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 2012

The board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012 together with the comparative figures for the corresponding period in 2011 as follows. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
CONTINUING OPERATIONS			
Turnover	*(4)*	**98,673**	100,675
Cost of sales		**(51,623)**	(49,090)
Gross profit		**47,050**	51,585
Other revenue		**5,292**	3,141
Selling and distribution expenses		**(13,648)**	(15,642)
Administrative expenses		**(22,176)**	(21,675)
Share of results of associates		**1,178**	(2,006)
Finance costs		**(3,781)**	(866)
Profit before taxation		**13,915**	14,537

* *For identification purpose only*

		Six months ended 30 June	
		2012	2011
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Income tax expense	*(5)*	**(4,384)**	(5,867)
Profit for the period from continuing operations		**9,531**	8,670
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	*(6)*	**–**	–
Profit and total comprehensive income for the period	*(7)*	**9,531**	8,670
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**10,017**	9,728
Non-controlling interests		**(486)**	(1,058)
		9,531	8,670
Earnings per share	*(9)*		
From continuing and discontinued operations			
– Basic *(RMB)*		**1.21 cents**	1.17 cents
– Diluted *(RMB)*		**1.21 cents**	1.16 cents
From continuing operations			
– Basic *(RMB)*		**1.21 cents**	1.17 cents
– Diluted *(RMB)*		**1.21 cents**	1.16 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	NOTES	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**28,824**	21,681
Deposits for acquisition of plant and equipment		**26,226**	23,216
Prepaid lease payments		**12,674**	12,817
Intangible assets		**1,136**	1,324
Interest in an associate		**15,802**	14,624
Available-for-sale financial assets		**8,198**	8,198
		92,860	81,860
Current assets			
Inventories		**76,886**	61,471
Trade and bills receivables	*(10)*	**342,600**	268,089
Prepayments, deposits and other receivables		**52,928**	37,439
Prepaid lease payments		**285**	288
Amount due from an associate	*(11)*	**66,272**	91,873
Restricted bank balances		**3,034**	10,081
Short-term bank deposits		**92,000**	101,000
Bank balances and cash		**42,935**	62,761
		676,940	633,002
Current liabilities			
Trade and bills payables	*(12)*	**101,890**	90,941
Receipts in advance		**10,445**	6,990
Accruals and other payables		**50,466**	56,478
Tax payable		**17,427**	20,477
Bank loans		**79,773**	54,773
		260,001	229,659
Net current assets		**416,939**	403,343
Total assets less current liabilities		**509,799**	485,203

	30 June 2012	31 December 2011
	30 June	31 December
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current liabilities		
Deferred income	**1,352**	1,308
Deferred tax liabilities	**9,567**	10,194
	10,919	11,502
Net assets	**498,880**	473,701
Capital and reserves		
Share capital	**7,311**	7,311
Reserves	**470,240**	464,075
Equity attributable to owners of the Company	**477,551**	471,386
Non-controlling interests	**21,329**	2,315
Total equity	**498,880**	473,701

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL INFORMATION

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office is P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Island. The address of the principal place of business and headquarters in the PRC is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai Guangdong Province, the PRC. The address of the principal place of business in Hong Kong is Room 09-10, 41/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 May 2010.

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

3. SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2012. HKFRSs comprise HKFRS and HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

4. TURNOVER AND SEGMENT INFORMATION

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

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

During the six months ended 30 June 2012, the Group organises its operations into five reportable segments (six months ended 30 June 2011: six) as follows:

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

The operation of LED products was discontinued with effect from 1 November 2011.

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

Six months ended 30 June 2012

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

Six months ended 30 June 2011

	Continuing operations					Discontinued operation	
	DC Power System *RMB'000* (unaudited)	PASS products *RMB'000* (unaudited)	Power Monitoring *RMB'000* (unaudited)	Charging Equipment *RMB'000* (unaudited)	Wind and Solar Power *RMB'000* (unaudited)	LED products *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Segment revenue	46,852	1,180	15,445	37,198	–	–	100,675
Segment results	16,016	122	5,902	16,062	–	–	38,102
Unallocated other revenue							982
Share of results of associates							(2,006)
Unallocated head office and corporate expenses							(21,675)
Finance costs							(866)
Profit before taxation							14,537

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

Segment results represent the profit earned by each segment without allocation of certain unallocated other revenue, central administrative cost, share of results of associates and finance costs. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

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

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Continuing operations:		
DC Power System	**145,618**	173,929
PASS products	**30,602**	33,830
Power Monitoring	**82,976**	33,034
Charging Equipment	**233,816**	146,059
Wind and Solar Power	**–**	–
Total segment assets	**493,012**	386,852

5. INCOME TAX EXPENSE

	Six months ended	
	30 June 2012	30 June 2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
People's Republic of China (the "PRC") Enterprise Income Tax (the "EIT")	**3,234**	3,692
Withholding tax at 5% on the paid dividends from the Group's PRC subsidiary	**1,150**	2,175
	4,384	5,867

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the six months ended 30 June 2012 and 2011.

