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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 2024**

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 2024 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2023. The condensed consolidated interim financial information has not been audited, but has 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 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	148,007	138,891
Cost of revenue		(100,731)	(91,333)
Gross profit		47,276	47,558
Other revenue and income		4,164	21,823
Other gains and losses		101	(1,628)
Selling and distribution expenses		(32,149)	(27,957)
Administrative and other expenses		(38,743)	(31,328)
(Impairment losses) reversal of impairment losses of financial assets and contract assets, net		(8,668)	14
Share of results of associates		689	351
Finance costs		(4,423)	(4,196)
(Loss) profit before tax		(31,753)	4,637
Income tax credit	5	2,189	613
(Loss) profit for the period	6	(29,564)	5,250
Other comprehensive expense for the period			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net fair value loss on financial assets at fair value through other comprehensive income		(511)	(614)
Income tax relating to item that will not be reclassified subsequently to profit or loss		71	(6)
Other comprehensive expense for the period, net of income tax		(440)	(620)
Total comprehensive (expense) income for the period		(30,004)	4,630

	Six months ended 30 June	
	2024	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to:		
– Owners of the Company	(29,290)	5,597
– Non-controlling interests	(274)	(347)
	<u>(29,564)</u>	<u>5,250</u>
Total comprehensive (expense) income for the period attributable to:		
– Owners of the Company	(29,730)	4,977
– Non-controlling interests	(274)	(347)
	<u>(30,004)</u>	<u>4,630</u>
(Loss) earnings per share	8	
Basic and diluted	<u>(1.96 cents)</u>	<u>0.52 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	9	159,459	155,024
Right-of-use assets		8,845	9,755
Goodwill		–	–
Intangible assets		11,055	13,498
Interests in associates	10	19,244	19,290
Financial assets at fair value through other comprehensive income		9,117	9,628
Financial asset at fair value through profit or loss		1,256	1,209
Deferred tax assets		18,699	16,704
		<u>227,675</u>	<u>225,108</u>
Current assets			
Inventories		166,321	192,099
Trade receivables	11	272,766	306,613
Contract assets		36,210	42,436
Prepayments, deposits and other receivables		123,271	54,530
Amounts due from associates		277	841
Tax recoverable		4,469	4,469
Restricted bank balances		56,874	32,979
Bank balances and cash		162,354	219,772
		<u>822,542</u>	<u>853,739</u>
Assets classified as held for sale		<u>27,448</u>	<u>–</u>
		<u>849,990</u>	<u>853,739</u>

		30 June 2024	31 December 2023
	<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Current liabilities			
Trade and bills payables	12	198,599	215,509
Accruals and other payables		10,317	8,431
Contract liabilities		50,936	62,906
Amounts due to associates		555	555
Bank and other borrowings		110,555	105,441
Lease liabilities		1,923	1,884
Tax payable		150	132
		373,035	394,858
Liabilities associated with assets classified as held for sale		2	–
		373,037	394,858
Net current assets		476,953	458,881
Total assets less current liabilities		704,628	683,989
Non-current liabilities			
Bank and other borrowings		102,601	51,108
Lease liabilities		–	1,963
Deferred tax liabilities		12,015	12,281
		114,616	65,352
Net assets		590,012	618,637
Capital and reserves			
Share capital		13,093	13,093
Share premium and reserves		567,964	596,315
Equity attributable to owners of the Company		581,057	609,408
Non-controlling interests		8,955	9,229
Total equity		590,012	618,637

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

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 shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate holding company is 唐山國控科技創新投資集團有限公司 (Tangshan Guokong Science and Technology Innovation Investment Group Co., Limited*) (“**Tangshan Guokong**”), and its shares is ultimately owned by 唐山國控集團有限公司 (“**Tangshan Guokong Group Company Limited**”*) (“**Tangshan Group**”). The ultimate controlling party of Tangshan Group is 唐山市人民政府國有資產監督管理委員會 (Tangshan Municipal People’s Government State-owned Assets Supervision and Administration Commission*) (“**Tangshan SASAC**”) in the People’s Republic of China (the “**PRC**”).

The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” to the interim report.

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 leases of electric vehicles; (iii) provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under Build-Operate-Transfer (“**BOT**”) arrangements. The Company’s principal activity is investment holding.

The condensed consolidated financial statements of the Group are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

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 2023 except as described below.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current reporting period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments 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. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts arising on (i) sales of electric products including direct current power system, power storage equipment and charging equipment for electric vehicles; (ii) provision of charging services for electric vehicles; and (iii) rental income from the operating leases of electric vehicles.

An analysis of the Group's revenue for the year is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Sales of electric products		
– DC Power System	60,122	53,813
– Charging Equipment	75,914	71,410
Provision of charging services for electric vehicles	11,892	13,616
	147,928	138,839
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	79	52
	148,007	138,891

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 – Provision of charging services for electric vehicles

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 2024

	DC Power System <i>RMB'000</i> (Unaudited)	Charging Equipment <i>RMB'000</i> (Unaudited)	Charging Services <i>RMB'000</i> (Unaudited)	Unallocated <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue	<u>60,122</u>	<u>75,914</u>	<u>11,892</u>	<u>79</u>	<u>148,007</u>
Segment results	<u>13,893</u>	<u>24,876</u>	<u>342</u>	<u>25</u>	<u>39,136</u>
Other revenue and income					4,164
Unallocated other gains and losses					101
Unallocated expenses					(71,420)
Share of results of associates					689
Finance costs					<u>(4,423)</u>
Loss before tax					<u>(31,753)</u>

