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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

– Revenue increased by approximately 47.67% to RMB289,298,000 as compared to last year.

– Profit for the year attributable to owners of the Company amounted to RMB7,279,000 as compared to loss attributable to owners of the Company of RMB26,061,000 in 2015.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2016.

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 together with comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*4*	**289,298**	195,902
Cost of sales		**(194,623)**	(124,117)
Gross profit		**94,675**	71,785
Other revenue	*6*	**13,514**	25,244
Selling and distribution expenses		**(52,027)**	(41,033)
Administrative and other expenses		**(62,363)**	(53,107)
Allowance for impairment loss recognised in respect of trade receivables	*12*	**(17,854)**	(43,696)
Reversal of impairment loss recognised in respect of trade receivables	*12*	**30,760**	23,320
Impairment loss recognised in respect of available-for-sale financial asset		**(1,983)**	(4,192)
Reversal of impairment loss (impairment loss) recognised in respect of prepayment		**4,650**	(4,650)
Impairment loss on goodwill		**–**	(642)
Loss on disposal of subsidiaries		**(575)**	–
Gain on disposal of an associate		**5,138**	2,655
Gain on disposal of available-for-sale financial asset		**87**	–
Share of results of associates		**(521)**	1,832
Loss on deemed disposal of an associate		**–**	(112)
Net fair value gain on derivative components of the convertible notes		**10,111**	–
Finance costs	*7*	**(12,659)**	(7,736)
Profit (loss) before tax		**10,953**	(30,332)
Income tax (expense) credit	*8*	**(5,998)**	2,589
Profit (loss) for the year	*9*	**4,955**	(27,743)

	Note	2016 RMB'000	2015 RMB'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Reserve released upon impairment loss on available-for-sale financial asset		**–**	1,008
Fair value gain on available-for-sale financial asset		**136,174**	–
Income tax relating to items that may be reclassified subsequently		**(34,044)**	(152)
Other comprehensive income for the year, net of income tax		**102,130**	856
Total comprehensive income (expense) for the year		**107,085**	(26,887)
Profit (loss) for the year attributable to:			
– Owners of the Company		**7,279**	(26,061)
– Non-controlling interests		**(2,324)**	(1,682)
		4,955	(27,743)
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**109,409**	(25,205)
– Non-controlling interests		**(2,324)**	(1,682)
		107,085	(26,887)
EARNINGS (LOSS) PER SHARE	*11*		
Basic and diluted (RMB)		**0.79 cents**	(3.04) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**26,550**	29,688
Prepaid lease payments		**8,613**	8,925
Goodwill		**–**	–
Deposit paid for the acquisition of available-for-sale financial asset		**–**	5,000
Prepayment for the construction of property, plant and equipment		**15,000**	–
Intangible assets		**25,300**	180
Interests in associates		**12,094**	706
Available-for-sale financial assets		**14,828**	3,074
Deferred tax assets		**7,177**	9,465
		109,562	57,038
Current assets			
Inventories		**97,893**	89,717
Trade and bills receivables	*12*	**228,365**	331,730
Prepayments, deposits and other receivables		**57,778**	54,301
Prepaid lease payments		**312**	312
Amount due from an associate	*13*	**2,175**	34
Redemption option derivative of the convertible notes		**13,331**	–
Restricted bank balances		**148,548**	81,823
Short-term bank deposits		**130,014**	30,000
Bank balances and cash		**13,830**	58,621
		692,246	646,538
Assets classified as held for sale		**165,100**	28,000
		857,346	674,538

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Current liabilities			
Trade and bills payables	*14*	**63,968**	88,749
Receipts in advance		**11,838**	3,006
Accruals and other payables		**10,937**	21,882
Conversion option derivative of the convertible notes		**22,200**	–
Amounts due to non-controlling shareholders of subsidiaries		**–**	1,171
Tax payable		**4,724**	2,962
Bank borrowings		**149,850**	126,700
		263,517	244,470
Net current assets		**593,829**	430,068
Total assets less current liabilities		**703,391**	487,106
Non-current liabilities			
Convertible notes		**75,412**	–
Deferred tax liabilities		**42,937**	9,319
		118,349	9,319
Net assets		**585,042**	477,787
Capital and reserves			
Share capital	*15*	**8,087**	8,087
Share premium and reserves		**567,973**	458,564
Equity attributable to owners of the Company		**576,060**	466,651
Non-controlling interests		**8,982**	11,136
Total equity		**585,042**	477,787

1. GENERAL

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business and headquarters in the People's Republic of China (the "PRC") is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the PRC. The address of the principal place of business in Hong Kong is 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments with HKFRS 4 Insurance Contracts*[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2017.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective date not yet been determined.