Taxation arising in other jurisdictions is calculated at the rates prevailing in relevant jurisdictions.

Save as mentioned at below, the relevant tax rate for the Group's subsidiaries in the PRC was 25% for the six months ended 30 June 2012 and 2011.

Zhuhai Titans Automatic Technology Company Limited ("Titans Automatic"), Zhuhai Titans Technology Co., Ltd. ("Titans Technology") and Zhuhai Titans New Energy Systems Co., Ltd. ("Zhuhai Clear") were established in Zhuhai, the special economic zone, the income tax rates applicable to them was 15% pursuant to the relevant PRC laws in 2007, Titans Technology and Zhuhai Clear were recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the six months ended 30 June 2012 and 2011.

Starting from May 2008, Titans Automatic in the PRC is exempted from the PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Provision for PRC income tax has been made as Titans Automatic was 50% reduction for the six months ended 30 June 2012 and 2011.

6. DISCONTINUED OPERATION

Pursuant to a resolution passed on 1 November 2011, the directors decided to cease the operation of LED products with immediate effect.

During the six months ended 30 June 2012 and 2011, the discontinued operation did not contribute any effect to the Group's turnover, profit for the period and net operating cash flows.

7. PROFIT FOR THE PERIOD

Profit for the period from continuing operations have been arrived at after charging (crediting) the following items:

	Six months ended	
	30 June	30 June
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**2,105**	1,379
Amortisation of prepaid lease payments	**146**	–
Amortisation of intangible assets	**188**	188
Loss on disposal of property, plant and equipment	**26**	388
Total staff costs	**16,352**	17,960
Operating lease rentals in respect of rented premises	**627**	412
Gain on deemed disposal of interest in an associate *(note 13)*	**–**	(114)
Allowance for doubtful debts (included in administrative expenses)	**–**	520
Interest income	**(158)**	(602)
Value added tax refunds *(Note)*	**(3,711)**	(2,159)

Note:

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

8. DIVIDENDS

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

The final dividend of HK1 cent per share was proposed in the board meeting held on 28 March 2012. The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012.

9. EARNINGS PER SHARE

From continuing and discontinued operations

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	30 June
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**10,017**	9,728
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**830,000,000**	830,000,000
Effect of dilutive potential ordinary shares:		
Share options	**–**	5,910,513
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**830,000,000**	835,910,513

From continuing operations

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

	Six months ended	
	30 June	30 June
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	**10,017**	9,728
Less: Profit for the period from discontinued operation	**–**	–
	10,017	9,728

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

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

10. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade receivables presented based on the invoice date net of allowance for doubtful debts at the end of the reporting period:

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**80,255**	101,099
91 – 180 days	**11,302**	20,145
181 – 365 days	**104,324**	53,787
1 – 2 years	**97,850**	76,426
2 – 3 years	**48,869**	11,732
Over 3 years	**–**	3,150
	342,600	266,339
Bills receivables	**–**	1,750
	342,600	268,089

All of the bills receivables are aged within 90 days.

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

At 31 December 2011, Titans Technology pledged trade receivables of approximately RMB50,000,000 for credit facilities of RMB50,000,000 granted to Titans Technology from a bank. The pledge of trade receivables has been released during the six months ended 30 June 2012.

11. AMOUNT DUE FROM AN ASSOCIATE

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

The Group allows an average credit period of 90 days counted from the due date of each of its installment payments pursuant to the sales contracts to its associate for balances are trading in nature.

The Group's amount due from an associate mainly represents the sales made to Beijing Hua Shang Clear New Energy Technology Co., Ltd. ("Beijing HuaShang").

12. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables, presented based on the invoice date at the end of the reporting period:

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**44,335**	57,043
91 – 180 days	**7,215**	4,511
181 – 365 days	**44,998**	7,022
1 – 2 years	**1,886**	952
Over 2 years	**17**	698
	98,451	70,226
Bills payables	**3,439**	20,715
	101,890	90,941

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

13. DEEMED DISPOSAL OF INTERESTS IN ASSOCIATES

On 4 May 2011, an independent third party had injected RMB15,000,000 into the Group's associate, Henan Longyuan New Energy Equipment Co., Ltd ("Henan Longyuan"), as equity investment. On 22 December 2011, an independent third party had injected RMB20 million into the Group's associate, Beijing New Clear Energy Equipment Co., Ltd ("Beijing New Clear"), as equity investment. As a result, the Group's equity interest in Henan Longyuan and Beijing New Clear, was diluted from 26% to 10.4% and from 20.00% to 12.00% respectively. Henan Longyuan and Beijing New Clear became available-for-sale financial assets of the Group.

Gain arising from this deemed disposal of interest in Henan Longyuan amounted to approximately RMB114,000. The loss arising from the deemed disposal of interest in Beijing New Clear amounted to approximately RMB15,000.

14. CONTRIBUTION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the six months ended 30 June 2011, Jiangyin Titans High Voltage Electric Co., Ltd. ("Jiangyin Titans"), a subsidiary of the Group, increased the registered share capital from the contribution of the Group by approximately RMB19,573,000. The Group's equity interest in Jiangyin Titans increased from 51.00% to 90.03%. The difference on additional interest with a carrying amount of approximately RMB530,000 has been recognised in other reserves within equity.

15. PLEDGE OF ASSETS

At 30 June 2012, the Group's leasehold land and buildings with carrying values of approximately RMB6,456,000 (31 December 2011: RMB6,863,000) were pledged to secure bank loans and other facilities.

Pursuant to an agreement, Titans Technology, a subsidiary of the Group, pledged trade receivables of approximately RMB50,000,000 (six months ended 30 June 2012: nil) for credit facilities of RMB50,000,000 (six months ended 30 June 2012: nil) granted to Titans Technology from a bank for the year ended 31 December 2011. The pledge of trade receivables has been released during the six months ended 30 June 2012.

16. OPERATING LEASE COMMITMENTS

The Group as a lessor

Property sub-letting income earned during six months ended 30 June 2012 and 2011 were approximately RMB26,000 and RMB24,000 respectively.

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

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Within one year	**4**	88

The Group as a lessee

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

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Within one year	**689**	996
In the second to fifth year inclusive	**839**	1,177
	1,528	2,173

Operating lease payments represent rentals payable by the Group for certain of its offices and workshops. Leases are negotiated for an average of two (31 December 2011: two) years and rentals are fixed for one (31 December 2011: one) year for the six months ended 30 June 2012.

17. CAPITAL COMMITMENTS

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**14,369**	27,406

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2012, China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a turnover of approximately RMB98,673,000, representing a decrease of approximately 1.99% over that of the corresponding period last year. Turnover was mainly derived from the Group's principal business including electrical direct current ("DC") products, charging station equipment for electric vehicles and power grid monitoring and management products business. The table below shows the turnover of our different series of products for the six months ended 30 June 2011 and 2012.

	for the six months ended 30 June			
	2012		2011	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**44,538**	**45.14**	46,852	46.54
Power grid monitoring and management products	**16,871**	**17.10**	15,445	15.34
Charging equipment for electric vehicles	**36,581**	**37.07**	37,198	36.95
Wind and solar power generation balancing control systems	**–**	**–**	–	–
High-power LED lighting products	**–**	**–**	–	–
PASS products	**683**	**0.69**	1,180	1.17
Total	**98,673**	**100.00**	100,675	100.00

The Group recorded a total profit attributable to owners of approximately RMB10,017,000 for the six months ended 30 June 2012, representing an increase of approximately RMB289,000 or approximately 2.97% over approximately RMB9,728,000 of the corresponding period in 2011.

Electrical DC products

Our electrical DC products constitute our major line of products and one of the major sources of revenue. These products include high frequency switch DC power supply systems, high frequency switch communication power supply systems and uninterruptible power supply ("UPS") equipment. Our major electrical DC products are primarily supplied to power plants and transforming stations (including those owned by local governments and power companies) as well as enterprises from industries, such as railways, petrochemical plants, the coal and metallurgy sectors. For the six months ended 30 June 2012, turnover of electrical DC products amounted to approximately RMB44,538,000 (for the six months ended 30 June 2011: approximately RMB46,852,000), representing a decrease of approximately 4.94%. The directors of the Company (the "Directors") consider that as compared to the corresponding period of last year, the sales conditions of these products basically maintained steadily and sales of these products slightly decreased due to fluctuations of market demand. The Group remains its strong competitiveness in terms of this product.