For the six months ended 30 June 2023

	DC Power System <i>RMB'000</i> (Unaudited)	Charging Equipment <i>RMB'000</i> (Unaudited)	Charging Services <i>RMB'000</i> (Unaudited)	Unallocated <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue	<u>53,813</u>	<u>71,410</u>	<u>13,616</u>	<u>52</u>	<u>138,891</u>
Segment results	<u>18,165</u>	<u>28,968</u>	<u>404</u>	<u>21</u>	<u>47,558</u>
Other revenue and income					21,823
Unallocated other gains and losses					(1,628)
Unallocated expenses					(59,271)
Share of results of associates					351
Finance costs					<u>(4,196)</u>
Profit before tax					<u>4,637</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, certain selling and distribution and administrative costs, directors' emoluments and finance costs. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
DC Power System	284,532	286,347
Charging Equipment	433,188	433,792
Charging Services	47,880	53,250
Total segment assets	765,600	773,389
Unallocated	312,065	305,458
Consolidated assets	1,077,665	1,078,847
Segment liabilities	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
DC Power System	95,451	112,361
Charging Equipment	126,762	138,732
Charging Services	27,081	27,081
Total segment liabilities	249,294	278,174
Unallocated	238,359	182,036
Consolidated liabilities	487,653	460,210

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

- all assets are allocated to operating segments other than interests in associates, financial assets at fair value through other comprehensive income (“**FVTOCI**”), financial assets at fair value through profit or loss (“**FVTPL**”), deferred tax assets, certain deposits and other receivables, tax recoverable, restricted bank balances 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.

5. INCOME TAX CREDIT

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Deferred tax	<u>2,189</u>	<u>613</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2024 and 2023. 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 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the applicable tax rate of certain PRC subsidiaries is 25% (six months ended 30 June 2023: 25%). Zhuhai Titans Technology Co., Limited (珠海泰坦科技股份有限公司) (“**Titans Technology**”) was accredited as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in Enterprise Income Tax (“**EIT**”) rate of 15% from 2020 to 2023. In December 2023, Titans Technology obtained extension approval from the relevant tax authority in PRC for entitlement of a tax concession period of reduction in EIT rate of 15% from 2024 to 2026. No provision for EIT has been made for the six months ended 30 June 2024 and 2023 as the Group did not have any assessable profits subject to EIT.

6. (LOSS) PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses on financial assets:		
– trade receivables	7,990	1,598
– contract assets	678	–
Reversal of impairment losses on financial assets:		
– loan receivables	–	(1,612)
Impairment losses on financial assets and contract assets, net of reversal	8,668	(14)
Depreciation of property, plant and equipment	11,759	7,927
Depreciation of right-of-use assets	910	156
Amortisation of intangible assets	2,443	3,159
Total depreciation and amortisation	15,112	11,242
Bank interest income	(777)	(231)
Fair value (gain) loss on financial assets at fair value through profit or loss	(47)	818
Cost of inventories recognised as an expense	77,368	67,794
Research and development expenses (including in administrative and other expenses) (Note)	11,265	13,317

Note: Research and development expenses included staff costs and depreciation of property, plant and equipment for the purpose of research and development activities.

7. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 June 2024 and 2023 nor has any dividend been proposed since the end of reporting period.

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit for the purpose of basic and diluted (loss) earnings per share	<u>(29,290)</u>	<u>5,597</u>

	Six months ended 30 June	
	2024	2023
	'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>1,492,026</u>	<u>1,084,810</u>
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As the Group incurred loss for the six months ended 30 June 2024, the impact of share options was not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2024 are the same as basic losses per share.

For the six months ended 30 June 2023, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2023.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group wrote off certain property, plant and equipment with an aggregate carrying amount of approximately RMB278,000 (six months ended 30 June 2024: Nil).

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of approximately RMB16,194,000 (six months ended 30 June 2023: RMB6,795,000).

10. INTERESTS IN ASSOCIATES

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of investment in unlisted associates	17,390	18,125
Share of post acquisition results, net of dividend received	2,551	1,862
Impairment losses recognised	(697)	(697)
	19,244	19,290

As at 30 June 2024 and 31 December 2023, 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
				30/6/2024	31/12/2023	30/6/2024	31/12/2023	
Jiangsu Titans Intelligent Technology Co., Ltd.* ("Jiangsu Titans") 江蘇泰坦智慧科技 有限公司	Registered	The PRC	Contributed capital	17%	17%	20% (Note (i))	20% (Note (i))	Research and development, sales and manufacturing of automated guided vehicles
Guangdong Titans Intelligence Power Co., Ltd.* ("Guangdong Titans") 廣東泰坦智能動力 有限公司	Registered	The PRC	Contributed capital	9.4%	9.4%	20% (Note (ii))	20% (Note (ii))	Research and development, sales and manufacturing of automated guided vehicles

Notes:

- (i) The Group is able to exercise significant influence over Jiangsu Titans because it has the power to appoint one out of the five directors of that company under the provisions stated in the Articles of Association of Jiangsu Titans.
- (ii) The Group is able to exercise significant influence over Guangdong Titans because it has the power to appoint one out of the five directors of that company under the provisions stated in the Articles of Association of Guangdong Titans.

11. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	368,915	394,773
Less: Allowance for impairment losses	(96,149)	(88,160)
	<u>272,766</u>	<u>306,613</u>

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 – 90 days	58,904	173,387
91 – 180 days	53,540	28,799
181 – 365 days	95,884	44,495
1 – 2 years	54,884	43,256
2 – 3 years	9,554	16,676
	<u>272,766</u>	<u>306,613</u>

The Group allows an average credit period of 90 days (31 December 2023: 90 days) to its trade customers. For certain customers with installment payments, initial payments are requested and due upon signing of sales contracts, while remaining payments are fallen due after installation and testing. Retention money will be fallen due from the end of the product quality assurance period. For the trade receivables from the state-owned enterprises, they normally settle their outstanding balances upon the completion of their constructions in accordance with the industry practice in the PRC.

