TITANS®

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 REPORT 2010

* For identification purpose only

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CORPORATE INFORMATION

Directors	Executive Directors Li Xin Qing An Wei Independent non-executive Directors Li Wan Jun Li Xiao Hui Yu Zhuo Ping
Audit Committee	Li Wan Jun *(Chairman)* Li Xiao Hui Yu Zhuo Ping
Remuneration Committee	Li Xiao Hui *(Chairman)* Yu Zhuo Ping Li Wan Jun
Nomination Committee	Li Xin Qing *(Chairman)* Yu Zhuo Ping Li Xiao Hui
Authorised representatives (for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)	Li Xin Qing Room 201, No. 9 Xiang Zhou Hai Cheng Road Xiang Zhou District Zhuhai Guangdong Province the PRC Wong Yiu Hung Room 707, Opulent Building 402 Hennessy Road Wanchai Hong Kong
Company Secretary	Wong Yiu Hung *A member of Chartered Institute of Management Accountants of the United Kingdom, and a member of the Hong Kong Institute of Certified Public Accountants*
Auditor	SHINEWING (HK) CPA Limited 43/F., The Lee Gardens 33 Hysan Avenue Causeway Bay, Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal Place of Business and Address of Headquarters in the PRC	Titans Science and Technology Park No. 60 Shihua Road West Zhuhai Guangdong Province the PRC
Principal Place of Business in Hong Kong	Room 09-10, 41/F China Resources Building 26 Harbour Road Wanchai Hong Kong
Cayman Islands Principal Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong

Legal Adviser to the Company	*as to Hong Kong law:* P. C. Woo & Co. 12th Floor, Prince's Building 10 Chater Road Central Hong Kong
Compliance Adviser	OSK Capital Hong Kong Limited 11th Floor, Hip Shing Hong Centre, 55 Des Voeux Road Central Hong Kong
Stock Code	2188
Website	www.titans.com.cn
Principal Banker	Bank of Communications Zhuhai Jida sub-branch 1/F, Zhong Dian Tech Building Jida Jiuzhou Road the PRC

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Titans Energy Technology Group Co., Limited (中國泰坦能源技術集團有限公司*) (the "Company"), I am pleased to present the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2010. We have engaged our auditor to review the interim financial information and interim results of the Group for the six months ended 30 June 2010.

During the first half of 2010, the Company successfully listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and attracted an overscription of approximately 475 times in its public offering. We raised net proceeds of approximately HK$243.6 million. As at 30 June 2010, the Group had increased its net assets to RMB396,312,000 from RMB146,389,000 as at 31 December 2009.

Sales of the Group for the first half of 2010 amounted to RMB97,943,000 (for the first half of 2009: RMB70,454,000), representing an increase of 39.02% from the corresponding period last year. Profit attributable to owners of the Company was RMB8,718,000 (for the first half of 2009: RMB10,079,000). The decrease in profit for this period was mainly due to (1) the fair value loss amounted to RMB3,956,000 in respect of the increase in value of a convertible note issued on 27 July 2009 with a principal amount of HK$10 million prior to its full conversion upon listing and (2) expenses incurred by the Company in connection with its listing exercise amounted to RMB8,054,000 for the six months ended 30 June 2010. Excluding the above non-recurring impacts, the profit attributable to owners of the Company for the first six months of 2010 would be RMB20,728,000, representing an increase of 1.06 times as compared to RMB10,079,000 for the corresponding period in 2009. We believe that this better reflect the results of our normal operations for the six months ended 30 June 2010.

The world economy has not yet fully recovered from the financial crisis. However, the economy in the People's Republic of China (the "PRC" or "China") has managed to achieve solid growth. The government of the PRC continues to be committed to development in the areas of power generation, new energy and energy conservation. In particular, the government has launched a whole series of policies to promote and support the development of new energy and energy conservation which has created an economic setting favourable to the Group's business expansion. Growth in our traditional products remained stable during the first half of 2010. Our charging equipment for electric vehicles, wind and solar power generation balancing control products, and power grid monitoring and management products, achieved strong growth in the first half. The operating income from the above three product series for the first six months of 2010 in aggregate amounted to approximately RMB44,571,000, representing an increase of 4.88 times as compared to the corresponding period of 2009.

