# 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 2019

The board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (the "Company") announces the interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Reporting Period") together with the comparative figures for the corresponding period in 2018. These condensed consolidated interim financial information have not been audited, but have been reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

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

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

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

| | Note | 30 June 2019 RMB'000 (Unaudited) | 31 December 2018 RMB'000 (Audited) |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and bills payables | *11* | **81,682** | 83,490 |
| Contract liabilities | | **17,601** | 7,691 |
| Accruals and other payables | | **9,924** | 5,757 |
| Lease liabilities | | **231** | – |
| Amount due to associates | | **122** | 698 |
| Tax payable | | **997** | 510 |
| Bank and other borrowings | | **90,642** | 180,944 |
| | | **201,199** | 279,090 |
| **Net current assets** | | **444,758** | 448,978 |
| **Total assets less current liabilities** | | **707,114** | 704,452 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **92,638** | 94,480 |
| Lease liabilities | | **175** | – |
| Deferred tax liabilities | | **18,158** | 17,959 |
| | | **110,971** | 112,439 |
| **Net assets** | | **596,143** | 592,013 |
| **Capital and reserves** | | | |
| Share capital | | **8,087** | 8,087 |
| Share premium and reserves | | **567,258** | 562,775 |
| **Equity attributable to owners of the Company** | | **575,345** | 570,862 |
| Non-controlling interests | | **20,798** | 21,151 |
| **Total equity** | | **596,143** | 592,013 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2019*

### 1. GENERAL INFORMATION

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office is Cricket Square, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business and headquarters in the People's Republic of China (the "PRC") is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the PRC. The address of the principal place of business in Hong Kong is 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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

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

### 2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2019.

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

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 4 below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3.1 Impacts on adoption of HKFRS 16 Leases

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

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

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

*The Group as lessee*

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

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

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

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

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

*The Group as lessor*

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

### 3.2 Practical expedients applied

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

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

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

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

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

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

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

## 4. CHANGE IN ACCOUNTING POLICIES

### 4.1 HKFRS 16 Leases

*Definition of a lease*

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

*The Group as lessee*

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

*Lease liabilities*

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

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

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

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

*Right-of-use assets*

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

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

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

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

*Lease modification*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

## 5. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

**Segment revenue and results**

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

**For the six months ended 30 June 2019**

| | DC Power System *RMB'000* (Unaudited) | Charging Equipment *RMB'000* (Unaudited) | Charging Services and Construction *RMB'000* (Unaudited) | Others *RMB'000* (Unaudited) | Total *RMB'000* (Unaudited) |
|---|---|---|---|---|---|
| Segment revenue | **53,473** | **62,754** | **10,600** | **1,572** | **128,399** |
| Segment results | **15,699** | **27,918** | **3,164** | **45** | **46,826** |
| Other revenue | | | | | **10,808** |
| Other gains and losses | | | | | **(3,282)** |
| Share of results of associates | | | | | **(862)** |
| Finance costs | | | | | **(3,295)** |
| Unallocated head office and corporate expenses | | | | | **(38,615)** |
| Profit before taxation | | | | | **11,580** |

**For the six months ended 30 June 2018**

| | DC Power System *RMB'000* (Unaudited) | Charging Equipment *RMB'000* (Unaudited) | Charging Services and Construction *RMB'000* (Unaudited) | Others *RMB'000* (Unaudited) | Total *RMB'000* (Unaudited) |
|---|---|---|---|---|---|
| Segment revenue | 41,125 | 71,742 | 7,714 | 808 | 121,389 |
| Segment results | 14,221 | 34,311 | 2,410 | 23 | 50,965 |
| Other revenue | | | | | 14,678 |
| Other gains and losses | | | | | (129) |
| Share of results of associates | | | | | (2,656) |
| Finance costs | | | | | (12,048) |
| Unallocated head office and corporate expenses | | | | | (55,724) |
| Loss before taxation | | | | | (4,914) |