Charging equipment for electric vehicles

The Group supplied charging equipments for electric vehicles to major customers including power grid corporations, governmental and other commercial institutions. For the six months ended 30 June 2012, turnover of our charging equipments for electric vehicles amounted to approximately RMB36,581,000 (for the six months ended 30 June 2011: approximately RMB37,198,000), representing a decrease of approximately 1.66%. At present, although domestic policies continue to encourage the development of electric vehicles business, there is no significant increase in the construction projects commenced by the State in the first half of 2012 and market demand is not effectively amplified.

Power grid monitoring and management products

For the six months ended 30 June 2012, our sales of power grid monitoring and management products amounted to approximately RMB16,871,000 (for the six months ended 30 June 2011: approximately RMB15,445,000), representing an increase of approximately 9.23%. The Directors consider that the business development of such products maintains steadily.

Wind and solar power generation balancing control products

For the six months ended 30 June 2012, our wind and solar power generation balancing control products did not achieve any sales (for the six months ended 30 June 2011: RMB Nil). During the reporting period, the Group mainly emphasised on the further research and development of this product series and deployed fewer resources in its marketing. The Directors consider that the market of these products will be expanded along with the continuous improvement of our product technology and enhancement in market operation.

High-power light-emitting diode ("LED") lighting products

Owing to the relative lower gross profit margin of this product series, non-regulated market practice and intensifying competition, and customers in this segment in lack of synergy effect with the Group's other long term and stable customers in other segments, the Group discontinued the operation of this business in the second half of 2011.

Plug and switch system ("PASS") products

For the six months ended 30 June 2012, the sales of plug and switch system ("PASS") products amounted to approximately RMB683,000 (for the six months ended 30 June 2011: approximately RMB1,180,000), representing a decrease of approximately 42.12%. The Directors consider that this is not the Group's main operating business. We will from time to time make adjustment on market strategies based on market demand and our available resources.

Below are some of our major operating activities in the first half year of 2012:

On 16 April 2012, the Group with three independent parties jointly contributed capital to establish Henan Hong Zheng Electric Technology Co., Ltd.*（河南弘正電氣科技有限公司）("Henan Hong Zheng"). The Group contributed RMB10,500,000, holding 35% of its equity interest, being the largest shareholder of Henan Hong Zheng and controls its board of directors and is responsible for its specific operation and management. Henan Hong Zheng is a subsidiary and under the control of the Group. The Group established Henan Hong Zheng for the purpose of better conducting the current power grid monitoring and managing the business of the Group. The Directors considered that it will provide strong support for power grid monitoring and managing the business and accelerates the development of this business by leverage on technologies and market resources from other independent third parties.

* *For identification purpose only*

In January 2012, the Group began to implement the management model of business by segment. The Directors considered that it could help to expand products sales and control costs and expenses through business segment management according to product lines, and at the same time, it would help to optimize business control, process construction and talents development for the Group and help resources sharing among various product lines, and finally enhance the profitability of the Group.

In the first half of 2012, the Group continued to pay more efforts on the research, development and marketing of products, especially for certain new products. These include: the smooth marketing works of battery formation, capacity grading and testing equipment for the charging equipments of electric vehicles series, and improving product quality and establishing a complete product series according to market demand with further improvement on standard of products technology. The works of the National 863 Plan and the strategic emerging industries development projects in the Guangdong Province undertaken by the Group was running smoothly. Based on these projects, the Group completed the research and development of new products such as integrated charging and discharging equipments and high power photovoltaic and storage alternating current products and launched them into market one after another.

In the first half of 2012, under the leadership and management of the board of Directors (the "Board"), the Group performed steadily its internal control works and conducted special internal control audits for procurement, inventory, fixed assets and research and development projects management. Based on the internal control audits, the Group improved and revised the respective systems and working procedures. In addition, the Group began to implement the Customer Relationship Management System, completed its implementation and commenced the online operation in 2011.

