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**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 2020**

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 2020 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2019. 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 2020*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	5	<b>111,827</b>	128,399
Cost of revenue		<b>(79,357)</b>	(81,573)
<b>Gross profit</b>		<b>32,470</b>	46,826
Other revenue		<b>5,670</b>	10,808
Selling and distribution expenses		<b>(20,213)</b>	(20,926)
Administrative and other expenses		<b>(26,106)</b>	(26,192)
(Impairment losses) reversal of impairment			
loss recognised in respect of financial assets	7	<b>(5,233)</b>	5,289
Gain on disposal of an associate	11	<b>4,550</b>	–
Fair value loss on financial asset			
at fair value through profit or loss		<b>(7,442)</b>	–
Other gains and losses		–	(68)
Share of results of associates		<b>272</b>	(862)
Finance costs		<b>(3,309)</b>	(3,295)
<b>(Loss) profit before taxation</b>		<b>(19,341)</b>	11,580
Income tax credit (expense)	6	<b>2,197</b>	(8,578)
<b>(Loss) profit for the period</b>	7	<b>(17,144)</b>	3,002
<b>Other comprehensive (expense) income for the period</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net fair value (loss) gain on financial assets at fair value through other comprehensive income		<b>(761)</b>	1,327
Income tax relating to item that will not be reclassified subsequently to profit or loss		<b>95</b>	(199)
<b>Other comprehensive (expense) income for the period, net of tax</b>		<b>(666)</b>	1,128
<b>Total comprehensive (expense) income for the period</b>		<b>(17,810)</b>	4,130

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
(Loss) profit for the period attributable to:		
– Owners of the Company	<b>(16,581)</b>	3,355
– Non-controlling interests	<b>(563)</b>	(353)
	<b><u>(17,144)</u></b>	<u>3,002</u>
 Total comprehensive (expense) income for the period attribute to:		
– Owners of the Company	<b>(17,247)</b>	4,483
– Non-controlling interests	<b>(563)</b>	(353)
	<b><u>(17,810)</u></b>	<u>4,130</u>
 <b>(Loss) earnings per share</b>	<b>9</b>	
Basic and diluted ( <i>RMB cent</i> )	<b><u>(1.79)</u></b>	<u>0.36</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>185,037</b>	186,929
Right-of-use assets		<b>7,969</b>	8,238
Goodwill		–	–
Intangible assets		<b>36,758</b>	38,769
Interests in associates	<i>11</i>	<b>14,658</b>	14,386
Financial assets at fair value through other comprehensive income		<b>27,144</b>	27,905
Financial asset at fair value through profit or loss		<b>5,007</b>	12,449
Finance lease receivable		<b>258</b>	492
Deferred tax assets		<b>11,868</b>	9,505
		<hr/> <b>288,699</b> <hr/>	<hr/> 298,673 <hr/>
<b>Current assets</b>			
Inventories		<b>111,345</b>	80,836
Trade and bills receivables	<i>12</i>	<b>282,050</b>	266,922
Contract assets		<b>32,866</b>	39,628
Loan receivables		<b>500</b>	1,160
Prepayments, deposits and other receivables		<b>90,458</b>	67,541
Amounts due from associates		<b>1,740</b>	1,275
Finance lease receivable		<b>123</b>	123
Tax recoverable		–	3,061
Restricted bank balances		<b>20,412</b>	19,393
Short-term bank deposits		<b>400</b>	64,400
Bank balances and cash		<b>66,080</b>	35,752
		<hr/> <b>605,974</b> <hr/>	<hr/> 580,091 <hr/>

		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Current liabilities</b>			
Trade and bills payables	13	<b>140,971</b>	116,106
Contract liabilities		<b>24,169</b>	7,469
Accruals and other payables		<b>12,924</b>	12,982
Lease liabilities		<b>164</b>	204
Amounts due to associates		<b>120</b>	222
Tax payable		<b>770</b>	1,209
Bank and other borrowings		<b>108,447</b>	107,891
		<b>287,565</b>	246,083
<b>Net current assets</b>		<b>318,409</b>	334,008
<b>Total assets less current liabilities</b>		<b>607,108</b>	632,681
<b>Non-current liabilities</b>			
Lease liabilities		–	55
Deferred tax liabilities		<b>11,721</b>	11,989
Bank and other borrowings		<b>68,853</b>	76,293
		<b>80,574</b>	88,337
<b>Net assets</b>		<b>526,534</b>	544,344
<b>Capital and reserves</b>			
Share capital		<b>8,087</b>	8,087
Share premium and reserves		<b>501,067</b>	518,314
<b>Equity attributable to owners of the Company</b>		<b>509,154</b>	526,401
Non-controlling interests		<b>17,380</b>	17,943
<b>Total equity</b>		<b>526,534</b>	544,344

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2020*

## 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 Suite 2703, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong.

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

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

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2020 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 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The directors of the Company consider that, the application of 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.

