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China Titans Energy Technology Group Co., Limited

中國泰坦能源技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

**CLARIFICATION ANNOUNCEMENT IN RELATION TO
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018
AND THE INTERIM REPORT**

Reference is made to the announcement relating to the unaudited condensed consolidated results of China Titans Energy Technology Group Co., Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2018 (the “**Announcement**”) published by the Company on 24 August 2018 and the 2018 interim report of the Company (the “**Interim Report**”) published by the Company on 21 September 2018. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Interim Report.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to clarify that after the publication of the Announcement and the Interim Report, re-classifications have been made to the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows due to an inadvertent error made on the classification of the deposit paid for the acquisition of property, plant and equipment (PPE).

The re-classifications have no impact on the condensed consolidated statement of profit or loss and other comprehensive income of the Company for the six months ended 30 June 2018.

ADJUSTMENT TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The major impact of the re-classifications on the condensed consolidated statement of financial position of the Company as at 30 June 2018 is a decrease to the amount of non-current assets by RMB60,356,000 from RMB386,490,000 to RMB326,134,000 and an increase to the amount under “Current assets – Prepayments, deposits and other receivables” by RMB60,356,000 from RMB205,153,000 to RMB265,509,000.

Set out below is a reconciliation of the condensed consolidated statement of financial position of the Company as at 30 June 2018 (p.4 and p.5 of the Announcement and p.23 and p.24 of the Interim Report refer) before and after the adjustment:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE ADJUSTMENT)

As at 30 June 2018

	30 June	31 December
	2018	2017
<i>Notes</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	99,407	56,837
Prepaid lease payments	8,145	8,301
Goodwill	449	449
Prepayment for the construction of property, plant and equipment	–	13,000
Intangible assets	30,405	32,085
Deposit paid for the acquisition of property, plant and equipment	60,356	–
Financial lease receivable	662	–
Interests in associates	5,676	8,332
Available-for-sale financial assets	–	159,152
Financial asset at fair value through profit or loss	149,697	–
Financial asset at fair value through other comprehensive income	24,609	–
Deferred tax assets	7,084	7,523
	386,490	285,679

		30 June	31 December
		2018	2017
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Current assets			
Inventories		92,789	76,717
Trade and bills receivables	5	300,073	333,094
Prepayments, deposits and other receivables		205,153	157,980
Prepaid lease payments		312	312
Amounts due from associates	9	4,674	4,137
Financial asset at fair value through profit or loss		2,793	–
Held for trading investment		–	9,248
Redemption option derivative of the convertible notes		1,263	165
Restricted bank balances		63,409	61,433
Short-term bank deposits		18,000	73,000
Bank balances and cash		55,983	60,133
		744,449	776,219
Current liabilities			
Trade and bills payables	6	114,931	101,193
Contract liabilities		12,951	–
Receipts in advance		–	6,791
Accruals and other payables		26,839	29,963
Convertible notes		90,933	83,567
Amounts due to associates	9	281	185
Conversion option derivative of the convertible notes		1,405	175
Tax payable		16,514	25,590
Bank and other borrowings		160,079	134,945
		423,933	382,409
Net current assets		320,516	393,810
Total assets less current liabilities		707,006	679,489

	30 June 2018	31 December 2017
<i>Notes</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current liabilities		
Bank and other borrowings	13,876	3,450
Deferred tax liabilities	20,119	18,604
	<u>33,995</u>	<u>22,054</u>
Net assets	<u>673,011</u>	<u>657,435</u>
Capital and reserves		
Share capital	8,087	8,087
Share premium and reserves	639,019	622,599
	<u>647,106</u>	<u>2,630,686</u>
Equity attributable to owners of the Company	647,106	2,630,686
Non-controlling interests	25,905	26,749
	<u>673,011</u>	<u>657,435</u>
Total equity	<u>673,011</u>	<u>657,435</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AFTER ADJUSTMENT)

As at 30 June 2018

	<i>Notes</i>	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		99,407	56,837
Prepaid lease payments		8,145	8,301
Goodwill		449	449
Prepayment for the construction of property, plant and equipment		–	13,000
Intangible assets		30,405	32,085
Financial lease receivable		662	–
Interests in associates		5,676	8,332
Available-for-sale financial assets		–	159,152
Financial asset at fair value through profit or loss		149,697	–
Financial asset at fair value through other comprehensive income		24,609	–
Deferred tax assets		7,084	7,523
		326,134	285,679
Current assets			
Inventories		92,789	76,717
Trade and bills receivables	5	300,073	333,094
Prepayments, deposits and other receivables		265,509	157,980
Prepaid lease payments		312	312
Amounts due from associates	9	4,674	4,137
Financial asset at fair value through profit or loss		2,793	–
Held for trading investment		–	9,248
Redemption option derivative of the convertible notes		1,263	165
Restricted bank balances		63,409	61,433
Short-term bank deposits		18,000	73,000
Bank balances and cash		55,983	60,133
		804,805	776,219