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned from each segment without allocation of other revenue, certain other gains and losses, share of results of associates, finance costs and unallocated head office and corporate expenses. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

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

| **Segment assets** | **30 June 2019** *RMB'000* **(Unaudited)** | 31 December 2018 *RMB'000* (Audited) |
|---|---|---|
| DC Power System | **257,305** | 204,569 |
| Charging Equipment | **301,958** | 345,960 |
| Charging Services and Construction | **91,110** | 74,482 |
| Others | **7,565** | 5,782 |
| Total segment assets | **657,938** | 630,793 |
| Unallocated | **250,375** | 352,749 |
| Consolidated assets | **908,313** | 983,542 |

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

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

- all assets are allocated to operating segments other than prepayment for the construction of property, plant and equipment, interests in associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, certain right-of-use assets, deferred tax assets, certain deposits and other receivables, tax recoverable, restricted bank balances, short-term bank deposits and bank balances and cash; and

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

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

## 6. INCOME TAX (EXPENSE) CREDIT

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2019 and 2018. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor was derived from, Hong Kong for the six months ended 30 June 2019 and 2018.

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

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

## 7. PROFIT FOR THE PERIOD

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

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

*Notes:*

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

(ii) Included in government grants are subsidies of approximately RMB620,000 (2018: RMB2,349,000) received from Zhuhai Finance Bureau ("珠海市財政局"), Department of Finance of Guangdong Province ("廣東省財政廳") and The Ministry of Science and Technology of the PRC ("中華人民共和國科學技術部") regarding the research and development on technology innovation of which there are no unfulfilled conditions or contingencies relating to those subsidies and recognised upon receipts during the six months ended 30 June 2019 and 2018.

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

## 8. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 June 2019 and 2018 nor has any dividend been proposed since the end of reporting period.

## 9. EARNINGS PER SHARE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings** | | |
| Earnings for the purpose of basic and diluted earnings per share | **3,355** | 3,538 |

| | Six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **925,056** | 925,056 |

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

## 10. TRADE AND BILLS RECEIVABLES

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

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

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 90 days | **84,881** | 87,901 |
| 91 – 180 days | **33,083** | 18,884 |
| 181 – 365 days | **63,261** | 56,748 |
| 1 – 2 years | **76,837** | 62,682 |
| 2 – 3 years | **14,868** | 9,857 |
| Over 3 years | **2,057** | 382 |
| | **274,987** | 236,454 |

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

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

## 11. TRADE AND BILLS PAYABLES

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

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

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 90 days | **39,017** | 55,367 |
| 91 – 180 days | **28,261** | 9,552 |
| 181 – 365 days | **9,194** | 12,918 |
| 1 – 2 years | **1,515** | 2,978 |
| Over 2 years | **3,695** | 2,675 |
| | **81,682** | 83,490 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

For the six months ended 30 June 2019, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded revenue of approximately RMB128,399,000, representing an increase of approximately 5.77% over that of the corresponding period last year. Revenue was mainly derived from the Group's principal business including manufacturing and sales of direct current power system products ("DC Power System" or "electrical DC products"), charging equipment for electric vehicles and provision of charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the six months ended 30 June 2018 and 2019.

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

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

*Electrical DC products*

During the six months ended 30 June 2019, sales of the electrical DC products was approximately RMB53,473,000 (for the six months ended 30 June 2018: approximately RMB41,125,000), representing an increase of approximately 30.03%. The directors of the Company (the "Directors") believe that the sales of electrical DC products recorded a relatively significant increase as compared with the corresponding period last year, mainly due to the actively adjusted sales strategies by the Group, the expansion of the segment market and the increase in demand for equipment upgrade during the Reporting Period.