#### **4. SIGNIFICANT EVENT**

Since early 2020, COVID-19 pandemic has brought about additional uncertainties in the Group’s operating environment and has impacted the group’s operations and financial position. The Group has experienced significant disruption to its operations in the following respects:

- (i) The supply and production of electrical DC products were affected by the global epidemic at the beginning of the year, resulting in limited shipment.
- (ii) In the first quarter of the year, due to the impact of the novel coronavirus epidemic, many industries had been at a standstill. As a result, the related projects of electric vehicle charging equipment of the Group did not operate as scheduled, and the shipment declined significantly.
- (iii) During the epidemic, the suspension of public transportation and the control of the movement of people led to a sharp drop in charging service charges during the six months ended 30 June 2020. After the epidemic has stably become under control, and under the premise of strict implementation of precautionary measures, the Group carried out the operation of each charging station in an orderly manner. So far, the operation of charging networks of the Group have become stable, and the accumulated charging capacity of each charging station has gradually returned to the level before the epidemic.

However, the central and local governmental authorities have issued a number of policies and measures to support enterprises affected by the epidemic from various aspects so as to reduce the burden on enterprises, and help the market to recover. Benefiting from the implementation of the policies, the Group’s operating pressure and risks caused by the external environment should be gradually reduced.

## 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 Storage Equipment; and (ii) Electric Vehicles – sales and leases of electric vehicles

Charging Services and Construction which does 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 Storage Equipment 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 2020

	DC Power System <i>RMB'000</i> (Unaudited)	Charging Equipment <i>RMB'000</i> (Unaudited)	Charging Services and Construction <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue	<u>49,133</u>	<u>54,354</u>	<u>8,030</u>	<u>310</u>	<u>111,827</u>
Segment results	<u>13,047</u>	<u>18,051</u>	<u>1,366</u>	<u>6</u>	<u>32,470</u>
Other revenue					5,670
Gain on disposal of an associate					4,550
Fair value loss on financial asset at fair value through profit or loss					(7,442)
Share of results of associates					272
Finance costs					(3,309)
Unallocated head office and corporate expenses					<u>(51,552)</u>
Loss before taxation					<u><b>(19,341)</b></u>

### For the six months ended 30 June 2019

	DC Power System <i>RMB'000</i> (Unaudited)	Charging Equipment <i>RMB'000</i> (Unaudited)	Charging Services and Construction <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue	<u>53,473</u>	<u>62,754</u>	<u>10,600</u>	<u>1,572</u>	<u>128,399</u>
Segment results	<u>15,699</u>	<u>27,918</u>	<u>3,164</u>	<u>45</u>	<u>46,826</u>
Other revenue					10,808
Other gains and losses					(68)
Share of results of associates					(862)
Finance costs					(3,295)
Unallocated head office and corporate expenses					<u>(41,829)</u>
Loss before taxation					<u><b>11,580</b></u>

*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 CODM 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:

<b>Segment assets</b>	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
DC Power System	283,595	297,277
Charging Equipment	313,735	310,774
Charging Services and Construction	83,110	76,650
Others	1,790	5,369
	<hr/>	<hr/>
Total segment assets	682,230	690,070
Unallocated	212,443	188,694
	<hr/>	<hr/>
Consolidated assets	<b>894,673</b>	<b>878,764</b>
	<hr/>	<hr/>
<b>Segment liabilities</b>	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
DC Power System	72,556	58,438
Charging Equipment	80,267	59,714
Charging Services and Construction	11,859	3,902
Others	458	2,002
	<hr/>	<hr/>
Total segment liabilities	165,140	124,056
Unallocated	202,999	210,364
	<hr/>	<hr/>
Consolidated liabilities	<b>368,139</b>	<b>334,420</b>
	<hr/>	<hr/>

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 FVTOCI, financial assets at FVTPL, finance lease receivable, deferred tax assets, loan receivables, 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, tax payable, bank and other borrowings and deferred tax liabilities.

## 6. INCOME TAX CREDIT (EXPENSE)

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
PRC Enterprise Income Tax (“EIT”):		
– Current period	<b>(339)</b>	(7,786)
Deferred tax	<b>2,536</b>	(792)
	<b>2,197</b>	(8,578)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2020 and 2019. 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 2020 and 2019.

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 recognised as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in EIT rate of 15% from 2018 to 2020.

## 7. (LOSS) PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Impairment losses on financial assets:		
– trade receivables	<b>7,040</b>	–
– other receivables	–	1,800
– loan receivables	–	1,414
Reversal of impairment losses on financial assets:		
– loan receivables	<b>(1,700)</b>	–
– trade receivables	–	(8,203)
– contract assets	<b>(107)</b>	<b>(300)</b>
	<hr/>	<hr/>
Total impairment losses (reversal of impairment losses) on financial assets	<b>5,233</b>	<b>(5,289)</b>
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>7,892</b>	7,818
Depreciation of right-of-use assets	<b>269</b>	398
Amortisation of intangible assets	<b>2,011</b>	1,606
	<hr/>	<hr/>
Total depreciation and amortisation	<b>10,172</b>	9,822
	<hr/>	<hr/>
Exchange loss, net	–	32
Gain on disposal of property, plant and equipment	–	(18)
Bank interest income	<b>(193)</b>	(305)
Value added tax (“VAT”) refunds ( <i>note (i)</i> )	<b>(4,187)</b>	(6,013)
Government grants ( <i>note (ii)</i> )	<b>(1,290)</b>	(620)
Research and development expenses (included in administrative and other expenses) ( <i>note (iii)</i> )	<b>11,582</b>	12,221
	<hr/>	<hr/>

*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 RMB1,290,000 (2019: RMB620,000) 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 during the six months ended 30 June 2020 and 2019, of which there are no unfulfilled conditions or contingencies relating to those subsidies and recognised upon receipts during the corresponding period of 2020 and 2019.
- (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 2020 and 2019 nor has any dividend been proposed since the end of Reporting Period.