In the opinion of the Directors, in the first half of 2012, owing to the impact of the austerity control and international economic situation, the State's investments in power and the investments in new energy, energy-saving and environment protection have not been effectively released. This, to a certain extent, has affected the market demand related to the Group's products and the operation condition of the Group in the first half of 2012. In targeting the second half of 2012, the Directors consider that the State's policies relating to improving new energy, energy-saving and environment protection development will not change, while the investment demand in key infrastructure like power and railway will remain. Therefore, there will still be vast market opportunities for various kinds of products of the Group.

In the second half of 2012, the Group will still continue to emphasise its efforts in technological improvement and marketing of new products, which includes (among others): (1) improving the design of total solutions of charging and discharging equipment for electric vehicles and supply capability of charging and discharging products continuously, strengthening the promotion of core technological level of charging and discharging equipment; (2) accelerating the improvement of a series of products of battery formation, capacity grading and testing equipments and enhancing the capability of products system integration and solutions; (3) further improving the high-power photovoltaic and battery storage alternating current products and directing the market rapidly.

In the second half of 2012, the Group will focus its internal management works on the stringent control of product costs and various expenses to eventually improve its profitability. The main methods include: (1) securing a foothold in cost reduction and accelerating the technological upgrade of existing matured products; (2) continuing to work on the request of the Board to speed up the implementation of internal control and audit and control the unreasonable cost increase and unnecessary expenses through systems and processes improvements; (3) implementing stringently the budget management system; (4) optimization of human resources structure and promotion of human resources management by taking performance as the main content.

Result analysis

Turnover

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Turnover		
Electrical DC products	**44,538**	46,852
Power grid monitoring and management products	**16,871**	15,445
Charging equipment for electric vehicles	**36,581**	37,198
Wind and solar power generation balancing control products	**–**	–
Plug and switch system products	**683**	1,180
Total	**98,673**	100,675

For the six months ended 30 June 2012, the Group recorded a consolidated turnover of approximately RMB98,673,000, representing a decrease of approximately 1.99% as compared to approximately RMB100,675,000 for the corresponding period in 2011. Such decrease was mainly due to the changes in the sales of our products as described above.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB4,535,000 for the six months ended 30 June 2012 to approximately RMB47,050,000 from approximately RMB51,585,000 for the corresponding period in 2011. Sales of our electrical DC products contributed approximately RMB19,717,000 to our gross profit, whereas, sales of charging equipment for electric vehicles, power grid monitoring and management products contributed gross profit of approximately RMB17,247,000 and RMB9,856,000 respectively for the six months ended 30 June 2012. Gross profit from our sales of PASS products amounted to approximately RMB230,000 for the six months ended 30 June 2012. We will endeavour to enhance and improve the technology of our products in order to maintain our competitiveness and gross profit margin.

Gross profit margin of respective reportable segments

	Six months ended 30 June	
	2012	2011
Segment		
Electrical DC products	**44.27%**	45.11%
Power grid monitoring and management products	**58.42%**	53.75%
Charging equipment for electric vehicles	**47.15%**	58.72%
Wind and solar power generation balancing control products	**–**	–
Plug and switch system products	**33.62%**	25.87%

The Group's overall gross profit margin decreased to approximately 47.68% for the six months ended 30 June 2012 from approximately 51.24% for the corresponding period in 2011, but increased by approximately 2.29% as compared to approximately 45.39% for the year ended 31 December 2011.

The gross profit margin of our electrical DC products for the six months ended 30 June 2012 decreased marginally by approximately 0.84% as compared to that of the corresponding period in 2011 which basically maintained at the level in the corresponding period in 2011.

The gross profit margin of our power grid monitoring and management products for the six months ended 30 June 2012 increased by approximately 4.67% as compared to that of the corresponding period in 2011. This was attributable to the fact that the Group properly increased products selling price according to various customers' demand in the market.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2012 decreased by approximately 11.57% as compared to that of the corresponding period in 2011, which was mainly attributable to this product becoming mature gradually in the market while the market competition of this product intensifying.

The gross profit margin of distribution of plug and switch system products for the six months ended 30 June 2012 increased by approximately 7.75% as compared to that of the corresponding period in 2011. The Directors considered that fluctuation of gross profit margin was under control due to relatively less turnover from distribution of PASS products.