5 Amendments to HKFRS 12 are effective for annual periods beginning on or after 1 January 2017, and Amendments to HKFRS 1 and Amendments to HKAS 28 are effective for annual periods beginning on or after 1 January 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the available-for-sale financial assets, available-for-sale financial asset classified under assets classified as held for sale, redemption option derivative and conversion option derivative of the convertible notes that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

4. REVENUE

Revenue represents the amounts arising on (i) sales of electric products including direct current power system, plug and switch system products, power monitoring and management equipment and charging equipment for electric vehicles; (ii) construction revenue under BOT arrangements; (iii) provision of charging services for electric vehicles; (iv) sales of electric vehicles; and (v) rental income from the operating leases of electric vehicles.

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

	2016	2015
	RMB'000	*RMB'000*
Sales of electric products	**257,805**	193,998
Construction revenue under BOT arrangements	**26,692**	–
Provision of charging services for electric vehicles	**2,552**	52
Sales of electric vehicles	**2,080**	1,832
Rental income from operating leases of electric vehicles	**169**	20
	289,298	195,902

5. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and service lines.

The Group's reporting segments under HKFRS 8 are as follows:

(i)	DC Power System	Manufacturing and sales of direct current power system
(ii)	Charging Equipment	Manufacturing and sales of charging equipment for electric vehicles
(iii)	Charging Services and Construction	Provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under BOT arrangements
(iv)	Others	Including three operating segments namely (i) PASS Products – sales of plug and switch system products; (ii) Power Monitoring – sales of power monitoring and management equipment; and (iii) Electric Vehicles – sales and leases of electric vehicles

The Group's construction revenue under BOT arrangements and included in "Charging Services and Construction" segment was introduced in the current year as a result of the establishment of a non-wholly owned subsidiary, Shaoguan City Yilian New Energy Vehicles Operation and Services Company Ltd.* (韶關市驛聯新能源汽車運營服務有限公司). As the nature of the services provided by the newly introduced business is similar with the segment "Charging Services", both business operations has been aggregated into one operating segment and renamed as "Charging Services and Construction" as determined by the CODM from the year ended 31 December 2016.

Segment revenues and results

The following is an analysis of the Group's revenue and the results by reportable and operating segments.

Year ended 31 December 2016

	DC Power System	Charging Equipment	Charging Services and Construction	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	83,282	174,523	29,244	2,249	289,298
Segment profit	49,021	40,135	8,563	606	98,325
Unallocated other revenue					13,514
Impairment loss recognised in respect of available-for-sale financial asset					(1,983)
Loss on disposal of subsidiaries					(575)
Gain on disposal of an associate					5,138
Gain on disposal of available-for-sale financial asset					87
Share of results of associates					(521)
Net fair value gain on derivative components of the convertible notes					10,111
Unallocated head office and corporate expenses					(100,484)
Finance costs					(12,659)
Profit before tax					10,953

Year ended 31 December 2015

	DC Power System	Charging Equipment	Charging Services and Construction	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	68,699	122,582	52	4,569	195,902
Segment profit (loss)	12,445	24,477	7	(25)	36,904
Unallocated other revenue					25,222
Impairment loss recognised in respect of available-for-sale financial asset					(4,192)
Gain on disposal of an associate					2,655
Share of results of associates					1,832
Loss on deemed disposal of an associate					(112)
Unallocated head office and corporate expenses					(84,905)
Finance costs					(7,736)
Loss before tax					(30,332)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of certain other revenue, impairment loss recognised in respect of available-for-sale financial asset, loss on disposal of subsidiaries, gain on disposal of an associate, loss on deemed disposal of an associate, gain on disposal of available-for-sale financial asset, share of results of associates, net fair value gain on derivative components of the convertibles notes, central administrative cost, directors' emoluments and finance cost. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	**2016**	2015
	RMB'000	*RMB'000*
DC Power System	**120,150**	232,014
Charging Equipment	**242,275**	239,558
Charging Services and Construction	**53,871**	1,720
Others	**7,213**	21,151
Total segment assets	**423,509**	494,443
Assets classified as held for sale	**165,100**	28,000
Unallocated	**378,299**	209,133
Consolidated assets	**966,908**	731,576