## 9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>(Loss) earnings</b>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<u>(16,581)</u>	<u>3,355</u>

	Six months ended 30 June	
	2020	2019
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>925,056</u>	<u>925,056</u>

The dilutive (loss) earnings per share is equal to the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB58,000 (six months ended 30 June 2020: nil), resulting in a gain on disposal of approximately RMB18,000 (six months ended 30 June 2020: nil).

During the six months ended 30 June 2020, the Group acquired of property, plant and equipment with a cost of approximately RMB6,000,000 (six months ended 30 June 2019: RMB22,555,000).

## 11. INTERESTS IN ASSOCIATES

	<b>30 June 2020</b>	31 December 2019
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cost of investment in unlisted associates	<b>20,046</b>	24,646
Share of post acquisition results, net of dividend received	<b>(5,388)</b>	(10,260)
	<b>14,658</b>	14,386

As at 30 June 2020 and 31 December 2019, the Group had interests in the following material associates:

Name of entity	Form of entity	Place of establishment/ operation	Class of shares held	Proportion of ownership interests indirectly held by the Group		Proportion of voting power held		Principal activities
				30/6/2020	31/12/2019	30/6/2020	31/12/2019	
Wuhan Titans Smart Technology Co., Ltd* (武漢泰坦智慧科技有限公司)	Registered	The PRC	Contributed capital	20%	20%	20%	20%	Research and development of computer software
Guangdong Titans Intelligent Power Co., Ltd.* (廣東泰坦智能動力有限公司)	Registered	The PRC	Contributed capital	36%	36%	36%	36%	Research and development, sales and manufacturing of automated guided vehicles

During the six months ended 30 June 2020, subsidiary of the Company by which 80% equity interest was held by the Company, entered into an agreement with an independent third party, for the disposal of 23% equity interest in Changsha Xiandao Technology Development Co. Ltd.\* (長沙先導快線科技發展有限公司) (“**Changsha Xiandao**”) with carrying amount of nil for a cash consideration of RMB4,550,000. After the completion of the disposal, the Group’s effective equity interest in Changsha Xiandao had been decreased from 18.4% to 0%. Gain on disposal of an associate of approximately RMB4,550,000 has been recognised for the six months ended 30 June 2020.

\* English name is for identification purpose only

## 12. TRADE AND BILLS RECEIVABLES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade receivables	<b>344,887</b>	322,598
Less: allowance for impairment loss of trade receivables	<u><b>(70,882)</b></u>	<u>(63,842)</u>
	<b>274,005</b>	258,756
Bills receivables	<u><b>8,045</b></u>	<u>8,166</u>
Total trade and bills receivables	<u><b>282,050</b></u>	<u>266,922</u>

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:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0 – 90 days	<b>62,416</b>	131,302
91 – 180 days	<b>16,573</b>	23,425
181 – 365 days	<b>100,308</b>	57,180
1 – 2 years	<b>74,934</b>	24,809
2 – 3 years	<u><b>19,774</b></u>	<u>22,040</u>
	<u><b>274,005</b></u>	<u>258,756</u>

The Group allows an average credit period of 90 days (31 December 2019: 90 days) to its trade customers or 90 days (31 December 2019: 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.

### 13. TRADE AND BILLS PAYABLES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade payables	<b>100,849</b>	88,010
Bills payables	<b>40,122</b>	28,096
	<b><u>140,971</u></b>	<u>116,106</u>

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:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0 – 90 days	<b>89,405</b>	72,126
91 – 180 days	<b>34,553</b>	21,743
181 – 365 days	<b>7,791</b>	13,314
1 – 2 years	<b>5,434</b>	4,430
Over 2 years	<b>3,788</b>	4,493
	<b><u>140,971</u></b>	<u>116,106</u>

The average credit period on purchases of goods is 90 days (31 December 2019: 90 days).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

For the six months ended 30 June 2020, China Titans Energy Technology Group Co., Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded revenue of approximately RMB111,827,000, representing a decrease of approximately 12.91% over that of the corresponding period last year. Revenue was mainly derived from the Group’s principal businesses 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 2019 and 2020.

	Six months ended 30 June			
	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(Unaudited)		(Unaudited)	
Electrical DC products	<b>49,133</b>	<b>43.94</b>	53,473	41.65
Charging equipment for electric vehicles	<b>54,354</b>	<b>48.60</b>	62,754	48.87
Charging services for electric vehicles	<b>8,030</b>	<b>7.18</b>	10,600	8.26
Others	<b>310</b>	<b>0.28</b>	1,572	1.22
Total	<b>111,827</b>	<b>100</b>	128,399	100

The Group recorded a loss for the period attributable to owners of the Company of approximately RMB16,581,000 for the six months ended 30 June 2020 (the “**Reporting Period**”), representing a decrease of approximately RMB19,936,000 over the profit of approximately RMB3,355,000 in the corresponding period last year. Due to the decrease in revenue of products such as electrical DC products and equipment for electric vehicles during the Reporting Period and other comprehensive factors, the Group’s profit recorded a decrease in the period.

