to enterprises for use in remote areas where no power supply from a power grid is available, such as for use in remote base stations for telecommunication equipment, remote oil and gas pipelines and remote water pipelines. For the six months ended 30 June 2010, turnover of our wind and solar power generation balancing control products amounted to RMB15,752,000 (for the six months ended 30 June 2009: nil). The PRC government made clear its policy in respect of solar power generation equipment when it launched the “Golden Sun Project” in July 2009 which indicated its intention to support this industry. We consider that this has created a better market environment for our products.

### **High-power LED lighting products**

The target customers of our high-power LED lighting products include urban project management authorities in cities, property developers and owners of large enterprises. The current high-power LED lighting products market is fiercely competitive and this has squeezed the gross profit margins of these products. We will continue to sell these products based on the existing product models we have developed but will place stronger emphasis on other new products. For the six months ended 30 June 2010, sales of our high-power LED lighting products decreased to RMB757,000 (for the six months ended 30 June 2009: RMB5,437,000) due to severe market competition and our adjusted marketing strategy to participate in sales with relatively higher gross profit margin.



## **PASS products**

The sales during the six months ended 30 June 2010 mainly related to the sales of ancillary products to PASS products, and decreased by 69.47% to RMB1,582,000 for the six months ended 30 June 2010 from RMB5,181,000 for the corresponding period in 2009.

In formulating our business and selling strategies, we pay close attention to our social responsibilities, in particular, the energy-related policies and programmes adopted by the PRC government.

As most of our products involve the use of advanced technology, we place great emphasis on product development and improvement. We entered into an agreement with Donghua University of Shanghai in June 2010, to cooperate with Donghua University of Shanghai to carry out research work on our product design under the name “Donghua-Titans Industrial Design, Research and Development Centre”. The Directors believe that this cooperation will enhance the Group’s capability in product design (in particular the industrial design of new products) by leveraging on the talent and expertise of Donghua University of Shanghai, thereby strengthening the competitive edge of our products. The Group plans to spend RMB2 million for the initial research work.

In the first half of 2010, before the Listing, the Group established two joint ventures namely, Beijing Hua Shang Clear New Energy Technology Co., Ltd.\* (北京華商三優新能源科技有限公司) and Henan Longyuan New Energy Equipment Co., Ltd.\* (河南龍源新能源裝備有限公司). These joint ventures were established with independent third parties with a view to facilitating promotion of our new products by leveraging on the joint venture partners’ relationships. Beijing Hua Shang Clear New Energy Technology Co., Ltd., in which the Group owns a 45% equity interest, was established on 8 February 2010 and has a registered capital of RMB30 million. Henan Longyuan New Energy Equipment Co., Ltd., was established on 27 April 2010 and has a registered capital of RMB10 million, in which the Group has a 26% equity interest.

On 23 July 2010, we established a wholly-owned subsidiary with a registered capital of HK\$30 million (equivalent to approximately RMB26.13 million) in Anhui for the purpose of research and development of energy saving technology and power management projects.

\* *For identification purpose only*

As stated in the Prospectus, we promote our products mainly through (1) our cooperation with sales partners and (2) our internal team, including sales representatives and other sales staff. After the Listing, we have entered into formal cooperation agreements with the sales partners, except Beijing Titans Yang Guan Technology Development Center, Guangzhou Titans Electrical System Company Limited and Fuzhou Titans Electrical System Company Limited which have ceased to be our sales partners, and have terminated the employment of those sales representatives in the same designated regions covered by the sales partners that we have formally engaged. Further details on our cooperation with the sales partners have been set out in the Prospectus.

## Result analysis

### Turnover

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Turnover		
Electrical DC products	<b>51,033</b>	52,261
Power grid monitoring and management products	<b>13,052</b>	6,323
Charging equipment for electric vehicles	<b>15,767</b>	1,252
Wind and solar power generation balancing control products	<b>15,752</b>	–
High-power LED lighting products	<b>757</b>	5,437
PASS products	<b>1,582</b>	5,181
	<u><b>97,943</b></u>	<u>70,454</u>
Total	<b>97,943</b>	70,454

For the six months ended 30 June 2010, the Group recorded a consolidated turnover of approximately RMB97.94 million, representing an increase of approximately 39.02% as compared to approximately RMB70.45 million for the corresponding period in 2009. Such increase was mainly due to the increase in the sales of our new products as described above. As compared to the same period in 2009, sales of our charging equipment for electric vehicles increased by 11.59 times for the six months ended 30 June 2010, sales of power grid monitoring and management products increased by 1.06 times and sales of wind and solar power generation balancing control products sales increased by approximately RMB15.75 million.