Other revenue

Other revenue of the Group, which mainly included value added tax refunds, government subsidy and interest income, increased by approximately 68.48% from approximately RMB3,141,000 for the six months ended 30 June 2011 to approximately RMB5,292,000 for the six months ended 30 June 2012.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB1,994,000, or approximately 12.75% from approximately RMB15,642,000 for the six months ended 30 June 2011 to approximately RMB13,648,000 for the six months ended 30 June 2012. The decrease was primarily due to the following reasons: (1) a decrease in material consumed, transportation charge, installation testing and maintenance fee relating to sales and after-sales services of approximately RMB3,172,000; (2) a decrease in office and entertainment expenses and other expenses of approximately RMB1,370,000; (3) an increase in sales-related expenses such as salaries and wages, benefit, social security expenditure and traveling expenses of approximately RMB2,550,000.

Administrative expenses

Administrative expenses increased by approximately RMB501,000, or approximately 2.31%, from approximately RMB21,675,000 for the six months ended 30 June 2011 to approximately RMB22,176,000 for the six months ended 30 June 2012. The increase in the administrative expenses of the Group was primarily resulted from (1) an increase in related salaries and wages and retirement benefit contributions of approximately RMB1,589,000 due to an increase in administration and research and development staff and their salaries and wages during the reporting period; (2) an increase in the expenses such as office expenses, leasing, depreciation, material consumption and utilities of approximately RMB2,572,000; (3) an increase in sundry expenses and other expenditures of approximately RMB855,000; (4) a decrease in equity settled share-based payments of approximately RMB1,214,000 in respect of the share options granted pursuant to the pre-IPO share option scheme of the Company adopted on 8 May 2010 (the "Pre-IPO Share Option Scheme") and the new share options granted on 17 February 2011 pursuant to the share option scheme of the Company adopted on 8 May 2010 (the "Share Option Scheme"); (5) a decrease in expenses such as entertainment, consultation and professional services of approximately RMB1,396,000; (6) a decrease in research and development expenses of approximately RMB895,000; and (7) a decrease in other expense such as sundry expenses of approximately RMB1,010,000.

Loss attributable to non-controlling interests

For the six months ended 30 June 2012, loss attributable to non-controlling interests of our non-wholly owned subsidiaries was approximately RMB486,000, compared to a loss of approximately RMB1,058,000 in the corresponding period of last year. This amount represents their share of loss in our non-wholly owned subsidiaries.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately RMB10,017,000 for the six months ended 30 June 2012 as compared to approximately RMB9,728,000 for the corresponding period in 2011 with a year-on-year increase of approximately 2.97%.

For the six months ended 30 June 2012, the Group's profit attributable to the owners of the Company did not achieve a substantial increase over the corresponding period of 2011. This was mainly because of the impact of the austerity control and international economic situation, the government's investments in power and the investments in new energy, energy-saving and environment protection have not been effectively released. This to a certain extent has affected the market demand related to the Group's products.

Basic earnings per Share and diluted earnings per Share for the period were RMB1.21 cents and RMB1.21 cents respectively whilst the basic and diluted earnings per Share for the corresponding period in 2011 were RMB1.17 cents and RMB1.16 cents respectively. The slight increase in the basic earnings per Share and diluted earnings per Share over the corresponding period of last year was due to the slight increase in profit attributable to owners of the Company as compared to that in the corresponding period of 2011.

Employees and remuneration

As at 30 June 2012, the Group had 525 employees (as at 30 June 2011: 515). The remuneration paid to our employees and Directors is based on their experience, responsibility, workload and the time devoted to the Group.

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

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

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

The Company adopted the Pre-IPO Share Option Scheme on 8 May 2010 and options carrying rights to subscribe for a total of 23,920,000 shares were granted to 53 employees of the Group on 8 May 2010, including two executive Directors, under the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of and to provide incentives to eligible persons (including employees, officers, agents, consultants or representatives and sales partners of the Group) who have contributed or will contribute to the Group. As at 30 June 2012, under the Pre-IPO Option Scheme, options to subscribe for 600,000 shares lapsed as a result of the departure of some employees and options to subscribe for 5,830,000 shares lapsed as a result of the share options past due and the employees did not exercise such share options vested to them during the period. As at the date of this announcement, options to subscribe for 17,490,000 shares remained outstanding.

The Company also adopted the Share Option Scheme on 8 May 2010. The purpose of the Share Option Scheme is to provide incentives to the eligible persons (including, inter alia, employees, officers, agents, consultants or representatives of any members of the Group (including any executive or non-executive director of any member of the Group)) for their contribution to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group. On 17 February 2011, the Company published an announcement relating to the grant of share options where options to subscribe for 19,430,000 shares were granted to 61 employees of the Group on the same day under the Share Option Scheme. As at 30 June 2012, options to subscribe for 780,000 shares lapsed as a result of the departure of some employees, pursuant to the Share Option Scheme. As at the date of this announcement, options to subscribe for 18,650,000 shares remained outstanding under the Share Option Scheme.