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The success of our new products provides the Group with a solid platform from which to generate further revenue and income growth. We are working to position the Group for a period of robust development. Looking forward, the Group is determined to leverage on the government's focus on and support of the development of energy conservation products by continuing to invest substantial resources into our new products and market development and enhancing the Group's innovation and new product development capability with a view to consolidating our various strengths and further strengthening the Group's core competitiveness. We will strive to build the Group into a leading power electronic equipment supplier in the PRC. We believe our new listing status and the proceeds raised from the Company's listing will better position us to expedite our development.

I would like to take this opportunity to thank all our shareholders for their support and all my colleagues for their hard work and commitment to the Group.

Lin Xin Qing
Chairman of the Board

Hong Kong, 30 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

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

Electrical DC products

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

Charging equipment for electric vehicles

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

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

Power grid monitoring and management products

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

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

Wind and solar power generation balancing control products

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

High-power LED lighting products

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

PASS products

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

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

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

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

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

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

* *For identification purpose only*

Result analysis

Turnover

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

For the six months ended 30 June 2010, the Group recorded a consolidated turnover of RMB97,943,000, representing an increase of approximately 39.02% as compared to approximately RMB70,454,000 for the corresponding period in 2009. Such increase was mainly due to the increase in the sales of our new products as described above. As compared to the same period in 2009, sales of our charging equipment for electric vehicles increased by 11.59 times, sales of power grid monitoring and management products increased by 1.06 times and sales of wind and solar power generation balancing control products sales increased by approximately RMB15,752,000 for the six months ended 30 June 2010.

Gross profit margin and gross profit

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

Percentage of gross profit margin of respective reportable segment

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

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

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

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

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

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

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

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

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB1.14 million, or 11.85% from approximately RMB9.62 million for the six months ended 30 June 2009 to approximately RMB8.48 million for the first half year of 2010, primarily due to (1) a decrease in travelling expenses of our sales staff; (2) a decrease in sundry expenses; and (3) a reclassification of a majority amount of material consumed (including products and components used to support sale and after-sale services) to cost of sales starting from 2010.

Administrative expenses

Administrative expenses increased by approximately RMB3.05 million, or 26.57%, from approximately RMB11.48 million for the six months ended 30 June 2009 to approximately RMB14.53 million for the first half year of 2010, primarily as a result of the increase in (1) salaries and wages, and contribution staff retirement benefit of approximately RMB1.65 million; (2) non-sales related travelling, entertainment and office expenses of approximately RMB1.50 million; and (3) the equity-settled share-based payment of approximately RMB987,000 in respect of the share options granted pursuant to the pre-IPO share option scheme of the Company adopted on 8 May 2010 (the "Pre-IPO Share Option Scheme").

Other expenses

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

Fair value loss on the convertible note

As stated in the Prospectus, the Company issued a convertible note with a principal amount of HK$10 million on 27 July 2009 (the "Convertible Note"). In accordance with the Prospectus, the Convertible Note was fully converted into 19,746,548 shares of the Company of HK$0.01 each ("Share(s)") upon the Listing on 28 May 2010 (the "Conversion Date"). Save for the Convertible Note, the Group has not issued any convertible note and did not have any outstanding convertible note as at 30 June 2010.

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

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of RMB8,718,000 for the six months ended 30 June 2010 as compared to RMB10,079,000 for the corresponding period in 2009. The decrease in profit for this period was mainly due to (1) the fair value loss amounted to RMB3,956,000 in respect of the increase in value of the Convertible Note prior to its full conversion upon Listing; and (2) expenses incurred by the Company in connection with its listing exercise amounted to RMB8,054,000 for the six months ended 30 June 2010. Excluding the above impacts, the profit attributable to owners of the Company for the first six months of 2010 would be RMB20,728,000, representing an increase of 1.06 times as compared to RMB10,079,000 for the corresponding period in 2009. We believe that this better reflect the results of our normal operations for the six months ended 30 June 2010.

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

Employees and remuneration

As at 30 June 2010, the Group had one employee in Hong Kong and 367 employees in the PRC. The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

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

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

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

A share option scheme was adopted on 8 May 2010 (the "Share Option Scheme") to provide incentives to eligible persons (including employees, officers, agents, consultants or representatives of any member of the Group (including any executive or non-executive director of any member of the Group)) for their contribution to the Company and to enable the Company to recruit and retain high calibre employees. No option was granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2010 since its adoption and no option under the Share Option Scheme was outstanding as at 30 June 2010.