Segment liabilities	**2016**	2015
	RMB'000	*RMB'000*
DC Power System	**22,186**	32,558
Charging Equipment	**46,308**	54,759
Charging Services and Construction	**6,813**	334
Others	**499**	4,104
Total segment liabilities	**75,806**	91,755
Unallocated	**306,060**	162,034
Consolidated liabilities	**381,866**	253,789

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than deposit paid for the acquisition of available-for-sale financial assets, prepayment for the construction of property, plant and equipment, interests in associates, redemption option derivative of the convertible notes, available-for-sale financial assets, deferred tax assets, deposits and other receivables, restricted bank balances, short-term bank deposits, bank balances and cash and assets classified as held for sale; and

- all liabilities are allocated to operating segments other than accruals and other payables, amounts due to non-controlling shareholders of subsidiaries, conversion option derivative of the convertible notes, tax payable, bank borrowings, convertible notes and deferred tax liabilities.

Other segment information

For the year ended 31 December 2016

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services and Construction *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	**536**	**8,731**	**26,692**	**3,441**	**–**	**39,400**
Allowance for impairment loss recognised in respect of trade receivables	**17,373**	**481**	**–**	**–**	**–**	**17,854**
Reversal of impairment loss recognised in respect of trade receivables	**(30,760)**	**–**	**–**	**–**	**–**	**(30,760)**
Reversal of impairment loss recognised in respect of prepayment	**–**	**(4,650)**	**–**	**–**	**–**	**(4,650)**
Loss on disposal of property, plant and equipment	**242**	**–**	**–**	**–**	**–**	**242**
Depreciation and amortisation	**4,009**	**8,203**	**1,452**	**–**	**–**	**13,664**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in associates	**–**	**–**	**–**	**–**	**12,094**	**12,094**
Prepayment for the construction of property, plant and equipment	**–**	**–**	**–**	**–**	**15,000**	**15,000**
Available-for-sale financial assets	**–**	**–**	**–**	**–**	**14,828**	**14,828**
Share of results of associates	**–**	**–**	**–**	**–**	**521**	**521**
Gain on disposal of an associate	**–**	**–**	**–**	**–**	**(5,138)**	**(5,138)**
Loss on disposal of subsidiaries	**–**	**–**	**–**	**–**	**575**	**575**
Gain on disposal of available for-sale financial asset	**–**	**–**	**–**	**–**	**(87)**	**(87)**
Net fair value gain on derivative components of the convertible notes	**–**	**–**	**–**	**–**	**10,111**	**10,111**
Impairment loss recognised in respect of available-for-sale financial asset	**–**	**–**	**–**	**–**	**1,983**	**1,983**
Bank interest income	**–**	**–**	**–**	**–**	**(688)**	**(688)**
Finance costs	**–**	**–**	**–**	**–**	**12,659**	**12,659**
Income tax expense	**–**	**–**	**–**	**–**	**5,998**	**5,998**