## Gross profit margin and gross profit

The Group's gross profit increased by approximately RMB13.26 million during the six months ended 30 June 2010 to approximately RMB45.06 million from approximately RMB31.80 million during the same period in 2009. The increase in gross profit was largely in line with the increase in revenue. Sales of our electrical DC products contributed approximately RMB22.57 million to our gross profit, whereas, sales of charging equipment for electric vehicles, power grid monitoring and management products, wind and solar power generation balancing control products and high-power LED lighting products have contributed a gross profit of approximately RMB7.75 million, RMB7.41 million, RMB6.72 million and RMB0.20 million respectively. Gross profit from our sales of PASS products amounted to approximately RMB0.40 million for the six months ended 30 June 2010. We will endeavour to enhance the technology of our products to maintain our competitiveness and gross profit margin.

## Percentage of gross profit margin of respective reportable segment

Segment	Six months ended 30 June	
	2010	2009
Electrical DC products	<b>44.23%</b>	48.62%
Power grid monitoring and management products	<b>56.78%</b>	48.85%
Charging equipment for electric vehicles	<b>49.16%</b>	52.00%
Wind and solar power generation balancing control products	<b>42.65%</b>	–
High-power LED lighting products	<b>27.07%</b>	10.71%
PASS products	<b>25.48%</b>	39.84%

The Group's overall gross profit margin increased to approximately 46.00% for the six months ended 30 June 2010 from approximately 45.13% for the same period in 2009.

The gross profit margin of our electrical DC products for the six months ended 30 June 2010 decreased marginally by 4.39% as compared with the corresponding period in 2009. We believe that this was mainly due to increased prices of raw materials and components for electrical DC products.

The gross profit margin of our power grid monitoring and management products for the six months ended 30 June 2010 increased by 7.93%. This is attributable to our high technology and market recognition.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2010 decreased slightly by 2.84% mainly because of the higher price of raw materials and components compared with the corresponding period in 2009 and because we lowered our selling prices of such products to enhance competition.

As stated above, we leverage on the “Gold Sun Project” launched in July 2009 and successfully sold our wind and solar power generation balancing control products.

The gross profit margin of our high-power LED lighting products was relatively lower than the gross profit margin of our other products mainly because we need to compete with traditional lighting equipment with lower cost. The gross profit for our high-power LED lighting products increased by 16.36%. The Directors are of the view that the gross profit margin of LED lighting products in the market is fluctuating and this is why we have adjusted our marketing strategy to participate in sales with relatively higher gross profit margin.

The gross profit margin of the PASS products for the six months ended 30 June 2010 decreased by 14.36% as the sales mainly comprised sales of the ancillary products with lower margin.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by approximately RMB1.14 million, or 11.85% from approximately RMB9.62 million for the six months ended 30 June 2009 to approximately RMB8.48 million for the first half year of 2010, primarily due to the decrease of approximately RMB1.26 million in travelling expenses of our sales staff.

### **Administrative expenses**

Administrative expenses increased by approximately RMB3.05 million, or 26.57%, from approximately RMB11.48 million for the six months ended 30 June 2009 to approximately RMB14.53 million for the first half year of 2010, primarily as a result of the increase in (1) salaries and wages, and contribution staff retirement benefit of approximately RMB1.65 million; (2) non-sales related travelling, entertainment and office expenses of approximately RMB1.50 million; and (3) the equity-settled share-based payment of approximately RMB987,000 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”).

## **OTHER EXPENSES**

There were one-off expenses in relation to the Listing and our donation of HK\$1,000,000 to charity during the six months ended 30 June 2010. The aggregate amount was RMB8,054,000 (for the six months ended 30 June 2009: nil).