Liquidity, Financial Resources and Capital Structure

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

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

The Group has not held any significant financial investment during the six months ended 30 June 2010 save as any currency held.

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

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

Trade receivables

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

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

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

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

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

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

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

Pledge of assets of the Group

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

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

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

Capital Commitments and Contingent Liabilities

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

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

Future Business Prospect and Plans

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

(1) place an increased emphasis on enhancing our technology and improving our cost control measures to enhance the competitiveness of our electrical DC products;

(2) further strengthen the research and development function in respect of our charging equipment for electric vehicles, wind and solar power generation balancing control products and power grid monitoring and management products, including purchasing new research and testing equipment and the establishment of a laboratory and product testing center;

(3) expand our sales and marketing channels and establish subsidiaries/joint venture companies/sales companies to enhance sales of our charging equipment for electric vehicles, wind and solar power generation balancing control products and power grid monitoring and management products;

(4) increase our production capacity (As stated in the Prospectus, we have submitted an application to acquire a piece of land in Heng Qin, Zhuhai. The application is still subject to the approval of 珠海橫琴新區公共建設局 (Public Construction Bureau of Zhuhai Hengqin New Area). If our application for the land in Heng Qin, Zhuhai is not approved or we otherwise decide not to build our new plant in Heng Qin, we will identify another suitable place for the expansion of our production facilities); and

(5) consider engaging a professional consultant to advise and improve our internal control, management and operational efficiency.

Foreign Exchange

The Group conducts its business primarily in the PRC with substantially all of its transactions denominated and settled in Renminbi. The Group's results are expressed in Renminbi, whereas dividends on the Shares, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of the Shares. As stated above, the Group is in the process of transferring the Funds from its bank accounts in Hong Kong to the PRC. Therefore, fluctuations in the exchange rate may have an impact on the Group's results. During the reporting period, the Group recorded an exchange loss of approximately RMB1.92 million (corresponding period in 2009: loss of approximately RMB33,000). As at 30 June 2010, the Group had no foreign exchange hedges.

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

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

Interim dividend

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

Use of net proceeds from listing

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF CHINA TITANS ENERGY TECHNOLOGY GROUP CO., LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 21 to 42, which comprises the condensed consolidated statement of financial position of China Titans Energy Technology Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2009 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
30 August 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended	
		30 June 2010	30 June 2009
	NOTES	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Turnover	*(4)*	**97,943**	70,454
Cost of sales		**(52,885)**	(38,658)
Gross profit		**45,058**	31,796
Other revenue		**3,547**	1,415
Fair value change on convertible loan note		**(3,956)**	366
Selling and distribution expenses		**(8,478)**	(9,619)
Administrative expenses		**(14,531)**	(11,483)
Other expenses		**(8,054)**	–
Share of losses of associates		**(227)**	–
Finance costs		**(867)**	(646)
Profit before taxation		**12,492**	11,829
Taxation	*(5)*	**(3,005)**	(1,826)
Profit and total comprehensive income for the period	*(6)*	**9,487**	10,003
Profit and total comprehensive income attributable to:			
Owners of the Company		**8,718**	10,079
Non-controlling interests		**769**	(76)
		9,487	10,003
Earnings per share	*(8)*		
– Basic (RMB)		**1.39 cents**	1.74 cents
– Diluted (RMB)		**1.39 cents**	1.62 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Merger reserve RMB'000	Exchange translation reserve RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010 (audited)	2	–	–	8,639	504	(1,539)	24,976	111,443	144,025	2,364	146,389
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	8,718	8,718	769	9,487
Appropriation to reserves	–	–	–	–	–	–	56	(56)	–	–	–
Corporate reorganisation	(1)	–	–	1	–	–	–	–	–	–	–
Capitalisation issue	5,269	(5,269)	–	–	–	–	–	–	–	–	–
Issue of new shares	2,041	237,035	–	–	–	–	–	–	239,076	–	239,076
Conversion of convertible loan note	–	12,537	–	–	–	–	–	–	12,537	–	12,537
Cost of issue of new shares	–	(12,164)	–	–	–	–	–	–	(12,164)	–	(12,164)
Recognition of share-based payments	–	–	987	–	–	–	–	–	987	–	987
At 30 June 2010 (unaudited)	7,311	232,139	987	8,640	504	(1,539)	25,032	120,105	393,179	3,133	396,312
At 1 January 2009 (audited)	2	–	–	8,639	504	(1,539)	16,698	87,597	111,901	2,026	113,927
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	10,079	10,079	(76)	10,003
Contribution from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	2,450	2,450
Dividend paid	–	–	–	–	–	–	–	(15,901)	(15,901)	–	(15,901)
At 30 June 2009 (unaudited)	2	–	–	8,639	504	(1,539)	16,698	81,775	106,079	4,400	110,479