For the year ended 31 December 2015

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services and Construction *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	4,018	8,084	328	7,720	–	20,150
Allowance for impairment loss recognised in respect of trade receivables	43,355	341	–	–	–	43,696
Reversal of impairment loss recognised in respect of trade receivables	(23,133)	(187)	–	–	–	(23,320)
Impairment loss on goodwill	–	642	–	–	–	642
Impairment loss on prepayment	–	4,650	–	–	–	4,650
Gain on disposal of property, plant and equipment	(22)	–	–	–	–	(22)
Depreciation and amortisation	3,093	5,529	13	600	–	9,235
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in associates	–	–	–	–	706	706
Deposit paid for the acquisition of available-for-sale financial asset	–	–	–	–	5,000	5,000
Available-for-sale financial assets	–	–	–	–	3,074	3,074
Share of results of associates	–	–	–	–	(1,832)	(1,832)
Gain on disposal of an associate	–	–	–	–	(2,655)	(2,655)
Loss on deemed disposal of an associate	–	–	–	–	112	112
Impairment loss recognised in respect of available-for-sale financial asset	–	–	–	–	4,192	4,192
Bank interest income	–	–	–	–	(1,835)	(1,835)
Finance costs	–	–	–	–	7,736	7,736
Income tax credit	–	–	–	–	(2,589)	(2,589)

Note:

Non-current assets excluded deposit paid for acquisition of available-for-sale financial asset, prepayment for the construction of property, plant and equipment, interests in associates, available-for-sale financial assets and deferred tax assets.

Revenue from major products

No revenue from major products is presented as the products of the Group are specific to the customers' request and no major product identified by the Directors.

Geographical information

No geographical information is presented as all revenue from external customers of the Group is derived from and all non-current assets of the Group are located in the PRC.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2016	2015
	RMB'000	*RMB'000*
Customer A[1]	**32,219**	N/A[2]

[1] Revenue from Charging Equipment.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.

6. OTHER REVENUE

	2016	2015
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**9,219**	7,669
Bank interest income	**688**	1,835
Gain on disposal of property, plant and equipment	**–**	22
Government grants *(note (b))*	**2,029**	14,360
Dividend from available-for-sale financial asset	**362**	–
Rental income	**162**	190
Net exchange gain	**997**	1,129
Other income	**57**	39
	13,514	25,244

Notes:

(a) VAT refunds represent the refund of VAT charged on qualified sales of electric products by the PRC tax bureau.

(b) Included in government grants are subsidies of approximately RMB2,029,000 (2015: RMB14,238,000) received from Zhuhai Finance Bureau ("珠海市財政局"), Department of Finance of Guangdong Province ("廣東省財政廳") and The Ministry of Science and Technology of the People's Republic of China ("中華人民共和國科學技術部") regarding the research and development on technology innovation of which there are no unfulfilled conditions or contingencies relating to those subsidies and recognised upon receipts during the years ended 31 December 2016 and 2015.

7. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Effective interest expense on the convertible notes	**10,492**	–
Interest on:		
Bank borrowings	**1,558**	5,079
Factoring charges on trade receivables	**609**	2,657
	12,659	7,736

8. INCOME TAX EXPENSE (CREDIT)

	2016	2015
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current year	**4,136**	351
Deferred tax:		
Current year	**1,862**	(2,940)
	5,998	(2,589)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries other than Zhuhai Titans Technology Co., Limited* (珠海泰坦科技股份有限公司) ("Titans Technology") is 25% from 1 January 2008 onwards.

Titans Technology was established in Zhuhai, the special economic zone, and the income tax rate applicable to Titans Technology was 15% pursuant to the relevant PRC laws in 2007. Titans Technology was recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province since 2008 and the income tax rate applicable to them is 15% for the years ended 31 December 2016 and 2015. No provision for the PRC EIT for Titans Technology has been made for the year ended 31 December 2015 as assessable profits have been fully absorbed by the tax losses brought forward.

9. PROFIT (LOSS) FOR THE YEAR

	2016	2015
	RMB'000	*RMB'000*
Profit (loss) for the year have been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**1,339**	1,314
Other staff:		
– salaries and other allowances	**54,490**	38,906
– retirement benefits scheme contributions (excluding Directors)	**5,243**	4,615
Total staff costs	**61,072**	44,835
Amortisation of intangible assets	**1,572**	120
Amortisation of prepaid lease payments	**312**	130
Auditors' remuneration	**1,066**	967
Net exchange gain	**(997)**	(1,129)
Cost of inventories recognised as an expense	**176,499**	124,080
Depreciation of property, plant and equipment	**11,780**	8,985
Loss (gain) on disposal of property, plant and equipment	**242**	(22)
Minimum lease payment paid under operating lease rentals in respect of rented premises	**2,888**	2,822
Research and development expenses (included in administrative and other expenses) *(note)*	**25,387**	25,832

Note:

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

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

11. EARNINGS (LOSS) PER SHARE

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

	2016	2015
	RMB'000	*RMB'000*
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	**7,279**	(26,061)

Number of shares

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**925,056**	856,933

The computation of diluted earnings per share for the year ended 31 December 2016 does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in an increase in earnings per share.