### **Fair value loss on the convertible note**

As stated in the Prospectus, the Company issued a convertible note with a principal amount of HK\$10 million on 27 July 2009 (the “Convertible Note”). In accordance with the Prospectus, the Convertible Note was fully converted into 19,746,548 shares of the Company of HK\$0.01 each (“Share(s)”) upon the Listing on 28 May 2010 (the “Conversion Date”).

In accordance with the Hong Kong Financial Reporting Standards, the fair value of the Convertible Note has to be revalued on the Conversion Date and any change in the fair value of the Convertible Note as compared to its fair value as at 31 December 2009 has to be treated as a gain or loss in the Company’s income statement. Based on the valuation of the Convertible Note, an one-off accounting revaluation loss of RMB3,956,000 (as a result of an increase in the fair value Convertible Note) is recorded by the Company.

### **Profit attributable to owners of the Company**

The Group recorded a profit attributable to owners of the Company of approximately RMB8.72 million for the six months ended 30 June 2010 as compared to RMB10.08 million for the corresponding period in 2009. The decrease in profit for this period was mainly due to (1) the fair value loss amounted to RMB3,956,000 in respect of the increase in value of the Convertible Note prior to its full conversion upon Listing; and (2) expenses incurred by the Company in connection with its listing exercise amounted to RMB8,054,000 for the six months ended 30 June 2010. Excluding the above impacts, the profit attributable to owners of the Company for the first six months of 2010 would be RMB20,728,000, representing an increase of 1.06 times as compared to RMB10,079,000 for the corresponding period in 2009. We believe that this better reflect the results of our normal operations for the six months ended 30 June 2010.

Basic earnings per Share and diluted earnings per Share for the period was RMB1.39 cents and RMB1.39 cents respectively whilst the basic and diluted earnings per Share for the last corresponding period was RMB1.74 cents and RMB1.62 cents respectively.

## **Employees and remuneration**

As at 30 June 2010, the Group had one employee in Hong Kong and 367 employees in the PRC. The remuneration paid to our employees and Directors is based on 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 fund 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 insurance operated by the Ministry of Labour and Social Security, the premium in respect of which is undertaken between the Group and the employees based on percentages fixed by relevant PRC laws.

The Group and its employee 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 Pre-IPO Share Option Scheme was adopted on 8 May 2010 to motivate staff members to contribute to the success of the Group and to help retain high calibre staff. As at 30 June 2010, there were outstanding options carrying rights to subscribe for a total of 23,920,000 Shares which were granted to 53 employees of the Group, including the two executive Directors, under the Pre-IPO Share Option Scheme.

A share option scheme was adopted on 8 May 2010 (the "Share Option Scheme") to provide incentives to eligible persons (including employees, officers, agents, consultants or representatives of any member of the Group (including any executive or non-executive director of any member of the Group)) for their contribution to the Company and to enable the Company to recruit and retain high calibre employees. As at 30 June 2010, no option was granted by the Company under the Share Option Scheme.

## **Liquidity, Financial Resources and Capital Structure**

The Group generally finances its operation through internal resources and bank and other borrowings. As at 30 June 2010, the Group had cash and cash equivalents of approximately RMB242.45 million (as at 31 December 2009: approximately RMB27.08 million).

The net current assets as at 30 June 2010 were approximately RMB375.61 million (as at 31 December 2009: approximately RMB130.95 million). The liquidity was significantly improved and the financial position was strengthened upon Listing.

The Group did not held any significant financial investment as at 30 June 2010 save as the currency held.

As at 30 June 2010, the total bank and other borrowings amounted to approximately RMB59.27 million (as at 31 December 2009: approximately RMB24.00 million), of which approximately RMB39.27 million (as at 31 December 2009: approximately RMB8 million) was secured; and RMB20 million (as at 31 December 2009: approximately RMB16 million) was unsecured. Secured bank loans as at 30 June 2010 were subject to variable interest rates ranging from 2.29% to 5.84% p.a. whilst the unsecured bank loans as at 30 June 2010 carried variable interest rates ranging from 5.31% to 6.37% p.a. The Group recorded an increase of approximately RMB35.27 million in the total bank and other borrowings during the six months ended 30 June 2010, which were mainly used for the purchase of production equipment and machinery and as working capital. As at the date of this announcement, the Group is in the process of transferring the funds raised from the Listing (the "Funds") from its bank accounts in Hong Kong to the PRC. The Group has funded the above investments by short-term bank borrowings, which will be settled when the Funds are transferred to the Group's bank accounts in the PRC. As at 5 August 2010, the outstanding bank and other borrowings amounted to approximately RMB68.30 million.