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	30 June 2010 RMB'000 (unaudited)	30 June 2009 RMB'000 (unaudited)
Net cash used in operating activities	**(35,200)**	(9,761)
INVESTING ACTIVITIES		
Investments on associates	**(5,300)**	–
Purchase of property, plant and equipment	**(1,476)**	(1,494)
Proceeds on disposal of property, plant and equipment	**139**	–
Interest received	**177**	87
Repayment from (advance to) shareholders	**202**	(103)
Decrease in restricted bank balances	**7,419**	4,339
Net cash from investing activities	**1,161**	2,829
FINANCING ACTIVITIES		
Proceeds from issue of shares	**239,076**	–
New bank and other borrowings raised	**59,269**	22,000
Repayment of bank and other borrowings	**(24,000)**	(18,868)
Payment of transaction costs attributable to issue of new shares	**(12,164)**	–
Repayment to directors	**(7,447)**	(632)
Dividends paid	**(2,942)**	(15,593)
(Repayment to) advance from shareholder	**(1,519)**	1,600
Interest paid	**(867)**	(646)
Repayment to minority shareholders of a subsidiary	**–**	(900)
Capital contributions from minority shareholders of a subsidiary	**–**	2,450
Net cash from (used in) financing activities	**249,406**	(10,589)
Net increase (decrease) in cash and cash equivalents	**215,367**	(17,521)
Cash and cash equivalents at beginning of the period	**27,081**	27,475
Cash and cash equivalents at end of the period, represented by bank balances and cash	**242,448**	9,954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. GENERAL INFORMATION

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office is P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Island. The address of the principal place of business is Room 09-10, 41/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

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

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

2. BASIS OF PREPARATION

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Investment in associates

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (continued)

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

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

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

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

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

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

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

1 *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*
2 *Effective for annual periods beginning on or after 1 February 2010.*
3 *Effective for annual periods beginning on or after 1 July 2010.*
4 *Effective for annual periods beginning on or after 1 January 2011.*
5 *Effective for annual periods beginning on or after 1 January 2013.*

3. PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements (continued)

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

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

4. SEGMENT INFORMATION

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

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

DC Power System	–	Sales of electrical DC Power System products
PASS Products	–	Distribution of PASS products
Power Monitoring	–	Sales of power grid monitoring and management products
Charging Equipment	–	Sales of charging equipment for electric vehicles
Wind and Solar Power	–	Sales of wind and solar power generation balancing control products
LED products	–	Sales of high-power LED lighting products

4. SEGMENT INFORMATION (continued)

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

Six months ended 30 June 2010

	DC Power System 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	**51,033**	**1,582**	**13,052**	**15,767**	**15,752**	**757**	**97,943**
Segment results	**15,491**	**169**	**6,957**	**7,414**	**6,383**	**162**	**36,576**
Other revenue							**3,547**
Share of losses of associates							**(227)**
Fair value change on convertible loan note							**(3,956)**
Unallocated head office and corporate expenses							**(23,448)**
Profit before taxation							**12,492**

Six months ended 30 June 2009

	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	52,261	5,181	6,323	1,252	–	5,437	70,454
Segment results	17,012	1,471	2,784	591	–	319	22,177
Other revenue							1,415
Fair value change on convertible loan note							366
Unallocated head office and corporate expenses							(12,129)
Profit before taxation							11,829

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

4. SEGMENT INFORMATION (continued)

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

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

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

5. TAXATION

	Six months ended	
	30 June 2010 RMB'000 (unaudited)	30 June 2009 RMB'000 (unaudited)
Current taxation		
PRC Corporate Income Tax	**3,005**	1,826

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

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

5. TAXATION (continued)

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

Zhuhai Titans Technology Co., Ltd. ("Titans Technology") and Zhuhai Titans New Energy Systems Co., Ltd. ("Zhuhai Clear"), subsidiaries of the Company, were recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the six months ended 30 June 2010 and 2009.