### *Electrical DC products*

During the six months ended 30 June 2020, sales of the electrical DC products was approximately RMB49,133,000 (for the six months ended 30 June 2019: approximately RMB53,473,000), representing a decrease of approximately 8.12%. The directors of the Company (the “**Directors**”) believe that the sales of electrical DC products recorded a decrease as compared with the corresponding period last year, mainly due to the delay in customers’ demand caused by the novel coronavirus epidemic during the Reporting Period.

### *Charging equipment for electric vehicles*

For the six months ended 30 June 2020, sales of the charging equipment for electric vehicles amounted to approximately RMB54,354,000 (for the six months ended 30 June 2019: approximately RMB62,754,000), representing a decrease of approximately 13.39%. The decrease in revenue during the Reporting Period was mainly due to the decrease in demand for charging infrastructure for electric vehicles caused by the novel coronavirus epidemic, resulting in a decline of shipment of charging equipment for electric vehicles.

### *Charging services for electric vehicles*

For the six months ended 30 June 2020, the Group’s sales of charging services for electric vehicles amounted to approximately RMB8,030,000 (for the six months ended 30 June 2019: approximately RMB10,600,000), representing a decrease of approximately 24.25%. The Directors believe that the decrease in income from charging services for electric vehicles was mainly due to the decrease in demand for charging of electric vehicles caused by the epidemic. With the improvement of the epidemic prevention and control and the good progress in resumption of work and production of the society in the second quarter, the revenue generated from charging services for electric vehicles would also resume to the normal level.

### *Others*

During the Reporting Period, the Group’s revenue of other business amounted to approximately RMB310,000 (for the six months ended 30 June 2019: approximately RMB1,572,000), which represented the income from the leasing business in relation to electric vehicles, and a decrease of approximately 80.28%. Such business is not the principal business of the Group.

*Major operating activities in the first half of 2020:*

In the first half of 2020, the outbreak of the novel coronavirus epidemic impacted the general economic market in the PRC, and negatively affected the production and operation of various industries to different extents. As the PRC government coordinated efforts to give impetus to various works of pandemic prevention and control as well as economic and social development, the pandemic prevention and control has gradually improved, and the economy has steadily recovered.

In the first half of the year, China clearly included seven sectors, such as 5G, artificial intelligence, charging piles of new energy vehicle, and extra-high voltage, into the scope of the new infrastructure construction, which means to propel the rapid development of the related new economy by providing infrastructure. It can be seen that the new infrastructure construction offers a huge investment scale and industrial synergies, which have a clear positive effect on the development of the electrical and new energy charging market.

According to the China Electricity Council, as of the end of June this year, the national overall power consumption was 3.35 trillion kWh, and the growth rate was first negative and then positive. After the economic turnaround in the second quarter, the growth rate of electricity consumption picked up significantly. With regard to electric power investment, the nationwide major power enterprises completed a total investment of RMB339.5 billion, representing a year-on-year increase of 21.6%. Among which, electric generation investment increased significantly by 51.5%. Driven by the new infrastructure construction and intensive national policies, electric power investment will continue to increase, and the market will continue its upturn.

During the Reporting Period, the overall performance of domestic new energy vehicles and charging infrastructure was poor. The overall production and sales of new energy vehicles dropped significantly year-on-year. According to the statistics from China Association of Automobile Manufacturers (“CAAM”), the production and sales of new energy vehicles were 397,000 units and 393,000 units respectively, representing a year-on-year decrease of 36.5% and 37.4% respectively. Among which, the production and sales of pure electric vehicles were 301,000 units and 304,000 units respectively, representing a year-on-year decrease of 40.3% and 39.2% respectively. As for the charging infrastructure market, the overall growth rate was slow. The number of domestic charging infrastructure has increased compared with the corresponding period last year, but its growth rate has dropped significantly. According to the statistics from the China Electric Vehicle Charging Infrastructure Promotion Alliance (the “Alliance”), as of the end of June 2020, there were 103,000 units of charging infrastructure newly installed, of which 42,000 units were public charging infrastructure, representing a year-on-year decrease of 47.1% and 47.7% respectively.