12. TRADE AND BILLS PAYABLES

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	128,817	170,859
Bills payables	69,782	44,650
	<u>198,599</u>	<u>215,509</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:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 – 90 days	128,820	132,158
91 – 180 days	38,040	46,770
181 – 365 days	18,797	20,075
1 – 2 years	12,045	15,590
Over 2 years	897	916
	<u>198,599</u>	<u>215,509</u>

The average credit period on purchases of goods is 90 days (31 December 2023: 90 days).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2024, China Titans Energy Technology Group Co., Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded revenue of approximately RMB148,007,000, representing an increase of approximately 6.56% 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 2023 and 2024.

	Six months ended 30 June			
	2024		2023	
	<i>RMB’000</i>	%	<i>RMB’000</i>	%
	(Unaudited)		(Unaudited)	
Electrical DC products	60,122	40.63	53,813	38.75
Charging equipment for electric vehicles	75,914	51.29	71,410	51.41
Charging services for electric vehicles	11,892	8.03	13,616	9.80
Others	79	0.05	52	0.04
Total	148,007	100	138,891	100

The Group recorded a loss for the period attributable to owners of the Company of approximately RMB29,290,000 for the six months ended 30 June 2024 (the “**Reporting Period**”), representing an increase in loss of approximately RMB34,887,000 over the profit of approximately RMB5,597,000 in the corresponding period last year. Due to the factors such as the decrease in gross profit margin and increase in expenses such as electrical DC products and equipment for electric vehicles during the Reporting Period and other income, the Group’s loss increased.

Electrical DC products

During the six months ended 30 June 2024, sales of the electrical DC products was approximately RMB60,122,000 (for the six months ended 30 June 2023: approximately RMB53,813,000), representing an increase of approximately 11.72%. The sales of electrical DC products recorded a slight increase as compared with the corresponding period last year.

Charging equipment for electric vehicles

For the six months ended 30 June 2024, sales of the charging equipment for electric vehicles amounted to approximately RMB75,914,000 (for the six months ended 30 June 2023: approximately RMB71,410,000), representing an increase of approximately 6.31%. The increase in revenue during the Reporting Period was mainly due to the fact that the investments in charging facility projects in various regions returned to normal during the Reporting Period as compared with the corresponding period of last year, leading to the increase in turnover.

Charging services for electric vehicles

For the six months ended 30 June 2024, the Group's sales of charging services for electric vehicles amounted to approximately RMB11,892,000 (for the six months ended 30 June 2023: approximately RMB13,616,000), representing a decrease of approximately 12.66%. The Directors are of the view that the decrease in revenue from the charging services for electric vehicles was mainly due to the reduction in charging capacity of some public transport charging stations which led to the decrease in revenue of the Company's charging service business.

Others

During the Reporting Period, the Group's revenue of other business amounted to approximately RMB79,000 (for the six months ended 30 June 2023: approximately RMB52,000), which represented the income from the leasing business in relation to electric vehicles, and an increase of approximately 51.92%. Such business is not a principal business of the Group.

Major operating activities in the first half of 2024:

During the Reporting Period, with the introduction of the implementation details of the national “trade-in” policy and the continuous companion of local new energy subsidy policies, the new energy automobile industry chain as a whole was positive.

According to the statistics released by China Electric Vehicle Charging Infrastructure Promotion Alliance, as at June 2024, the sales volume of new energy vehicles was 4,944,000 units. The number of charging infrastructure increased by 1,647,000 units, representing a year-on-year increase of 14.2%, of which, public charging poles increased by 396,000 units, representing a year-on-year increase of 12.7%. The private charging poles built with vehicles increased by 1,252,000 units, representing a year-on-year increase of 14.7%. As of June 2024, the cumulative number of charging infrastructure nationwide was 10,243,000 units, representing a year-on-year increase of 54.0%, with 3,722 battery swap stations. The charging infrastructure and new energy vehicles continued to grow rapidly. The piles to vehicle incremental ratio is 1:3, and the charging infrastructure is basically adequate for the rapid development of new energy automobile vehicles.

According to the data released by the China Electricity Council, as at June 2024, China’s total electricity consumption was 4,660 billion kWh, representing a year-on-year increase of 8.1%. Electrical DC products is a major component of power transmission and transformation equipment and also one of the two core products of the Company. The construction of power system, which has been expanding year-by-year, brings continuous room for development of the Company’s electrical DC products.

During the Reporting Period, total revenue from the Group’s principal business was approximately RMB148,007,000, representing a year-on-year increase of 6.56%. However, the domestic economic operation faced various difficult challenges and the market competition in the new energy automobile industry chain was exceptionally fierce, the Group’s expenses increased and gross profit declined, the main operating conditions are set out as below:

1. Electrical DC products

During the Reporting Period, the Group’s electrical DC products recorded a revenue of approximately RMB60,122,000, representing a year-on-year increase of approximately 11.72%.

The Group still adopts the sales model of “direct sales + agency”, and has achieved certain results in the market. In respect of bidding activities, leveraging on Titan’s electrical DC products’ professional brand reputation, high-quality services as well as intelligent and stable products, Titans successively won the bid for a number of projects in Jiangxi Province, Hubei Province, Fujian Province, and Tibet Autonomous Region. The Group’s electricity-dazzling products continued to make an impact in the semiconductor, automobile manufacturing, metallurgy, food production and chemical industry. Through improvement of the stability of the power system, the downtime of equipment was reduced, the risk of damage to equipment was lowered, and the stable operation of customer’s production equipment as well as safety in production was safeguarded. In addition, during the Reporting Period, the Group launched a new power supply product, “Remote Nuclear Capacitor (Discharge) Product”. The product is used in State Grid, new energy power generation, industrial and commercial energy storage, charging stations for new energy electric vehicles, airport power supply systems, large-scale industrial and mining enterprises, shopping malls, hotels and residential areas, etc. The Group recognised the application prospect of this product at an early stage and has been actively involved in the research and development and promotion of the product. Currently, the technology of the product is at a leading level in China and has been used by power grid companies in Guangdong, Guangxi, Ningxia, Qinghai, Fujian and Guizhou.