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

6. PROFIT FOR THE PERIOD

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

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

Note:

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

7. DIVIDENDS

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

8. EARNINGS PER SHARE

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

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

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

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

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

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

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

10. INTERESTS IN ASSOCIATES

	30 June 2010 RMB'000 (unaudited)
Cost of investments in unlisted associates	**5,300**
Share of post acquisition results	**(227)**
	5,073

	30 June 2010 RMB'000 (unaudited)
Total assets	**15,363**
Total liabilities	**(23)**
Net assets	**15,340**
Group's share of net assets of associates	**5,073**
Revenue	**–**
Loss for the period	**(657)**
Group's share of result of associates for the period	**(227)**

10. INTERESTS IN ASSOCIATES (continued)

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

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

* *for identification only*

11. TRADE AND BILLS RECEIVABLES

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

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

All of the bills receivables are aged within 90 days.

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

12. TRADE AND BILLS PAYABLES

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

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

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

13. BANK AND OTHER BORROWINGS

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

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

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

14. SHARE CAPITAL

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

14. SHARE CAPITAL (continued)

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

Notes:

(a) On 8 May 2010, the Company acquired the entire issued share capital of Titans BVI from Clear Profit Resources Limited, Benefit Way Group Limited, Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited, Honor Boom Investments Limited, Huge Step Holdings Limited, Jumbo Gain Enterprises Limited and Perfect Quality Holdings Limited by the allotment and issue of a total of 100,000 Shares, all credited as fully paid, to Clear Profit Resources Limited, Benefit Way Group Limited, Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited, Honor Boom Investments Limited, Huge Step Holdings Limited, Jumbo Gain Enterprises Limited and Perfect Quality Holdings Limited as to 2,820 Shares, 3,850 Shares, 1,380 Shares, 32,865 Shares, 32,865 Shares, 14,250 Shares, 3,830 Shares, 4,150 Shares and 3,990 Shares respectively as consideration.

(b) On 28 May 2008, the convertible loan note was converted into 6,825 ordinary shares of HK$0.01 each in the Company.

(c) On 8 May 2010, shareholders' resolutions were passed to approve the matters set out in the paragraph headed "Written resolutions of all the Shareholders passed on 8 May 2010" in Appendix V to the Prospectus, pursuant to which:

   (i) The authorised share capital of the Company was increased from HKD380,000 to HKD100,000,000 divided into 10,000,000,000 ordinary shares of HKD0.01 each.

   (ii) On 28 May 2010, 200,000,000 ordinary shares of HKD0.01 each of the Company were issued ("New Issue") at HKD1.18 by way of placing and public offer. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

   (iii) Subject to the share premium account of the Company being credited as a result of the New Issue, the directors of the Company were authorised to capitalise HKD5,981,932 (equivalent to RMB5,269,484) standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 598,193,175 ordinary shares for allotment and issue to the shareholders of the Company on the register of the members of the Company at the close of business on 14 May 2010 in proportion to their then respective existing shareholdings in the Company and the directors allotted and issued such shares as aforesaid and gave effect to the capitalisation.

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

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

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

15. PLEDGE OF ASSETS

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

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

16. SHARE-BASED PAYMENTS

Pre-IPO share option scheme

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

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

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

16. SHARE-BASED PAYMENTS (continued)

Share option scheme

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

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

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

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

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

16. SHARE-BASED PAYMENTS (continued)

Share option scheme (continued)

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

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

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

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

17. OPERATING LEASE COMMITMENTS

The Group as a lessor

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

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

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Within one year	**12**	39

17. OPERATING LEASE COMMITMENTS (continued)

The Group as a lessee

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

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

18. RELATED PARTY DISCLOSURES

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

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

CORPORATE GOVERNANCE

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

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:–

Name of Director	Nature of interest	Number of Shares or underlying Shares of the Company	Approximate percentage of existing issued share capital of the Company
Li Xin Qing	Interest of controlled corporation	198,159,875 (L) *(Note 2)*	23.87%
	Beneficial owner	800,000 (L) *(Note 3)*	0.096%
An Wei	Interest of controlled corporation	198,159,875 (L) *(Note 4)*	23.87%
	Beneficial owner	800,000 (L) *(Note 5)*	0.096%

Note:

1. The letter "L" stands for long position and the letter "S" stands for short position (both within the meaning stated in the form for notification specified pursuant to the SFO).