Facing the outbreak of the novel coronavirus epidemic, the Group actively implemented precautionary measures, carried out various tasks in an orderly and stable manner, and strived to overcome the adverse effects of the epidemic. As the epidemic eased, the operation has gradually improved. Immediately afterwards, the Group quickly optimized internal resources, strengthened external cooperation, and continued to focus on the “manufacture + operations” two-wheeled driven development strategy so as to vigorously resume the production. With respect to the three major businesses of the Group, namely electrical DC products, the manufacture of charging equipment, and the investment and operation of charging facilities, by years of building up its technical competencies and business layout, the Group achieved a balanced development in all respects and maintained its sustainable competitiveness. During the Reporting Period, the highlights of the operating results of the Group were as follows:

#### 1. Electrical DC products

During the Reporting Period, electrical DC products recorded revenue of approximately RMB49,133,000, representing a decrease of 8.12% as compared to the corresponding period last year. The supply and production of electrical DC products were affected by the global epidemic at the beginning of the year, resulting in limited shipment. However, benefiting from the refined management and the optimization of the sales models, the research and development as well as marketing of the business performed well and improved revenue from the business. In terms of marketing, the Group actively participated in relevant bidding works, and the number of bids, the total amount of bids and the participating areas have all made significant progress compared with the previous year. The Group successfully won the bids for projects of provincial and municipal companies, such as State Grid Jiangxi, Chongqing, Hebei, Sichuan, Tianjin, Fujian, Hunan, Shaanxi, Zhejiang and Henan. On the basis of stabilizing the original customer base, it further successfully expanded customer channels and gained market share.

In order to meet the needs of the market and customers, research and development on products and technology has always been of utmost importance to the Group. In the first half of 2020, the Group’s newly upgraded battery monitoring system and power supply system products were tested by relevant departments and put into use in its projects. At the level of product application, some of the visualization products have introduced capacitive touch screens to enhance the experience of human-machine interaction and level of convenience of related products.

## 2. Charging equipment for electric vehicles

In the first quarter of the year, due to the impact of the novel coronavirus epidemic, many industries had been at a standstill. As a result, the related projects of charging equipment for electric vehicles of the Group did not operate as scheduled, and the shipment declined significantly. During the Reporting Period, the revenue of charging equipment for electric vehicles amounted to approximately RMB54,354,000, representing a decrease of 13.39% as compared to the corresponding period last year. Following the effective control of the epidemic, the Group adopted a more proactive market strategy in a timely manner to get the business back on track.

The Group used its best endeavors to strengthen its market expansion and won bids for charging projects in Beijing, Guangdong and Sichuan in the first half of the year, which once again demonstrated the market's affirmation of the development capability and product quality of the Group. On the other hand, the Group launched the exploration of active service models, and formulated active service methods and content for key customers so as to respond to customers' needs and create new product highlights.

In recent years, with the further promotion and deepening of battery swapping business market, split charging piles under charging equipment segment was well received by the market. Split charging piles are characterized by its high efficiency, wide compatibility and easy expansion. It is very suitable for charging electric vehicles with single-battery pack at battery swapping stations. With the development of technology applications such as new energy vehicles, rechargeable batteries and charging piles, the market demand for battery swapping equipment has increased year by year, and may become the main areas of electric vehicle charging in the future.

## 3. Construction and operation of charging piles

During the Reporting Period, the charging service charges amounted to approximately RMB8,030,000, representing a year-on-year decrease of approximately 24.25%. During the epidemic, the suspension of public transportation and the control of the movement of people led to a sharp drop in charging service charges during the Reporting Period. After the epidemic has stably become under control, and under the premise of strict implementation of precautionary measures, the Group carried out the operation of each charging station in an orderly manner. So far, the operation of charging networks of the Group have become stable, and the accumulated charging capacity of each charging station has gradually returned to the level before the epidemic.

As of 30 June 2020, the centralized charging stations and public charging networks invested by the Group in Zhuhai, Guangzhou, Shaoguan, Foshan, Beijing, Baoding, Zhangjiakou and Qingdao, were safe, efficient and stable. The application sites included bus stations, highways, schools, airports and underground garages, etc.

During the Reporting Period, the Group continued to adopt a prudent and stable investment strategy, focusing on efficient management of existing charging stations in operation, and upgrading the whole series of products to the module standard “Three Unifications”, that is, the unity of the external dimensions, the unity of the interface of connectors, and the unity of the network protocol between modules and piles. While reducing subsequent maintenance costs for customers, the products possess the capabilities of remote operation and maintenance and monitoring so as to improve reaction efficiency of operation and maintenance.

#### 4. Fundamental management

1. Optimized the management principles of receivables and scientifically managed the collection of receivables. During the Reporting Period, the Group adjusted the management measures for receivables so as to improve the management level of receivables. The Group believes that an effective credit management mechanism is an important part of corporate development and risk control.
2. Strengthened the internal quality management of the Group and carried out corresponding reforms to the quality centre of the Group. The department of quality management centre is an important department of the Group to ensure the quality of all aspects of production factors. After discussion among the management, a series of reform measures have been taken for the department to ensure the independence of the quality centre and the authority of quality control.
3. Further improved the efficiency of the supply chain. On the one hand, the Group has carried out standardized management of its products and services to reduce changes in production and design so as to maximize the benefits of production and design; on the other hand, it has shortened the length of the supply chain to achieve faster delivery of products and services than some of its competitors.

4. Implemented a hierarchical management mechanism for customers and projects. Priority is given to customers with capabilities of strong and fast payment to expand its sales scale. At the same time, it lowered the priority of some projects that require large amounts of funds and long time for making returns and have an insignificant profitability, which reduced the liquidity risk of the Group.