2. Charging and power-replacing equipment for electric vehicles

During the Reporting Period, revenue from the charging equipment for electric vehicles amounted to approximately RMB75,914,000, representing a year-on-year increase of 6.31%.

Since entering the electric vehicle charging and power-replacing industry in 2005, Titans has always adhered to the concept of “innovation, quality and service”, and is committed to providing users with high-quality charging products and services through technological innovation, and promoting the continuous progress and development of the electric vehicle charging and switching industry.

During the Reporting Period, leveraging on our professional brand reputation, high-quality services, reliable product functions and efficient responsiveness, Titans Group successively won the bids of numerous procurement projects of charging equipment for electric vehicles. The bidding projects are widely distributed, including multiple provinces and cities such as Hubei, Guangdong, Beijing, Sichuan, Gansu, Anhui, Hebei, Fujian, Shandong and Hainan.

In addition, during the Reporting Period, Titans focused on the charging projects of China National Petroleum Corporation (“CNPC”), with service areas including Beijing, Shandong Province, Hainan Province, and Sichuan Province. At the same time, Titans participated in the smart charging station project in Tangshan City, Hebei Province, and gradually deployed charging stations to lay the foundation for promoting the full coverage of the charging service network in Tangshan City.

At the end of 2023, Titans launches a self-developed and designed supercharging terminal with powerful performance, stable functionality and flexible configuration based on liquid-cooling technology. Liquid cooling technology not only reduces the internal operating temperature of the charging device, but also improves the conversion efficiency and stability of the charging device. During the Reporting Period, Titans continued its efforts and proudly launched its 720kW liquid-cooled supercharger host and supercharger terminal based on liquid-cooling technology. The product can maintain stable operation for a long time in harsh environments such as high temperature, low temperature, salt spray and high altitude due to its strong environmental adaptability. With a maximum voltage of 1,000V and support for 12 outputs, it can significantly reduce charging time and meet the urgent need for fast charging of electric vehicles. In addition, the product can be flexibly matched with liquid-cooled terminals and fast-charging terminals according to project needs, providing users with a variety of charging options.

In addition, Titans’s TT-Power standardised charging and switching product series were comprehensively upgraded during the Reporting Period, bringing together the latest charging and power-replacing technology achievements, with excellent compatibility and high efficiency, providing users with a more convenient and safe charging experience, and meeting the individual charging needs of different users.

Titans will continue to act as a pioneer of new technologies, a supplier of good products, and a creator of high value, so as to make electricity more valuable, assist different regions to build charging networks for electric vehicles with high performance and convenient usage by our improving charging equipment and professional services, so as to improve the charging service experience of electric vehicle users and contribute our strength for the development of charging infrastructure nationwide.

3. Charging services for electric vehicles

During the Reporting Period, revenue from charging services for electric vehicles amounted to approximately RMB11,892,000, representing a year-on-year decrease of 12.66%, mainly due to the reduction in charging capacity of some public transport charging stations. During the Reporting Period, with regard to investments and operations, we continue to focus on the further development of existing stations, optimizing and upgrading the host equipment of the existing stations to improve the quality of service, expanding a wide network of franchisees and cooperators, and carrying out joint activities on platforms as well as marketing activities, while conducting management of the entire product lifecycle on the charging poles products of electric vehicles. In terms of research and development, the Group emphasized the delivery of software research and development and optimized those functions with higher market demands. This includes new features such as automatic detection of insufficient balance and activation of delayed settlement, support for two-gun charging of heavy trucks through applet scanning, and automatic parking fee waiver for electric vehicle charging.

4. Research and development

The Group has always attached great importance to research and development of technological innovation. After the entry of the new shareholders, it has replenished the Company's funds available for capital expenditure and working capital, therefore, during the Reporting Period, the Company has increased its investment in research and development, including but not limited to: replenishing the necessary experimental and testing equipment, increasing the remuneration of the core staff, and expanding the co-operation with other scientific research institutes such as universities and colleges, etc. The Group has also increased its investment in research and development. The main direction of research and development still focuses on charging and switching, energy storage and integrated energy utilisation. Good progress was made in research and development during the Reporting Period.

Breakthroughs were also made in basic research and development, with five patents for inventions obtained during the Reporting Period. These include, in the field of charging technology, a method for preventing damage to an energy meter caused by vibration or dropping, and for protecting the connection between the wire and the meter from being broken or detached; in the field of new energy charging piles, an optimisation of the charging pile wiring device, which makes the wires and cables tidier; in the field of power supply device technology, a method for solving the potential problem of high temperature when charging piles supply power to electric vehicles over a long period of time, so as to avoid further fire. The establishment of an intelligent power control system and method for charging peak power of electric vehicles, which can realise orderly guidance and vehicle diversion during peak charging, help alleviate local charging tension in the power grid, and further optimise the efficiency of the overall charging service in the region. The compact layout of the components in the resonant converter makes it easier to disassemble and replace all components, including the resonant inductor, lead wires, internal circuit boards, and moisture-proof honeycomb boards, thus effectively reducing the manufacturing and operating costs of the device.

5. Marketing Management

During the Reporting Period, the Group also started to increase its capital investment in marketing, including but not limited to: replenishing the necessary sales team, establishing new sales channels in the blank areas of the market, looking for more marketing partners and stepping up the promotion of product brands. The Group believes that more marketing channels, partners and product promotion will effectively enhance the Company's marketing capability.

6. Customer Service

Titans has always regarded "attentive service that meets or exceeds customers' expectations" as an important objective of its quality policy. Through continuous investment of resources, Titans has established a highly skilled, professional and experienced service team and a series of comprehensive and efficient service system.