2. The entire issued share capital of Genius Mind Enterprises Limited ("Genius Mind") is beneficially owned by Li Xin Qing who is deemed to be interested in 190,174,457 Shares held by Genius Mind by virtue of the SFO. In addition, Li Xin Qing is also deemed to be interested in 7,985,418 Shares held by Rich Talent Management Limited ("Rich Talent"), a company which shareholding is owned as to 50% by him.

3. The interest in 800,000 Shares represents the options granted to Li Xin Qing pursuant to the Pre-IPO Share Option Scheme.

4. The entire issued share capital of Great Passion International Limited ("Great Passion") is beneficially owned by An Wei who is deemed to be interested in 190,174,457 Shares held by Great Passion by virtue of the SFO. In addition, An Wei is also deemed to be interested in 7,985,418 Shares held by Rich Talent, a company which shareholding is owned as to 50% by him.

5. The interest in 800,000 Shares represents the options granted to An Wei pursuant to the Pre-IPO Share Option Scheme of the Company.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme detailed in note 16 to the unaudited interim financial statements, at no time during the six months ended 30 June 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2010, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:–

Name of shareholder	**Nature of interest**	**Number of Shares or underlying Shares of the Company**	**Approximate percentage of existing issued share capital of the Company**
Zeng Zhen *(Note 2)*	Interest of spouse	198,959,875 (L)	23.97%
Genius Mind *(Note 3)*	Beneficial owner	190,174,457 (L)	22.91%
Yan Kai *(Note 4)*	Interest of spouse	198,959,875 (L)	23.97%
Great Passion *(Note 5)*	Beneficial owner	190,174,457 (L)	22.91%
Honor Boom Investments Limited *(Note 6)*	Beneficial owner	82,458,117 (L)	9.93%
Li Xiao Bin *(Note 6)*	Interest of controlled corporation Beneficial owner	82,458,117 (L) 800,000 (L)	9.93% 0.096%
Zhang Lina *(Note 7)*	Interest of spouse	83,258,117 (L)	10.03%
Thomas Pilscheur *(Note 8)*	Interest of controlled corporations	69,264,818 (L)	8.34%
Feng Yanlin *(Note 9)*	Interest of spouse	69,264,818 (L)	8.34%

Note:

1. The letter "L" stands for long position and the letter "S" stands for short position (both within the meaning stated in the form for notification specified pursuant to the SFO).

2. Li Xin Qing is the spouse of Zeng Zhen. Therefore, Zeng Zhen is deemed to be interested in the Shares in which Li Xin Qing is interested for the purposes of the SFO.

3. The entire issued share capital of Genius Mind is beneficially owned by Li Xin Qing who is deemed to be interested in the Shares held by Genius Mind by virtue of the SFO. Li Xin Qing is the sole director of Genius Mind.

4. An Wei is the spouse of Yan Kai. Therefore, Yan Kai is deemed to be interested in the Shares in which An Wei is interested for the purposes of the SFO.

5. The entire issued share capital of Great Passion is beneficially owned by An Wei who is deemed to be interested in the Shares held by Great Passion by virtue of the SFO. An Wei is the sole director of Great Passion.

6. The issued share capital of Honor Boom Investments Limited ("Honor Boom") is owned as to 40% by Li Xiao Bin, 30% by Ou Yang Fen and 30% by Cui Jian respectively. Li Xiao Bin is deemed to be interested in the 82,458,117 Shares held by Honor Boom. The interest in 800,000 Shares represents the option granted to Li Xiao Bin under the Pre-IPO Share Option Scheme.

7. Li Xiao Bin is the spouse of Zhang Lina. Therefore. Zhang Lina is deemed to be interested in the Shares in which Li Xiao Bin is interested for the purposes of the SFO.

8. The entire issued share capital of each of Huge Step Holdings Limited, Jumbo Gain Enterprises Limited and Perfect Quality Holdings Limited is beneficially owned by Thomas Pilscheur who is deemed to be interested in 22,162,427 Shares, 24,014,118 Shares and 23,088,273 Shares held by each of them respectively by virtue of the SFO.

9. Thomas Pilscheur is the spouse of Feng Yanlin. Therefore, Feng Yanlin is deemed to be interested in the Shares in which Thomas Pilscheur is interested for the purposes of the SFO.