The computation of diluted loss per share for the year ended 31 December 2015 did not assume the conversion of the Company's share options since their exercise would result in a decrease in loss per share.

12. TRADE AND BILLS RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**280,029**	406,111
Less: allowance for impairment loss of trade receivables	**(63,622)**	(76,528)
	216,407	329,583
Bills receivables	**11,958**	2,147
Total trade and bills receivables	**228,365**	331,730

The bills receivables as at 31 December 2016 were fallen within the aged group of 0-90 days and 91-180 days with approximately RMB2,958,000 (2015: RMB2,075,000) and RMB9,000,000 (2015: RMB72,000) respectively, based on the dates of delivery of goods.

Included in the balances of trade receivables as at 31 December 2016 were retention receivables of approximately RMB45,674,000 (2015: RMB43,562,000) of which approximately RMB40,126,000 and RMB5,548,000 (2015: RMB32,672,000 and RMB10,890,000) are aged 1 – 2 years and 2 – 3 years respectively.

The Group does not hold any collateral over these balances.

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

	2016	2015
	RMB'000	*RMB'000*
0 – 90 days	**81,572**	104,822
91 – 180 days	**34,094**	40,484
181 – 365 days	**34,737**	39,874
1 – 2 years	**55,188**	104,387
2 – 3 years	**8,462**	35,108
Over 3 years	**2,354**	4,908
	216,407	329,583

The Group allows an average credit period of 90 days (2015: 90 days) to its trade customers or 90 days (2015: 90 days) counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separated into initial deposit payment which falls due upon signing of sales contracts, payment after installation and testing and retention money which falls due from the end of the product quality assurance period. These state-owned enterprises repay their outstanding balances upon the completion of their constructions in accordance with the industry practice in the PRC.

Before accepting any new customer, the Group assesses the credit quality of the potential customers with reference to the credit report and their financial strength and determines the credit terms and limits for them. The Group also regularly monitored the credit quality of the existing customers by established credit policies and procedures. The Group will adjust the credit limit to the existing customers with reference to the past repayment history and external credit source on the customers' financial strength.

The Group's trade receivables neither past due nor impaired mainly represent sales made to recognised and creditworthy customers with good repayment history. The Group regularly monitored the credit quality of these customers, who trade on credit terms.

At the end of the reporting period, the Group's trade receivables are individually assessed for impairment. In view of the good repayment history from those major customers of the Group, the Directors consider that there is no further allowance for impairment loss recognised for each of the reporting period.

Included in the Group's trade and bills receivable balance as at 31 December 2016 were approximately RMB21,288,000 and RMB80,773,000 (2015: RMB26,383,000 and RMB83,074,000), representing 7.3% and 27.7% (2015: 6.5% and 20.3%) of the total trade and bills receivables before allowance for impairment loss of trade receivables, which were due from the Group's largest and top five customers, respectively.

Included in the Group's trade receivable balances were debtors with aggregate carrying amounts of approximately RMB134,835,000 (2015: RMB224,761,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing analysis of trade receivables which are past due but not impaired is set out below:

	2016	2015
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**33,208**	40,484
91 – 180 days	**9,560**	10,226
181 – 365 days	**39,699**	61,795
1 – 2 years	**43,788**	95,568
2 – 3 years	**6,815**	12,651
Over 3 years	**1,765**	4,037
	134,835	224,761
Neither past due nor impaired	**81,572**	104,822
	216,407	329,583

The movement in the allowance for impairment loss of trade receivables is set out below:

	2016	2015
	RMB'000	*RMB'000*
1 January	**76,528**	58,364
Allowance for impairment loss recognised in respect of trade receivables	**17,854**	43,696
Reversal of impairment loss recognised in respect of trade receivables	**(30,760)**	(23,320)
Amounts written off as uncollectible	**–**	(2,212)
31 December	**63,622**	76,528

As at 31 December 2016, included in the allowance for impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB63,622,000 (2015: RMB76,528,000) which have been placed in severe financial difficulties.