During the Reporting Period, Titans once again passed the national standard GB/T 27922-2011 after-sales service system certification and was awarded a five-star service rating based on its excellent performance in the field of customer service. This marks Titans in the service capabilities, widely recognised and highly evaluated, but also the affirmation of the corporate culture and business philosophy. Titans will continue to uphold the "customer first" principle, and constantly improve the level of service, to provide each customer with a more high-quality, comprehensive service experience, and become the most trusted partner of customers.

Results analysis

Revenue

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Electrical DC products	60,122	53,813
Charging equipment for electric vehicles	75,914	71,410
Charging services for electric vehicles	11,892	13,616
Others	79	52
	<hr/>	<hr/>
Total	148,007	138,891

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB148,007,000, representing an increase of approximately 6.56% as compared to approximately RMB138,891,000 for the corresponding period in 2023. The electricity demands and charging demands continuous increased during the Reporting Period, leading to an increase in the turnover of the Company.

Cost of sales

The Group's cost of sales mainly included raw material costs, direct labour costs and manufacturing expenses. The cost of sales increased from approximately RMB91,333,000 for the six months ended 30 June 2023 to approximately RMB100,731,000 for the six months ended 30 June 2024, which was mainly attributable to the increase in sales during the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB282,000 to approximately RMB47,276,000 for the six months ended 30 June 2024 from approximately RMB47,558,000 for the corresponding period in 2023. For the six months ended 30 June 2024, sales of electrical DC products contributed approximately RMB17,366,000 to our gross profit whereas sales of charging equipment for electric vehicles contributed approximately RMB29,298,000 to our gross profit, charging services for electric vehicles contributed approximately RMB577,000 to our gross profit and sales and lease of electric vehicles contributed approximately RMB35,000 to our gross profit.

Percentage of gross profit margin of respective reportable segments

Segment	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Electrical DC products	28.89%	33.76%
Charging equipment for electric vehicles	38.59%	40.57%
Charging services for electric vehicles	4.85%	2.97%
Others	<u>44.37%</u>	<u>40.38%</u>

The Group's overall gross profit margin decreased to approximately 31.94% for the six months ended 30 June 2024 from approximately 34.24% for the corresponding period in 2023, and increased by approximately 3.14% as compared to approximately 28.80% for the year ended 31 December 2023.

The gross profit margin of our electrical DC products for the six months ended 30 June 2024 decreased by approximately 4.87% as compared to that of the corresponding period in 2023, and increased by approximately 5.20% as compared to approximately 23.69% for the year ended 31 December 2023.

The gross profit margin of our charging equipment for electric vehicles for the six months ended 30 June 2024 decreased by approximately 1.98% as compared to that of the corresponding period in 2023, and increased by approximately 3.35% as compared to approximately 35.24% for the year ended 31 December 2023.

The gross profit margin of our charging services for electric vehicles for the six months ended 30 June 2024 increased by approximately 1.88% as compared to that of the corresponding period in 2023, and decreased by approximately 0.93% as compared to approximately 5.78% for the year ended 31 December 2023.

For the six months ended 30 June 2024, the gross profit margin of sales and lease of electric vehicles increased by approximately 3.99% as compared to that of the corresponding period in 2023, and increased by approximately 17.22% as compared to approximately 27.15% for the year ended 31 December 2023.

Other revenue

Other revenue of the Group, which mainly included exchange gains and government grants, decreased by approximately RMB17,659,000 from approximately RMB21,823,000 for the six months ended 30 June 2023 to approximately RMB4,164,000 for the six months ended 30 June 2024.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB4,192,000, or approximately 14.99%, from approximately RMB27,957,000 for the six months ended 30 June 2023 to approximately RMB32,149,000 for the six months ended 30 June 2024. The increase in selling and distribution expenses was primarily due to the effects of the following reasons: (1) sales-related expenses (including sales-related wages, travel expenses and entertainment expenses) increased by approximately RMB3,612,000; (2) sales-related expenses (including office and advertising expenses) increased by approximately RMB85,000; (3) the bidding service fee for sales-related expenses increased by approximately RMB766,000; (4) sales-related expenses (including freight, installation and debugging fees) increased by approximately RMB3,138,000; and (5) sales-related amortization, depreciation and other miscellaneous expenses decreased by approximately RMB3,409,000.

Administrative and other expenses

Administrative expenses increased by approximately RMB7,415,000, or approximately 23.67%, from approximately RMB31,328,000 for the six months ended 30 June 2023 to approximately RMB38,743,000 for the six months ended 30 June 2024. The increase in administrative expenses of the Group during the Reporting Period was primarily due to the combined effects of the following reasons: (1) rent, transportation and other miscellaneous expenses increased by approximately RMB210,000; (2) The salary, research and development and depreciation related to managers increased by approximately RMB5,185,000; (3) Expenditure on travel, entertainment and welfare related to managers increased by approximately RMB1,782,000; (4) office, maintenance, consumables and utilities increased by approximately RMB2,974,000; (5) bank fees and fees for lawyers and professionals were reduced by approximately RMB3,320,000; and (6) other miscellaneous expenses increased by approximately RMB584,000.

Share of results of associates

During the Reporting Period, the Group owned 20% (as at 31 December 2023: 20%) equity interests in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森資訊技術有限公司) (“**Beijing Aimeisen**”), which principally engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group’s associate, and the Group’s share of loss from Beijing Aimeisen for the Reporting Period was approximately RMB1,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2023: 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 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 RMB34,000.

During the Reporting Period, the Group owned 9.4% (as at 31 December 2023: 9.4%) 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 RMB651,000.

During the Reporting Period, the Group owned 17% (as at 31 December 2023: 17%) equity interests in Jiangsu Titans Smart Technology Co., Limited* (江蘇泰坦智慧科技有限公司) (“**Jiangsu Titans**”). Jiangsu 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. Jiangsu Titans is accounted for as the Group’s associate, and the Group’s share of profit from Jiangsu Titans during the Reporting Period amounted to approximately RMB71,000.