## Results analysis

### *Revenue*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Electrical DC products	<b>49,133</b>	53,473
Charging equipment for electric vehicles	<b>54,354</b>	62,754
Charging services for electric vehicles	<b>8,030</b>	10,600
Others	<b>310</b>	1,572
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Total	<b><u>111,827</u></b>	<u>128,399</u>

For the six months ended 30 June 2020, the Group recorded revenue of approximately RMB111,827,000, representing a decrease of approximately 12.91% as compared to approximately RMB128,399,000 for the corresponding period in 2019. The negative impacts of the epidemic resulted in a decrease in revenue.

### *Cost of sales*

The Group's cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. The cost of sales decreased from approximately RMB81,573,000 for the six months ended 30 June 2019 to approximately RMB79,357,000 for the six months ended 30 June 2020, which was mainly attributable to the decrease in revenue during the Reporting Period.

### *Gross profit and gross profit margin*

The Group's gross profit decreased by approximately RMB14,356,000 to approximately RMB32,470,000 for the six months ended 30 June 2020 from approximately RMB46,826,000 for the corresponding period in 2019. For the six months ended 30 June 2020, sales of electrical DC products contributed approximately RMB13,047,000 to our gross profit whereas sales of charging equipment for electric vehicles contributed approximately RMB18,051,000 to our gross profit, charging services for electric vehicles contributed approximately RMB1,366,000 to our gross profit and sales and lease of electric vehicles contributed approximately RMB6,000 to our gross profit. Currently, as the prevention and control situation continues to improve, the production and living orders are recovering at an accelerated pace, the Group will strive to enhance the profitability of its products.

### *Percentage of gross profit margin of respective reportable segments*

<b>Segment</b>	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Electrical DC products	<b>26.56%</b>	29.36%
Charging equipment for electric vehicles	<b>33.21%</b>	44.49%
Charging services for electric vehicles	<b>17.01%</b>	29.85%
Others	<b>2.04%</b>	2.86%

The Group's overall gross profit margin decreased to approximately 29.04% for the six months ended 30 June 2020 from approximately 36.47% for the corresponding period in 2019, and decreased by approximately 0.27% as compared to approximately 29.31% for the year ended 31 December 2019.

The gross profit margin of our electrical DC products for the six months ended 30 June 2020 decreased by approximately 2.80% as compared to that of the corresponding period in 2019, and increased by approximately 1.37% as compared to approximately 25.19% for the year ended 31 December 2019.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2020 decreased by approximately 11.28% as compared to that of the corresponding period in 2019, and decreased by approximately 1.24% as compared to approximately 34.45% for the year ended 31 December 2019.

The gross profit margin of our charging services for electric vehicles for the six months ended 30 June 2020 decreased by approximately 12.84% as compared to that of the corresponding period in 2019, and decreased by approximately 6.26% as compared to approximately 23.27% for the year ended 31 December 2019.

For the six months ended 30 June 2020, the gross profit margin of sales and lease of electric vehicles decreased by approximately 0.82% as compared to that of the corresponding period in 2019, and decreased by approximately 5.04% as compared to approximately 7.08% for the year ended 31 December 2019. The gross profit margin of sales and lease business decreased as compared to the corresponding period last year.

During the Reporting Period, the epidemic has put a greater cost pressure on the Group. Such pressure came from losses caused by many work suspensions and delays due to the epidemic, resulting in a downward trend in the Group's overall gross profit margin as compared with the corresponding period last year. However, as China's overall prevention and control situation improves, through the PRC government's precise policies and the Group's self-adjustment, the Group will strive to strengthen and enhance the products technologies and management level to maximize the competitiveness.

#### *Other revenue*

Other revenue of the Group, which mainly included value added tax refunds and government grants, decreased by approximately 47.54% from approximately RMB10,808,000 for the six months ended 30 June 2019 to approximately RMB5,670,000 for the six months ended 30 June 2020.

#### *Selling and distribution expenses*

Selling and distribution expenses decreased by approximately RMB713,000, or approximately 3.41%, from approximately RMB20,926,000 for the six months ended 30 June 2019 to approximately RMB20,213,000 for the six months ended 30 June 2020. 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 increased by approximately RMB169,000; (2) sales-related depreciation charges increased by approximately RMB124,000; (3) expenses such as sales-related remuneration and benefits increased by approximately RMB76,000; (4) sales-related fees including travelling, office and other sundry expenses decreased by approximately RMB1,106,000; and (5) sales-related expenses including installation and testing, tendering and amortisation expenses increased by approximately RMB24,000.

### *Administrative and other expenses*

Administrative expenses decreased by approximately RMB86,000, or approximately 0.33%, from approximately RMB26,192,000 for the six months ended 30 June 2019 to approximately RMB26,106,000 for the six months ended 30 June 2020. 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 increased by approximately RMB410,000; (2) rental, transportation and other sundry expenses decreased by approximately RMB951,000; (3) travelling fee relating to management staff and maintenance fees increased by approximately RMB66,000; (4) depreciation charges and research and development cost increased by approximately RMB7,955,000; (5) office and entertainment expenses increased by approximately RMB647,000; (6) bank charges and payment to lawyers and professional individuals decreased by approximately RMB8,584,000; and (7) losses on disposal of assets increased by approximately RMB371,000.