*Charging equipment for electric vehicles*

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

*Charging services for electric vehicles*

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

*Others*

For the six months ended 30 June 2019, the Group's revenue of other business amounted to approximately RMB1,572,000, mainly including the revenue from the following two operating segments: (i) no revenue was generated from the power grid monitoring and management equipment (for the six months ended 30 June 2018: Nil); and (ii) sales and lease of electric vehicles of approximately RMB1,572,000, representing an increase of approximately 94.55% (for the six months ended 30 June 2018: approximately RMB808,000).

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

Major operating activities in the first half of 2019:

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

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

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

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

I. Electrical DC Products

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

II. Charging equipment for electric vehicles

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

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

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

III. Construction and operation of charging poles

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

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

IV. Fundamental management

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

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

**Results analysis**

*Revenue*

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

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

*Cost of sales*

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

*Gross profit and gross profit margin*

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

Percentage of gross profit margin of respective reportable segments

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

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

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

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2019 decreased by approximately 0.97% as compared to that of the corresponding period in 2018, and increased by approximately 7.89% as compared to approximately 36.6% for the year ended 31 December 2018. The slight decrease in the gross profit margin compared to the corresponding period last year was under control.

The gross profit margin of our charging services for electric vehicles for the six months ended 30 June 2019 decreased by approximately 1.40% as compared to that of the corresponding period in 2018, and increased by approximately 3.23% as compared to approximately 26.62% for the year ended 31 December 2018. The slight decrease in the gross profit margin compared to the corresponding period last year was under control.

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

*Other revenue*

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

*Selling and distribution expenses*

Selling and distribution expenses decreased by approximately RMB4,512,000, or approximately 17.74%, from approximately RMB25,438,000 for the six months ended 30 June 2018 to approximately RMB20,926,000 for the six months ended 30 June 2019. The decrease in selling and distribution expenses was primarily due to the effects of the following reasons: (1) sales-related fees including entertainment, transportation and advertising expenses decreased by approximately RMB1,182,000; (2) sales-related depreciation charges decreased by approximately RMB440,000; (3) expenses such as sales-related remuneration and benefits decreased by approximately RMB1,280,000; (4) sales-related fees including travelling, office and other sundry expenses decreased by approximately RMB1,773,000; and (5) sales-related expenses including installation and testing, tendering and amortisation expenses increased by approximately RMB163,000.

*Administrative and other expenses*

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

*Share of results of associates*

During the Reporting Period, the Group owned 35% (as at 31 December 2018: 35%) equity interest in Beijing Pangda Yilian New Energy Technology Co., Limited* (北京龐大驛聯新能源科技有限公司) ("Pangda Yilian"). Pangda Yilian was accounted for as the Group's associate, and the Group's share of loss from Pangda Yilian for the Reporting Period was approximately RMB323,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2018: 20%) equity interest in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森信息技術有限公司) ("Beijing Aimeisen"). Beijing Aimeisen is mainly engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group's associate, and the Group's share of loss from Beijing Aimeisen for the Reporting Period was approximately RMB2,000.

During the Reporting Period, the Group owned 49% (as at 31 December 2018: 49%) equity interest in Qingdao Jiaoyun Titans New Energy Vehicle Leasing Service Co., Ltd* (青島交運泰坦新能源汽車租賃服務有限公司) ("Jiaoyun Titans"). Jiaoyun Titans is mainly engaged in the construction of charging equipment network for electric vehicles and lease business for electric vehicles. Jiaoyun Titans was accounted for as the Group's associate, and the Group's share of loss from Jiaoyun Titans during the Reporting Period was approximately RMB41,000.

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

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

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

During the Reporting Period, the Group owned 10% (as at 31 December 2018: 10%) equity interest in Tongren City Green Travelling New Energy Transportation Operation Co., Limited (銅仁市綠色出行新能源交通營運有限公司) ("Tongren Green Travelling"). Tongren Green Travelling is principally engaged in the construction of charging network for electric vehicles and lease business for electric vehicles. Tongren Green Travelling was accounted for as the Group's associate, and the Group's share of loss from Tongren Green Travelling during the Reporting Period was approximately RMB46,000.