Finance costs

Finance costs of the Group increased by approximately 5.41% from approximately RMB4,196,000 for the six months ended 30 June 2023 to approximately RMB4,423,000 for the six months ended 30 June 2024. Finance costs of the Group as a percentage of the Group's revenue decreased from 3.02% for the six months ended 30 June 2023 to 2.99% for the six months ended 30 June 2024. The decrease in finance costs of the Group was attributable to the decrease in the average borrowing interest expense during the Reporting Period as compared to the corresponding period last year.

Loss attributable to non-controlling interests

For the six months ended 30 June 2024, loss attributable to the non-controlling interests of the Group's non-wholly-owned subsidiaries was RMB274,000, representing a decrease in loss of approximately RMB73,000 as compared to an attributable loss of RMB347,000 in the corresponding period last year.

Profit/loss attributable to owners of the Company

The Group recorded loss attributable to owners of the Company of approximately RMB29,290,000 for the six months ended 30 June 2024, representing an increase in loss of approximately RMB34,887,000 as compared to a profit of approximately RMB5,597,000 for the corresponding period in 2023.

Earnings/loss per share

For the six months ended 30 June 2024, basic and diluted loss per share of the Company (“Share(s)”) were both RMB1.96 cent whilst the basic and diluted earning per share for the corresponding period in 2023 were both RMB0.52 cent. The basic and diluted loss per share were attributable to the losses recorded for the Reporting Period.

Employees and remuneration

As at 30 June 2024, the Group had 453 employees (as at 30 June 2023: 408) in total. During the six months ended 30 June 2024, total employees' remuneration amounted to approximately RMB30,505,000 (for the six months ended 30 June 2023: approximately RMB26,219,000). 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 a defined contribution basic pension insurance plan 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 only obligation of the Group in the PRC with respect to the retirement scheme is the required contributions under the retirement scheme. The Group has no other legal constructive obligations to pay further contributions.

During the six months ended 30 June 2023 and 2024, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 30 June 2024 and 31 December 2023, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

The Company adopted the share option scheme on 18 December 2020 (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 Group and to enable the Group to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group. Details of the Share Option Schemes is set out in the section headed “2020 Share Option Schemes” in the interim report of the Company.

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 2024. 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 2024, the Group had short-term bank deposits, bank balances and cash of approximately RMB162,354,000 (as at 31 December 2023: approximately RMB219,772,000), excluding restricted bank balances of approximately RMB56,874,00 (as at 31 December 2023: approximately RMB32,979,000).

The net current assets of the Group as at 30 June 2024 were approximately RMB476,953,000 (as at 31 December 2023: approximately RMB458,881,000).

Use of net proceeds from subscription

On 18 October 2022 (after trading hours), the Company entered into the subscription agreement (the “**Subscription Agreement**”) with 唐山國控科創有限公司 (Tangshan Guokong Science and Technology Limited*) (“**Tangshan Guokong Science and Technology**”), the parent company of Tangshan Guokong Science and Technology Innovation Investment Group Co., Limited (唐山國控科技創新投資集團有限公司) (the “**Offeror**”), a company incorporated in Hong Kong with limited liability, to subscribe for 566,970,000 new ordinary Shares (the “**Subscription Shares**”). Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Tangshan Guokong Science and Technology has conditionally agreed to subscribe the Subscription Shares at HK\$0.34 per Subscription Share (the “**Subscription Price**”) for a total consideration of HK\$192,769,800 (the “**Subscription**”). The aggregate nominal value of the Subscription Shares is HK\$5,669,700. The market price of the Shares of the Company is HK\$0.33 per Share as quoted on the Stock Exchange on 18 October 2022, being the date of the Subscription Agreement. The net issue price per Subscription Share would be approximately HK\$0.332 per Subscription Share.

Reasons for the Subscription

In order to seize the opportunities under the PRC national strategy and achieve repaid growth, the Company has to seek financial and market resources during the process of its business expansion. It was considered that the Subscription will expand the Company's shareholder base, and, as a result of which, to further strengthening the market's confidence in the development of the Company in the long run. The date of completion was 11 May 2023 and the net proceeds from the Subscription, after deducting all relevant costs and expenses of the Subscription were approximately HK\$188.29 million, and were utilized as follows:

Objective	Percentage of the total amount	Net proceeds <i>HK\$ million</i>	Utilised	Utilised	Unutilised net proceeds as of 30 June 2024 <i>HK\$ million</i>	Expected time period of the balance to be fully utilized
			amount as at 31 December 2023 <i>HK\$ million</i>	amount as of 30 June 2024 <i>HK\$ million</i>		
Investments in the expansion of the charging services for electric vehicles business	50%	94.14	–	3.84	90.30	By the end of 2025
Investments in the expansion of the charging equipment for electric vehicles business	40%	75.32	24.11	30.67	44.65	By the end of 2024
General working capital of the Group	10%	18.83	12.90	18.83	–	By the end of 2024
Total	100%	188.29		53.34	134.95	

Bank and other borrowings

As at 30 June 2024, total bank and other borrowings of the Group amounted to RMB213,156,000 (among which RMB112,000,000 are secured loans) (as at 31 December 2023: RMB156,549,000, among which RMB156,549,000 were secured loans). Secured bank loans as at 30 June 2024 were subject to the floating interest rates ranging from 4.0% to 4.60% per annum. As at 30 June 2024, the total bank borrowings recorded by the Group increased by RMB56,607,000 as compared with those as at 31 December 2023.

As at 30 June 2024, the Group's current ratio (i.e. current assets divided by current liabilities) was 2.28 as compared with 2.16 as at 31 December 2023, and the gearing ratio (i.e. borrowings divided by total assets x 100%) was 19.78% as compared with 14.51% as at 31 December 2023.