### *Share of results of associates*

During the Reporting Period, the Group owned 20% (as at 31 December 2019: 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 during the Reporting Period was approximately RMB2,000.

During the Reporting Period, the Group owned 49% (as at 31 December 2019: 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 RMB16,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2019: 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 RMB17,000.

During the Reporting Period, the Group owned 36% (as at 31 December 2019: 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 profit from Guangdong Titans during the Reporting Period was approximately RMB507,000.

During the Reporting Period, the Group owned 11% (as at 31 December 2019: 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 Huada Taineng during the Reporting Period was approximately RMB4,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2019: 20%) equity interests in 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 technology development, technology transfer and technology consultancy of computer software and hardware; computer system integration and network engineering; development and subcontracting of computer software and sales of computer equipment. Wuhan Titans is accounted for as the Group’s associate and the Group’s share of loss from Wuhan Titans during the Reporting Period amounted to approximately RMB196,000.

#### *Finance costs*

Finance costs of the Group increased by approximately 0.42% from approximately RMB3,295,000 for the six months ended 30 June 2019 to approximately RMB3,309,000 for the six months ended 30 June 2020. Finance costs of the Group as a percentage of the Group’s revenue increased from 2.57% for the six months ended 30 June 2019 to 2.96% for the six months ended 30 June 2020. The increase in finance costs of the Group was attributable to the increase 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 2020, loss attributable to the non-controlling interests of the Group’s non-wholly-owned subsidiaries was RMB563,000, representing an increase in loss of approximately RMB210,000 as compared to an attributable loss of RMB353,000 in the corresponding period last year.

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

The Group recorded loss attributable to owners of the Company of approximately RMB16,581,000 for the six months ended 30 June 2020, representing a decrease in profit for the period of approximately RMB19,936,000 as compared to a profit of approximately RMB3,355,000 for the corresponding period in 2019.

The loss recorded in the Reporting Period was mainly due to the following reasons: (1) the decrease in revenue and gross profit affected by the epidemic; and (2) impairment losses on financial assets held.

### *Loss per share*

For the six months ended 30 June 2020, basic and diluted loss per share of the Company (“**Share(s)**”) were both RMB1.79 cent whilst the basic and diluted earnings per share for the corresponding period in 2019 were both RMB0.36 cent. The basic and diluted earnings per share turned into loss were attributable to the recorded loss during the Reporting Period.

### *Employees and remuneration*

As at 30 June 2020, the Group had 400 employees (as at 30 June 2019: 452) 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 with all material respects of the requirements of the laws and regulations of the jurisdictions where the Group 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. The Share Option Scheme was terminated on 7 May 2020.

#### *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 2020. 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 2020, the Group had short-term bank deposits, bank balances and cash of approximately RMB66,480,000 (as at 31 December 2019: approximately RMB100,152,000), excluding restricted bank balances of approximately RMB20,412,000 (as at 31 December 2019: approximately RMB19,393,000).

The net current assets of the Group as at 30 June 2020 were approximately RMB318,409,000 (as at 31 December 2019: approximately RMB334,008,000).

#### *Significant investments*

The Group did not hold any significant investment during the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

#### *Bank and other borrowings*

As at 30 June 2020, total bank and other borrowings of the Group amounted to RMB177,300,000 (among which RMB177,300,000 are secured loans) (as at 31 December 2019: RMB184,184,000 among which RMB184,184,000 were secured loans). Secured bank loans as at 30 June 2020 were subject to the floating interest rates ranging from 5.66% to 5.88% per annum. As at 30 June 2020, the total bank borrowings recorded by the Group decreased by RMB6,884,000 as compared with those as at 31 December 2019.

As at 30 June 2020, the Group's current ratio (i.e. current assets divided by current liabilities) was 2.11 as compared with 2.36 as at 31 December 2019, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 19.82% as compared with 20.96% as at 31 December 2019.

#### *Trade and bills receivables*

As at 30 June 2020, the Group recorded trade and bills receivables (net of allowance) of approximately RMB282,050,000 (as at 31 December 2019: approximately RMB266,922,000). The Group did not make additional allowance for impairment loss in respect of trade and bills receivables during the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil). The allowances for impairment of trade receivables as at 30 June 2020 and 31 December 2019 were RMB70,882,000 and RMB63,842,000 respectively.

The increase in trade and bills receivables of the Group for the six months ended 30 June 2020 as mainly due to the delay in the schedule of payments of goods of certain customers' projects under the impact of the epidemic 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 2019 and 30 June 2020.

	<b>30 June 2020</b>	31 December 2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 90 days	<b>62,416</b>	131,302
91 days to 180 days	<b>16,573</b>	23,425
181 days to 365 days	<b>100,308</b>	57,180
Over 1 year to 2 years	<b>74,934</b>	24,809
Over 2 years to 3 years	<b>19,774</b>	22,040
	<b><u>274,005</u></b>	<u>258,756</u>

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 conducted 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; and (3) delay in the schedule of some of the customers' projects.

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

#### *Pledge of assets*

As at 30 June 2020, the Group's leasehold land and buildings with carrying amounts of approximately RMB152,945,000 (as at 31 December 2019: RMB156,887,000) were pledged to secure bank borrowings and other facilities granted to the Group.