As at 30 June 2010, the Group's current ratio (current assets divided by current liabilities) was 3.28 as compared with 1.82 as at 31 December 2009, and the gearing ratio (sum of the borrowings, amount due to shareholders, amounts due to directors and convertible loan note, divided by total assets) was 0.11 as compared with 0.14 as at 31 December 2009.

## Trade receivables

As at 30 June 2010, the Group recorded the trade and bills receivables (net of allowance) of approximately RMB244.20 million (as at 31 December 2009: approximately RMB221.94 million). The Group has not made any additional provision for trade and bills receivables during the first half of 2010 (for the six months ended 30 June 2009: RMB2,825,000; for the year ended 31 December 2009 RMB2,939,000). As at 30 June 2010, the amount of provision allowance made against the trade receivables amounted to RMB11,150,000.

The table below sets out the ageing analysis of the trade and bills receivables (net of allowance) as at 30 June 2010.

	<b>30 June 2010 RMB'000</b>	31 December 2009 RMB'000
Within 90 days	<b>79,899</b>	116,558
91 days to 180 days	<b>22,518</b>	39,883
181 days to 365 days	<b>104,447</b>	45,661
Over 1 to 2 years	<b>27,275</b>	15,716
Over 2 to 3 years	<b>9,679</b>	2,635
Over 3 years	<b>59</b>	485
	<b>243,877</b>	220,938
Bills receivables	<b>320</b>	1,000
	<b><u>244,197</u></b>	<b><u>221,938</u></b>

The average trade and bills receivables turnover days (average of trade and bills receivables at the beginning and the end of the reporting period divided by turnover and 1+17% value added tax (as trade and bills receivables include the value added tax receivables from customers) and multiplied by 181) for the six months ended 30 June 2010 were approximately 368 days (for the six months ended 30 June 2009: approximately 310 days). We believe that the increase in the average trade and bills receivables turnover days for the six months ended 30 June 2010 was mainly due to a substantial increase in our sales in the last quarter of 2009 (as compared with that in the last quarter of 2008) and the practice of the industry.



As stated in the Prospectus, although, for accounting purposes, we recognise our sales and trade receivables upon delivery of our products to the customers, our customers may not be obliged to pay us immediately. Our customers are only required to pay us the purchase prices pursuant to the terms of the sales contracts which are likely to be by stages after delivery of products. Pursuant to the terms of the sales contracts, we may require the payment of a deposit of approximately 10% of the total contract value to be paid after signing of the contract and 80% of the contract sum to become due and payable after our products have been delivered, satisfactorily installed and tested. Customers will sign confirmations after delivery of our products to them and after our products have been 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 to the Group 12 to 18 months after on-site installation and satisfactory testing provided that the Group's equipment performs properly. In our sales contracts, an average credit period of around 30 to 90 days may be given to our customers from the due date of each installment payment as described above in this paragraph (including the initial deposit payments, the payments due after installation and testing and the payments of retention money).

We consider that long 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 and the due dates of the trade receivables; and (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.

Whilst we believe it is a special nature 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 of the Group**

To secure our bank borrowings of approximately RMB39.27 million as at 30 June 2010 and utilised banking facilities for issuing bills and letter of credit of approximately RMB9.19 million as of 30 June 2010, we pledged (i) our interests in the properties located at the Titans Technological Park, where the Group's principal operations are situated, with a carrying value of approximately RMB8,083,000 (ii) accounts receivables of approximately RMB39,117,000, and (iii) 99% equity interest in Zhuhai Titans Technology Co., Ltd. ("Titans Technology"), the Group's major operating subsidiary, with a carrying value of approximately RMB151,798,000 to the lenders and the independent guarantee companies (namely, Zhuhai Small and Medium Enterprises Credit Guarantee Co., Ltd. and Zhuhai Jiangshen Investment and Guarantee Company Limited).