Significant investments

Save as disclosed in this announcement and in the interim report of the Company, the Group did not hold any significant investment during the six months ended 30 June 2024.

Material acquisition and disposal of subsidiaries, associates and joint ventures

On 16 May 2024, the Company entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) with the Chen Wenjia (陳文加) (the “**Purchaser**”) and 珠海市金得拍賣有限公司 (Zhuhai Jinde Auction Co., Ltd.*) (the “**Auction Agent**”), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interest in Zhuhai Libo New Energy Technology Co., Ltd (indirect wholly owned subsidiary of the Company) at the consideration of RMB30.1 million (equivalent to approximately HK\$33.1 million and the final bid price offered by the Purchaser during the auction) (the “**Disposal**”).

Zhuhai Libo was holding the properties of two industrial buildings situated at 60 Shihua Road West, Zhuhai City, Guangdong Province, the PRC with an aggregate gross floor area of 6,870.21 sq.m.. Based on the valuation conducted by Guangdong Renhe Land Real Estate and Assets Evaluation Co., Ltd., the value of the properties was at the value of RMB27,660,988 as of 8 January 2024.

According to the Equity Transfer Agreement, the parties agreed that the mortgage loan of the properties of approximately RMB50,000,000 shall be repaid by the Company to the bank before the registration of change of shareholders of Zhuhai Libo. The parties also agreed that within 120 days from the date of the Equity Transfer Agreement, the Company shall repay all debts and release the mortgage loan, and ensure that Zhuhai Libo’s equity interest is not subject to any liabilities before the change shareholding is proceeded. The Purchaser also agreed that the Company will continue to use the properties on a lease basis until the end of 2024.

Due to (i) the completion of the production facilities and office of the Group located in Tangjiawan Town, Zhuhai High-Tech Industrial Development Zone; and (ii) the new production facilities of the Group established in 2023 in Caofeidian Industrial District, Tangshan City, Hebei Province, the Board is of the view that the Disposal would help improve the overall management efficiency of the Group’s business, optimize the resource allocation of the Group. The net proceeds to be received from the Disposal upon its completion is expected to increase the cash flow of the Company and therefore provide flexibility to the Company in identifying and participating in other investment should any suitable opportunity arise.

The gross proceeds from the disposal is RMB30.1 million (equivalent to approximately HK\$33.1 million). The Group intends to apply the proceeds from the Disposal for general working capital purpose or any potential investments of the Group in the future.

Upon completion of the Disposal, the Company would cease to have any interest in Zhuhai Libo, and Zhuhai Libo would no longer be an indirect wholly-owned subsidiary of the Company. The financial results of Zhuhai Libo would cease to be recognised in the accounts of the Group.

For details, please refer to the announcements of the Company dated 26 April 2024 and 16 May 2024.

Completion of the Disposal took place in July 2024.

Save as disclosed herein, during the six months ended 30 June 2024, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Trade and bills receivables

As at 30 June 2024, the Group recorded trade and bills receivables (net of allowance) of approximately RMB272,766,000 (as at 31 December 2023: approximately RMB306,613,000). The Group made additional allowance for impairment loss in respect of trade and bills receivables of RMB7,990,000 during the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB1,598,000). The allowances for impairment of trade receivables as at 30 June 2024 and 31 December 2023 were RMB96,149,000 and RMB88,160,000 respectively.

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 30 June 2024 and 31 December 2023.

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 90 days	58,904	173,387
91 days to 180 days	53,540	28,799
181 days to 365 days	95,884	44,495
Over 1 year to 2 years	54,884	43,256
Over 2 years to 3 years	9,554	16,676
	<u>272,766</u>	<u>306,613</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 settling 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 2024, the Group's leasehold land and buildings with carrying amounts of approximately RMB121,627,000 (as at 31 December 2023: RMB129,020,000) were pledged to secure bank borrowings and other facilities granted to the Group.

Capital commitments and contingent liabilities

As at 30 June 2024, the Group had capital expenditure contracted for but not provided in the consolidated financial information of approximately RMB5,250,000 (as at 31 December 2023: approximately RMB9,170,000).

As at 30 June 2024 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 exchange gains of approximately RMB54,000 (corresponding period in 2023: nil). As at 30 June 2024, 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 2024.

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

In the second half of the year, new energy vehicles are the key industry for the country to vigorously stimulate the domestic consumption economy and its related industries are the key industry for development. It is expected to 2025, new energy vehicle ownership will exceed 40 million volume. With the catalytic policies to promote the renewal of charging infrastructure equipment and the collaborative construction of distribution networks, the industry will continue to gain momentum.

In June 2024, in the notice by Thirteen Departments including the Ministry of Transport on Issuing the Plan of Action to Launch a Large-Scale Renewal of Transportation Equipment, which mentions the actions such as electrification replacement of urban buses and to phase out and replace old diesel-powered commercial trucks. It encourages places with conditions to develop new energy buses and power batteries renewal plans according to local conditions on the basis of ensuring stable operation of urban buses, encourage places to combine the development characteristics of the road freight transport industry, regional industrial environment and new energy supply capabilities, and to promote the application of new energy-operated commercial trucks in urban logistics and distribution, port collection and distribution, trunk logistics and other scenarios. It also encourages places with conditions to study and introduce policies on the right of way for new energy-operated commercial trucks and the construction of supporting infrastructure according to local conditions, and actively explore business models such as vehicle-electricity segregation. With scientific layout, appropriately advanced construction of new energy vehicles along the highway supporting infrastructure, the super charging station, battery swapping station, hydrogen refueling station and other construction will be explored.