Liquidity, financial resources and capital structure

The Group generally finances its operation through internal resources and bank loans. As at 30 June 2012, the Group had cash and cash equivalents of approximately RMB134,935,000 (as at 31 December 2011: approximately RMB163,761,000).

The net current assets as at 30 June 2012 were approximately RMB416,939,000 (as at 31 December 2011: approximately RMB403,334,000).

The Group did not hold any significant financial investment during the six months ended 30 June 2012 save for currency held.

Bank loans

As at 30 June 2012, the total bank loans amounted to approximately RMB79,773,000 (as at 31 December 2011: approximately RMB54,773,000), of which RMB45,000,000 were secured loans (as at 31 December 2011: approximately RMB35,000,000), and the remaining RMB34,773,000 were unsecured loans (as at 31 December 2011: approximately RMB19,773,000). Secured bank loans as at 30 June 2012 were subject to floating interest rates ranging from 5.06% to 6.80% per annum. The Group recorded an increase of approximately RMB25,000,000 in total bank loans for the six months ended 30 June 2012. This increase was mainly due to the Company increasing its liquidity.

As at 30 June 2012, the Group's current ratio (current assets divided by current liabilities) was 2.60 as compared with 2.76 as at 31 December 2011, and the gearing ratio (borrowings divided by total assets x 100%) was 10.36% as compared with 7.66% as at 31 December 2011.

Trade and bills receivables

As at 30 June 2012, the Group recorded trade and bills receivables (net of allowance) of approximately RMB342,600,000 (as at 31 December 2011: approximately RMB268,089,000). The Group has not made additional specific doubtful debts provision for trade and bills receivables during the first six months of 2012 (for the six months ended 30 June 2011: approximately RMB520,000; for the year ended 31 December 2011: RMB Nil). As at 30 June 2012, the amount of allowance made against trade receivables amounted to approximately RMB13,431,000.

The increase in trade receivables for the six months ended 30 June 2012 was mainly because of certain projects of the Company are undergoing equipment for life run adjustment and testing after delivery, conditions for collection have not been met at the relevant time.

The table below sets out the ageing analysis of the trade and bills receivables (net of allowance for doubtful debts) as at 30 June 2012.

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Trade receivables		
Within 90 days	**80,255**	101,099
91 days to 180 days	**11,302**	20,145
181 days to 365 days	**104,324**	53,787
Over 1 year to 2 years	**97,850**	76,426
Over 2 years to 3 years	**48,869**	11,732
Over 3 years	**–**	3,150
	342,600	266,399
Bills receivables	**–**	1,750
	342,600	268,089

Our electrical DC product series, our key products, 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 the trade receivables are due for payment. Our customers are only required to pay us the purchase prices pursuant to the terms of the sales contracts. In respect of the sale of 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 of the contract, 80% of the contract sum may become payable by the customer after our products have been delivered and satisfactorily installed and tested. It is normally stipulated that the balance of 10% will be withheld, being retention money as a form of product performance surety, and be paid by the customer to us within 12 to 18 months after the on-site installation and testing.

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

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

Pledge of assets of the Group

As at 30 June 2012, the Group's leasehold land and buildings with carrying values of approximately RMB6,456,000 (31 December 2011: RMB6,863,000) were pledged to secure bank borrowings and other facilities.

Pursuant to an agreement, Zhuhai Titans Technology Co., Ltd. ("Titans Technology"), a subsidiary of the Company, pledged trade receivables of approximately RMB Nil (2011: RMB50,000,000) for credit facilities of RMB Nil (2011: RMB50,000,000) granted to Titans Technology from a bank.

Capital commitments and contingent liabilities

As at 30 June 2012, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment of approximately RMB14,369,000 (31 December 2011: approximately RMB27,406,000). Apart from that, the Company had no capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment.

As at 30 June 2012, the Group had no contingent liabilities.