	<i>Notes</i>	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	6	114,931	101,193
Contract liabilities		12,951	–
Receipts in advance		–	6,791
Accruals and other payables		26,839	29,963
Convertible notes		90,933	83,567
Amounts due to associates	9	281	185
Conversion option derivative of the convertible notes		1,405	175
Tax payable		16,514	25,590
Bank and other borrowings		160,079	134,945
		<u>423,933</u>	<u>382,409</u>
Net current assets		<u>380,872</u>	<u>393,810</u>
Total assets less current liabilities		<u>707,006</u>	<u>679,489</u>
Non-current liabilities			
Bank and other borrowings		13,876	3,450
Deferred tax liabilities		20,119	18,604
		<u>33,995</u>	<u>22,054</u>
Net assets		<u>673,011</u>	<u>657,435</u>
Capital and reserves			
Share capital		8,087	8,087
Share premium and reserves		639,019	622,599
Equity attributable to owners of the Company		<u>647,106</u>	2,630,686
Non-controlling interests		25,905	26,749
Total equity		<u>673,011</u>	<u>657,435</u>

ADJUSTMENT TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The major impact of the re-classifications on the condensed consolidated statement of cash flows of the Company as at 30 June 2018 is a decrease to the amount of net cash from (used in) operating activities by RMB60,356,000 from RMB6,335,000 to (RMB54,021,000) and an increase to the amount of net cash (used in) from investing activities by RMB60,356,000 from (RMB60,929,000) to (RMB573,000).

Set out below is a reconciliation of the condensed consolidated statement of cash flows of the Company as at 30 June 2018 (p.26 of the Interim Report refers) before and after the adjustment:

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (BEFORE ADJUSTMENT)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>6,335</u>	<u>(51,699)</u>
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	55,000	48,988
Purchase of property, plant and equipment	(46,254)	(11,335)
Deposit paid for acquisition of property, plant and equipment	(60,356)	–
Proceeds from disposal of property, plant and equipment	60	–
Proceeds from partial consideration from the disposal of assets classified as held for sale	–	17,500
Capital contribution to an associate	–	(980)
Net cash inflow on disposal of a subsidiary	–	(22)
Acquisition of an available-for-sale financial asset	(9,379)	–
Other cash flows arising from investing activities	<u>–</u>	<u>794</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(60,929)</u>	<u>54,945</u>

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Bank and other borrowings raised	52,869	19,180
Repayment of bank and other borrowings	–	(11,260)
Withdrawal of restricted bank balances	–	163
Placement of restricted bank balances	(1,976)	–
Interest paid	(1,792)	(3,321)
Other cash flows arising from financing activities	1,343	3,707
	<hr/>	<hr/>
NET CASH FROM IN FINANCING ACTIVITIES	50,444	8,469
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,150)	11,715
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	60,133	13,830
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	55,983	25,545
representing bank balances and cash	<hr/> 55,983	<hr/> 25,545

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (AFTER ADJUSTMENT)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<u>(54,021)</u>	<u>(51,699)</u>
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	55,000	48,988
Purchase of property, plant and equipment	(46,254)	(11,335)
Proceeds from disposal of property, plant and equipment	60	–
Proceeds from partial consideration from the disposal of assets classified as held for sale	–	17,500
Capital contribution to an associate	–	(980)
Net cash inflow on disposal of a subsidiary	–	(22)
Acquisition of an available-for-sale financial asset	(9,379)	–
Other cash flows arising from investing activities	<u>–</u>	<u>794</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(573)</u>	<u>54,945</u>
FINANCING ACTIVITIES		
Bank and other borrowings raised	52,869	19,180
Repayment of bank and other borrowings	–	(11,260)
Withdrawal of restricted bank balances	–	163
Placement of restricted bank balances	(1,976)	–
Interest paid	(1,792)	(3,321)
Other cash flows arising from financing activities	<u>1,343</u>	<u>3,707</u>
NET CASH FROM IN FINANCING ACTIVITIES	<u>50,444</u>	<u>8,469</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,150)	11,715
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>60,133</u>	<u>13,830</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD representing bank balances and cash	<u>55,983</u>	<u>25,545</u>

As a result of the above adjustments, the Board would like to clarify that in the section headed “MANAGEMENT DISCUSSION AND ANALYSIS” in the Announcement and the Interim Report:

1. The first sentence of the 3rd paragraph in the sub-section headed “Liquidity, financial resources and capital structure” on page 30 of the Announcement shall be read as follows (with amendment emphasized and underlined):

“The net current assets of the Group as at 30 June 2018 were approximately **RMB380,872,000** (as at 31 December 2017: approximately RMB393,810,000).”

2. The first sentence of the 3rd paragraph in the sub-section headed “Liquidity, financial resources and capital structure” on page 12 of the Interim Report shall be read as follows (with amendment emphasized and underlined):

“The net current assets of the Group as at 30 June 2018 were approximately **RMB380,872,000** (as at 31 December 2017: approximately RMB393,810,000).”

Save as disclose in this announcement, no other changes have been made to the Announcement and the Interim Report.

We sincerely apologise for any confusion and the inconvenience caused.

Shareholders of the Company and potential Investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 September 2018

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

* *For identification purpose only*