Save as disclosed above, as at 30 June 2010, the Company has not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 8 May 2010 and has conditionally adopted the Share Option Scheme on 8 May 2010. The principal terms of the two schemes are as follows:–

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, representatives, and sale partners of the Group who has contributed and will continue to contribute to the Group. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme, except that:-

(a) the Pre-IPO Share Option Scheme expired on the date immediately prior to 28 May 2010 (the "Listing Date") and save for the options which have been conditionally granted, no further options will be offered or granted or accepted under the Pre-IPO Share Option Scheme after the Listing Date;

(b) the subscription price per Share has been determined by the Board at 50% discount to the final offer price of the listing of the Shares on the Stock Exchange which is HK$1.18 (while the consideration payable for the grant of an option is the same as that under Share Option Scheme, i.e. HK$1.00);

(c) the option period of each option granted is: (i) in relation to 25% of the Shares comprised in the option, the period commencing on the expiration of 12 months after the Listing Date and ending on the expiration of 24 months after the Listing Date; (ii) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 24 months after the Listing Date and ending on the expiration of 36 months after the Listing Date; (iii) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 36 months after the Listing Date and ending on the expiration of 48 months after the Listing Date; and (iv) in relation to the remaining 25% of the Shares comprised in the option, the period commencing on the expiration of 48 months after the Listing Date and ending on the expiration of 60 months after the Listing Date;

(d) given that no further options will be granted under the Pre-IPO Share Option Scheme after its expiration on the Listing Date, there are no similar provisions relating the cancellation of options where there is a grant of new options, the alteration to and termination of the Pre-IPO Share Option Scheme and restrictions on the timing of grant of option as set out in the Share Option Scheme; and

(e) there are no similar requirements to be complied with on granting of options to connected persons as set out in the Share Option Scheme.

Save for the options which have been granted under the Pre-IPO Share Option Scheme prior to the Listing Date, no further options were offered or granted under the Pre-IPO Share Option Scheme, as the right to do so has been terminated upon the listing of the Shares on the Stock Exchange.

Set out below is further information on the outstanding options granted under the Pre-IPO Share Option Scheme as at 30 June 2010:–

	Number of share options					
Name of participant	**Granted at 8 May 2010**	**Exercised during the period**	**Lapsed during the period**	**Cancelled during the period**	**Outstanding at 30 June 2010**	**Approximate percentage of issued share capital of the Company**
Li Xin Qing *(Note)*	800,000	–	–	–	800,000	0.096%
An Wei *(Note)*	800,000	–	–	–	800,000	0.096%
Other employees of the Group	22,320,000	–	–	–	23,120,000	2.69%
Total for scheme	23,920,000	–	–	–	23,920,000	2.88%

Note: Li Xin Qin and An Wei are the executive directors of the Company.

Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives to eligible persons (including employees, officers, agents, consultants or representatives of any member of the Group (including any executive or non-executive director of any member of the Group)) for their contribution to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group.

The total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares, which represented approximately 9.64% of the Shares in issue as at the date of this interim report. The maximum number of Shares issued or to be issued upon exercise of all options granted under the Share Option Scheme and any other share option schemes of any member of the Group in any 12-month period immediately preceding any proposed grant date to each participant must not exceeds 1% of the number of issued Shares of the Company as at the proposed grant date, unless otherwise approved by the Company's shareholder.

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of any member of the Group must not exceed 30% of the number of issued Shares from time to time. Options lapsed or cancelled in accordance with the terms of the relevant share option scheme shall not be counted for the purpose of calculating the said 30%-limit.

The subscription price of the Shares under the options to be granted under the Share Option Scheme will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant (subject to acceptance) of the option; and (c) the nominal value of the Shares.

Subject to earlier termination by the shareholders of the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of approval, i.e. 8 May 2010. An option must be exercised within ten years from the date of grant and HK$1 is payable by the participant who accepts the grant of an option in accordance with the terms of the Share Option Scheme on acceptance of the grant of an option.

No option was granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2010 since its adoption, and no option under the Share Option Scheme was outstanding as at 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, as at the date of this interim report, the Company has maintained the prescribed public float under the Listing Rules.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

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

REVIEW BY AUDIT COMMITTEE

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

As at the date of this interim report, 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

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

Hong Kong, 30 August 2010