Non-controlling interests

	30 June 2012 *RMB'000* **(Unaudited)**	31 December 2011 *RMB'000* (Audited)
Equity attributable to owners of the Company	**477,551**	471,386
Non-controlling interests	**21,329**	2,315
Total equity	**498,880**	473,701

For the six months ended 30 June 2012, the non-controlling interests of the Group were increased by approximately RMB19,014,000 as compared to the year ended 31 December 2011. The increase was mainly because of the Group with three independent third parties registering a subsidiary company, namely Henan Hong Zheng Electric Technology Co., Ltd.* (河南弘正電氣科技有限公司) ("Henan Hong Zheng") in Zhengzhou, Henan Province on 16 April 2012. The Group contributed RMB10,500,000 as capital and held 35% of its equity interests. The Group also controls its board of directors and operation decisions. Henan Hong Zheng is a subsidiary and under the control of the Group.

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 statements are expressed in Renminbi, whereas dividends on the Shares, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of the Shares. During the reporting period, the Group recorded an exchange loss of approximately RMB125,000 (the corresponding period in 2011: loss of approximately RMB176,000). Such foreign exchange book loss arose as a result of differences of the recording exchange rate. As at 30 June 2012, the Group had no hedging arrangement in place with respect to foreign currency exchange.

The Group adopted a conservative approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the six months ended 30 June 2012.

* *For identification purpose only*

Our accounts department projects monthly cash receipts and plans for cash payments based on the information provided by our marketing management and support team regarding the progress on the customers' projects and relevant payment plans. Our accounts department then plans for cash payments based on the projections.

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

Future business prospect and plans

Currently, despite the uncertain international and domestic economic situations, the Directors still believe that the State's policies of increasing the development in new energy, energy saving and environmental protection will remain unchanged, and the existing products of the Group are in line with the direction of the relevant industry policies and development focuses of the State, in which the market has extensive demand for our products. Based on such condition, the Group has formulated major plans for future development as follows.

With respect to the products of the Group, the Group will adhere to the enterprise's vision of building up its brand as a "supplier of power electronic products and technology integration". On one hand, we will continuously increase the core technology standard of the Group's products by way of various research and development and on the other hand, we will provide customers the capacity in power electronic design and system integration according to customers' requirements. In the short run, the Group will concentrate on the following aspects: firstly, continuing to improve the overall solution design and supply capacity in charging and discharging equipments for electric vehicles, promoting application of integrated charging and discharging equipments, and enhancing core technology standard for charging and discharging equipments; secondly, accelerating the improvement of a series of products for the formation and capacity grading of power battery and testing equipments, and strengthening the technology integration for our products; and thirdly, further improving high-power photovoltaic and energy storage inverter products and launch into the market rapidly.

With respect to the overall market, the Group will continue to improve its own sales management system based on the changes of main customer group's tender methods. The Group will focus on the following aspects: firstly, further increasing the market competition advantages and profitability for its products through the capacity enhancement in the customer solution design and product integration; secondly, reducing its product costs to enhance the market profitability through products technology upgrade; thirdly, implementing the brand strategy to improve the recognition and reputation of the Group's products in the markets; and lastly, further optimizing our sales team and enhancing business training of sales staff to reduce sales expenses.

With respect to the overall management of the Group, according to the requests of the Board, we will continue to enhance its internal control management and reduce the operation costs of the Company to further improve the overall profitability of the Group. The Group will focus on the following aspects: firstly, continuously and efficiently conducting internal control; secondly, continuously developing the system construction and process optimization; thirdly, continuously improving the budget management system; and lastly, continuously implementing the information management practices to further increase the operation efficiency of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company has adopted all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code on corporate governance practices. During the six months ended 30 June 2012, the Company has complied with the code provisions set out in the Code and there have been no material deviations from the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2012.

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 2012.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 16 April 2012, the Group with three independent third parties registered a subsidiary company in Zhengzhou, Henan Province, Henan Hong Zheng*. The Group contributed RMB10,500,000 for 35% of the equity interests of Henan Hong Zheng. The Group also controls the board of directors and operation decisions of Henan Hong Zheng. Henan Hong Zheng is a subsidiary and under the control of the Group.

Save as disclosed above, the Group had no material acquisition or disposal of its subsidiaries and associated companies during the six months ended 30 June 2012.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2012.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed with the management regarding the Company's interim financial information and interim results for the six months ended 30 June 2012.

* *For identification purpose only*

PUBLICATION OF THE INTERIM RESULT AND REPORT

This announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.titans.com.cn). The interim report of the Company for the six months ended 30 June 2012 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 28 August 2012

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