*Finance costs*

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

*Loss attributable to non-controlling interests*

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

*Profit attributable to owners of the Company*

The Group recorded profit attributable to owners of the Company of approximately RMB3,355,000 for the six months ended 30 June 2019, representing a decrease in profit for the period approximately RMB183,000 as compared to a profit of approximately RMB3,538,000 for the corresponding period in 2018.

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

*Earnings per share*

For the six months ended 30 June 2019, basic and diluted earnings per share of the Company ("Share(s)") were both RMB0.36 cent whilst the basic and diluted earnings per share for the corresponding period in 2018 were both RMB0.38 cent. The decrease in basic and diluted earnings per share compared to the corresponding period last year was attributable to the decrease in the profit of the Company during the Reporting Period, as compared with the corresponding period of 2018.

*Employees and remuneration*

As at 30 June 2019, the Group had 452 employees (as at 30 June 2018: 540) in total. The remuneration paid to our employees and the Directors is based on their experience, responsibility, workload and the time devoted to the Group.

The Group participates in various employees' benefit plans, such as retirement benefit scheme and medical insurance. The Group also makes pension contributions in compliance in all material respects with the requirements of the laws and regulations of the jurisdictions where it operates.

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

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

*Liquidity, financial resources and capital structure*

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

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

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

*Significant investments*

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

*Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures*

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

*Bank and other borrowings*

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

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

*Trade and bills receivables*

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

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

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

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

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

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

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

*Pledge of assets*

As at 30 June 2019, the Group's leasehold land and buildings with carrying amounts of approximately RMB1,165,000 (as at 31 December 2018: RMB1,513,000) were pledged to secure bank borrowings and other facilities granted to the Group.

*Capital commitments and contingent liabilities*

As at 30 June 2019, the Group had capital expenditure contracted for but not provided in the consolidated financial information of RMB75,529,000 (as at 31 December 2018: approximately RMB98,236,000).

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

*Foreign exchange*

The Group conducts its business primarily in the PRC with substantially all of its transactions denominated and settled in Renminbi. The Group's consolidated financial information is expressed in Renminbi, whereas dividends on Shares, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of Shares.

During the Reporting Period, the Group recorded an exchange loss of approximately RMB32,000 (corresponding period in 2018: loss of approximately RMB1,938,000). Such foreign exchange loss arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate as at 30 June 2019. As at 30 June 2019, the Group had no hedging arrangement in place with respect to foreign currency exchange.

The Group adopted a prudent approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not have any material holding in foreign exchange (except for business purposes) during the six months ended 30 June 2019.

Our accounts department projects monthly cash receipts and plans for cash payments based on the data provided by our marketing management and supporting teams regarding the progress on the customers' projects and relevant payment plans. Thereafter, our accounts department plans for cash payments based on the projections.

The Group strives to reduce exposure to credit risk by performing on-going credit evaluations of the financial conditions of its customers. Our sales representatives and other sales staff together with our sales partners will monitor the development of our customers' projects on a timely basis and communicate with our customers regarding the settlement of our trade and bills receivables.

*Future business prospect and plans*

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

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

The Group will focus on the following:

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

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

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

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

3. Actively develop EPC projects to realise performance plan

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

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

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

5. Maintain market foresight and commence relevant discussion on research

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

6. Improve asset structure and focus on major business

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

## INTERIM DIVIDEND

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

## CORPORATE GOVERNANCE

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its model code regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards of the Model Code during the six months ended 30 June 2019.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

## MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

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

## REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's risk management, internal control systems and financial reporting matters, including the review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2019.

## EVENT AFTER THE REPORTING PERIOD

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

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company's website (http://www.titans.com.cn). The interim report of the Company for the six months ended 30 June 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 23 August 2019

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

* *For identification purpose only*