In June 2024, in the notice by the National Development and Reform Commission, Ministry of Agriculture and Rural Affairs, Ministry of Commerce, Ministry of Culture and Tourism, State Administration for Market Regulation on Issuing the Measures for Creating New Consumption Scenarios and Fostering New Growth Points in Consumption. It is proposed to expand the new scene of automobile consumption, encourage purchase-restricted cities to relax vehicle purchase restrictions and issue additional vehicle purchase targets. Through the central financial and local government linkage, funds are arranged to support eligible old cars to be scrapped and renewed. It encourages places with conditions to support vehicle replacement and renewal, expand the scope of pilot zones for the full electrification of public sector vehicles, steadily push forward the commercialisation of autonomous driving, create a new scene of high-end intelligent driving, launch pilot points for the application of “vehicle-road-cloud integration” for intelligent vehicles, launch pilot points for reforming urban automobile distribution and consumption, optimise the consumption environment in rural communities, and support the deployment of new energy vehicles and green smart home appliances to the countryside.

In July 2024, pursuant to the National Development and Reform Commission and the Ministry of Finance issued a circular entitled “Certain Measures on Strengthening Support for Large-Scale Equipment Replacement and Consumer Goods Replacement”, it coordinates and arranges approximately RMB300 billion of ultra-long-term special state bond funds to strengthen support for large-scale equipment replacement and consumer goods trade-in.

In China's dual-carbon target strategy, the electrification of transport and the reform of new energy power are regarded as two core strategies. Charging infrastructure happens to carry the dual transformation of new energy vehicles and new power systems, playing the key role of information interaction hub and energy management node, and charging infrastructure is urgently needed to move towards high-quality development. The Group will respond positively to China's development needs, make full use of the existing conditions, continue to improve its products and technologies, actively expand its business areas and further enhance the overall image of the Group. The following are the Group's business and management priorities for second half of 2024:

1. Improving the production and sales system, and actively expanding the market territory

In terms of manufacturing, the Group will increase production capacity through a new plant of approximately 17,400 square metres in Tangshan, Hebei Province, as well as upgrading the existing design and process of the Zhuhai plant in Guangdong Province, optimizing the inspection equipment, and continuing to push forward the transformation of digital and intelligent production. In terms of sales and marketing, the Group will keep abreast of market and customer needs and increasing market penetration to increase market share. Based on stabilizing the existing high-power fast charging market and intelligent flexible charging market, we will further promote the implementation of standardized products, increase investment in heavy truck battery charging and swapping projects, focusing on the urgent need for electrification of heavy trucks, relying on the accumulated experience in implementing heavy truck battery swapping projects, explore in-depth customer groups of heavy trucks for battery swapping, and laying out intelligent heavy truck battery charging and swapping stations at key nodes of the logistics system. The Group will continue to optimize its industrial chain structure with the goal of achieving high-quality development.

In terms of marketing, the Group will further increase its capital investment in marketing on top of the market deployment already commenced in the first half of 2024. On the one hand, it will consolidate the new channels and partners established in the first half of the year in order to bring faster revenue growth; on the other hand, it will further increase the promotion of the Company's new products.

2. Strengthening the operation and management of charging stations and assisting major operators in upgrading their operations

At present, governments around the world are actively promoting the upgrading of electric vehicle charging infrastructure and equipment, and are even making use of local government special bonds and other support.

Leveraging on its accumulated investment and construction experience in the past, the Group will focus on promoting the upgrading of various charging facilities in public places by the relevant operators and building a diversified business model and the construction of comprehensive intelligent energy service stations and the popularization of integrated products of light, storage, charging and swapping, and improving the level of battery charging services, with high-quality battery charging equipment products and continuously optimized technology as the core, in combination with modern means of investment and financing, and with a constantly innovative business model.

3. Emphasis on research and development, enhancing the core competitiveness of products

The Group continued to attach great importance to technological innovation. In terms of product research and development and technology, the Group maintained its core technological advantages in power electronics, achieved breakthroughs in intelligent power supply products, developed a new monitoring product system, and upgraded its existing charging pile products in terms of power, heat dissipation and safety, including liquid-cooled supercharging, air-cooled supercharging, conventional charging piles, and slow charging for orderly charging. The Group will complete the upgrade of all standard products and the landing of new-generation industrial and commercial energy storage systems, BMS control systems, and high-power electricity dazzling products. In terms of platforms, the Group will focus on strengthening the construction of monitoring product platforms, software platforms and system integration capabilities, and continue to shape and enhance the core competitiveness of its products by focusing on customer needs. At the same time, the Group will strengthen its cooperation with the research and development teams and continue to iterate its existing products and reserve new technologies ahead of time, aiming to produce safer, more efficient and intelligent products to improve the future market suitability.

4. Optimizing internal management and enhancing comprehensive resilience

Enhancement of digital production, continued improvement of the use of MES system in the production process; continued promotion of the integration of industry and finance to optimise the accuracy of data, gradual promotion of the configuration of the quotation system online, optimization and expansion of the product lifecycle management system PLM (“**Product Lifecycle Management**”) to enhance the overall work efficiency.

Enhancement of training for management executives to improve their management capabilities; promotion of cross-competency training in the form of job rotation; improvement of staffing; and continued promotion of the rejuvenation of our executives. Also, it will deepen the assessment mechanism by combining Key Performance Indicators (KPI) and the Objectives and Key Results (OKR) method, promote the introduction of AI tools into office application scenarios, enhance the overall quality and work efficiency of employees, and build an efficient team.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 C1 to the Listing Rules during the six months ended 30 June 2024 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 C3 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 2024.

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 2024.

MATERIAL LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no material litigation or arbitration during the six months ended 30 June 2024.

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 2024.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no significant event after the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange (<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 2024 containing all the information required by Appendix D2 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
Gao Xia
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Xia, Mr. Li Xin Qing, Mr. Bi Jingfeng and Mr. An Wei, the non-executive Director of the Company is Mr. Jiang Wenqi, and the independent non-executive Directors of the Company are Mr. Li Xiang Feng, Mr. Liu Wei and Ms. Jiang Yan.

* *For identification purpose only*