#### *Capital commitments and contingent liabilities*

As at 30 June 2020, the Group had capital expenditure contracted for but not provided in the consolidated financial information of approximately RMB16,930,000 (as at 31 December 2019: approximately RMB16,930,000).

As at 30 June 2020 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 no exchange loss (corresponding period in 2019: loss of approximately RMB32,000). As at 30 June 2020, 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 2020.

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**

As of the date of this announcement, the epidemic in China has been under effective control, and the negative impact it brought has been receding. Upon the full resumption of work and production, the domestic economy has shown signs of recovery, and market demand will soon return to the level before the outbreak of novel coronavirus epidemic. In particular, the power industry and the new energy vehicle industry are undergoing gradual transformation and expansion with the momentum gathered by relevant technology and national policies. Motivated by technologies such as power storage, extra-high voltage, and artificial intelligence, the development of power industry and new energy vehicle industry could be rapid, with a promising development outlook.

Networking and digitizing will be fundamental to the development of charging piles of new energy vehicle as a new infrastructure project. In order to implement specific tasks, the Ministry of Transport recently issued the “Guiding Opinions on Promoting the Construction of New Infrastructure in the Field of Transportation” (the “**Guiding Opinions**”), which pointed out that starting from the second half of the year, the PRC government should guide key expressway service zones to build ultra-fast and high-power charging equipment for electric vehicles, and encourage rational layout of photovoltaic power generation equipment along the highways and power connection and supply with the mains supply. The launching of the Guiding Opinion has not only made specific the PRC government’s development direction on charging piles of new energy vehicles, but has also highlighted the importance of charging piles on driving traffic to carry a territory new-style infrastructure.

The Group is of the view that, having gone through the temporary recession in the first half of the year, competitors in the industry will be well positioned to pursue market share, where market competition will further intensify. As a result, during the second half of the year, the Group will adopt a three-pronged approach in the preparation for the three principal business segments, and cope with market changes with the vision of “change actively, manage refinedly”. Specific measures are as follows:

*1. Diversify client base, and increase efficiency of product delivery*

Benefited by a good sales model and excellent product quality, a solid foundation was laid down for electrical DC products. In the second half of the year, building on the existing sound development, such business will continue to seek high-quality partnerships in various regions, to leverage the current sales model of high efficiency, and further expand the market. Meanwhile, the Group will strengthen the synergy between human resources and the product supply chain, focusing on fulfilling the core demands of delivery volume to provide sufficient tangible guarantee for improving the efficiency of delivery.

*2. Upgrade operational capabilities of charging network*

The Group is well prepared for the operation of the charging network in the second half of the year. In addition to the maintenance of equipment at each charging station, the Group has also developed the mobile phone application “EV Link”. Such application will soon be updated to increase the number of devices that can be connected to the platform, which enhances its value. From hardware to software, such initiative will comprehensively improve the operating efficiency of the charging station.

In addition, Titans Technology, a subsidiary of the Group, has officially become a certified charging facilities company under the “State Grid Electric Social Pile Open Platform Project” in the first half of the year. The participation in such project can not only strengthen the cooperative diversion among various charging pile manufacturers and operators, but also increase the sales of charging facilities, platform traffic, and the revenue of charging operators. In the second half of the year, leveraging the opportunity of joining the project, we will further dig into the high-quality resources of the charging network and explore new profit models of charging operations.

3. *Improve product development processes, and ensure products are kept up to date*

For integrated power storage systems, the Group will consolidate internal technology and product resources, plan out products that are in line with power storage projects of the Group, and accumulate relevant ancillary resources. In the second half of the year, the Group will promote product development from various aspects such as DC bus technology, application scenarios and control logic.

In respect of electrical DC products, the Group will focus on the research and development of product-related measurement and control collection units, such as power modules, communication storage modules, power boards, having them more adaptable to market and customer demands.

4. *Keep abreast of market and customer demands, and implement marketing initiatives*

The Group will follow up the tendering work of the “two networks” and operators at all levels, and strive to stabilize the existing market share; meanwhile, we will take into account the development of battery replacement, public transportation and derivative charging market. We will maintain good relationship with customers, seek business partners of various models of cooperation, and develop relevant agents to achieve sales.

5. *Strengthen team management, and cultivate a team of talents*

We will optimize the assessment methods of key departments and roles, implement new quantitative assessments, and combine sequential management to form reasonable and orderly career development paths. We will also strengthen personnel training and development, and ensure the efficient operation of key departments within the Group.

## **INTERIM DIVIDEND**

The Board did not declare an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with all applicable code provisions (the “**Code Provisions**”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2020 and there has been no material deviation from the Code Provisions.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its model code regarding directors securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards of the Model Code during the six months ended 30 June 2020.

## **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 2020.

## **MAJOR LITIGATION AND ARBITRATION PROCEEDINGS**

The Group had no major litigation or arbitration during the six months ended 30 June 2020.

## **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 2020.

## **EVENT AFTER THE REPORTING PERIOD**

There was no significant events after the Reporting Period.

## **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 2020 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, 28 August 2020

*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*