As stated above, the Group has engaged Zhuhai Small and Medium Enterprises Credit Guarantee Co., Ltd and Zhuhai Jiangshan Investment and Guarantee Company Limited to provide third-party guarantees in favour of the bank borrowings and banking facilities granted to the Group. As at 30 June 2010, the amount of bank borrowings and banking facilities guaranteed by Zhuhai Small and Medium Enterprises Credit Guarantee Co. Ltd. and Zhuhai Jiangshan Investment and Guarantee Company Limited amounted to RMB5 million and RMB9 million respectively.

As stated in the Prospectus, the Directors have provided personal guarantees to certain lending banks and guarantee companies in favour of certain bank loans and credit facilities. As at 30 June 2010, all such personal guarantees have been released and replaced by corporate guarantees provided by the Company.

## **Capital Commitments and Contingent Liabilities**

As at 30 June 2010, the Group had no capital commitments.

As at 30 June 2010, the Group had no contingent liabilities.

## **Future Business Prospect and Plans**

The PRC government has been promoting energy saving equipment and the use of renewable energy over recent years. To capture the opportunities brought by the rapid growth of demand for energy saving equipment and renewable energy, we will:

- (1) place an increased emphasis on enhancing our technology and improving our cost control measures to enhance the competitiveness of our electrical DC products;
- (2) further strengthen research and development function in respect of our charging equipment for electric vehicles, wind and solar power generation balancing control products and power grid monitoring and management products, including purchasing new research and testing equipment and the establishment of a laboratory and product testing center;
- (3) expand our sales and marketing channels and establish subsidiaries/joint venture companies/sales companies to enhance sales of our charging equipment for electric vehicles, wind and solar power generation balancing control products and power grid monitoring and management products;
- (4) increase our production capacity (As stated in the Prospectus, we have submitted an application to acquire a piece of land in Heng Qin, Zhuhai. The application is still subject to the approval of 珠海橫琴新區公共建設局 (Public Construction Bureau of Zhuhai Hengqin New Area). If our application for the land in Heng Qin, Zhuhai is not approved or we otherwise decide not to build our new plant in Heng Qin, we will identify another suitable place for the expansion of our production facilities); and
- (5) consider engaging a professional consultant to advise and improve our internal control, management and operational efficiency.

## **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 results are expressed in Renminbi, whereas the 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. As stated above, the Group is in the process of transferring the Funds from its bank accounts in Hong Kong to the PRC. Therefore, fluctuations in the exchange rate may have an impact on the Group's results. During the reporting period, the Group recorded an exchange loss of approximately RMB1.92 million (corresponding period in 2009: loss of approximately RMB33,000). As at 30 June 2010, the Group had no significant foreign exchange hedges.

The Group adopted a conservative approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Save for the proceeds from the Listing presently being deposited in Hong Kong dollars, cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not invest in any financial securities or foreign exchange (except for business purposes) for the six months ended 30 June 2010. Our accounts department projects monthly cash receipts and plans for cash payments based on the information provided by our marketing management and support team regarding the progress on the customers' projects and relevant payment plans. Our accounts department then 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 condition 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.

## **MAJOR LITIGATION AND ARBITRATION PROCEEDINGS**

The Group has no major litigation or arbitration during the six months ended 30 June 2010.

## **USE OF NET PROCEEDS FROM LISTING**

The Shares have been successfully listed on the Stock Exchange since 28 May 2010. The net proceeds from the Listing were approximately HK\$243.60 million. The Group will use the net proceeds to strengthen its competitiveness by implementing the future plans as stated in its Prospectus.

## **INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the six months ended 30 June 2010 (for the six months ended 30 June 2009: nil).

## **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 2010.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF THE SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the six months ended 30 June 2010, save as set out in the section headed "Management Discussion and Analysis", the Group had no material acquisition or disposal of its subsidiaries and associated companies.

## **CORPORATE GOVERNANCE**

The Company has adopted all the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices. During the six months ended 30 June 2010, the Company has complied with the code provisions set out in the Code and there have been no material deviations from the Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2010.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee and the auditor of the Company, SHINEWING (HK) CPA Limited, have reviewed and discussed with the management regarding the Company's interim financial information and interim results for the six months ended 30 June 2010.

## **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 2010 containing all information required by the Listing Rules will be despatched 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, 30 August 2010

*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, Li Xiao Hui and Yu Zhuo Ping.*