13. AMOUNT DUE FROM AN ASSOCIATE

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

The following is an ageing analysis of the amount due from an associate based on the dates of delivery of goods, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
0 – 90 days	–	34
91 – 180 days	–	–
181 – 365 days	2,175	–
	2,175	34

The ageing analysis of the amount due from an associate which are past due but not impaired is set out below:

	2016	2015
	RMB'000	*RMB'000*
Duration of part due		
0 – 90 days	–	–
91 – 180 days	544	–
181 – 365 days	1,631	–
	2,175	–
Neither past due nor impaired	–	34
	2,175	34

The Group allows an average credit period of 90 days (2015: 90 days) to its associates for balances which are trading in nature.

In determining the recoverability of amount due from an associate, the Group considers any change in credit quality of amount due from an associate from the date credit was initially granted up to the reporting date. In view of the good settlement repayment history from the associate of the Group, the directors consider that there is no credit loss required for the year.

14. TRADE AND BILLS PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	58,576	78,417
Bills payables	5,392	10,332
	63,968	88,749

The following is an ageing analysis of trade payables based on the dates of receipt of goods purchased at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
0 – 90 days	**50,059**	70,042
91 – 180 days	**9,198**	4,315
181 – 365 days	**4,711**	5,519
1 – 2 years	**–**	7,315
Over 2 years	**–**	1,558
	63,968	88,749

The average credit period on purchases of goods is 90 days (2015: 90 days). The Group has financial risk management policy in place to ensure that all payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	10,000,000,000	100,000
		RMB'000
Issued and fully paid:		
At 1 January 2015	839,540,000	7,387
Shares issued under share option scheme *(note (i))*	1,420,000	11
Shares issued under subscription *(note (ii))*	84,096,000	689
At 31 December 2015, 1 January 2016 and 31 December 2016	925,056,000	8,087

The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes:

(i) During the year ended 31 December 2015, 1,420,000 options with exercise price of HK$0.59 were exercised to subscribe for 1,420,000 ordinary shares in the Company at a consideration of approximately HK$838,000, equivalent to approximately RMB660,000, of which RMB665,000 has been transferred from the share option reserve to the share premium account and approximately RMB11,000 was credited to share capital and the balance of approximately RMB1,314,000 was credited to share premium in accordance with the Group's accounting policy.

(ii) On 22 October 2015, 84,096,000 ordinary shares of HK$0.01 each was allotted and issued to an independent third party at a subscription price of HK$1.19 per share raising a total proceeds of approximately HK$100,074,000, equivalent to approximately RMB81,988,000. Transaction cost of the subscription of shares was approximately RMB470,000.

16. EVENT AFTER THE REPORTING PERIOD

Disposal of 10% equity interest in Zhuhai Titans New Power Electronics Co. Ltd ("Titans New Power")

On 5 January 2017, Zhuhai Titans Power Electronics Group Co., Ltd* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Wuxi Lead Intelligent Equipment Co. Ltd* (無錫先導智能裝備股份有限公司) ("Lead Intelligent"), a listed company in the Shenzhen Stock Exchange and an independent third party to the Group, pursuant to which the Company has conditionally agreed to dispose of 10% equity interest in Titans New Power. at the aggregate consideration of RMB135,000,000, (the "Consideration") in which (i) 45% of the Consideration, being RMB60,750,000, will be settled by cash; and (ii) 55% of the Consideration, being RMB74,250,000, will be settled by 2,185,108 shares of Lead Intelligent, representing approximately 0.54% of the existing issued shares of Lead Intelligent as at 6 January 2017. The Consideration was determined with reference to the valuation report prepared by an independent valuer engaged by Lead Intelligent with fair value of approximately RMB1,350,000,000. The transaction was not completed as at the date of this announcement.

Details are set out in the Company's announcements dated on 6 January 2017 and 9 January 2017.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2016.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Wednesday, 31 May 2017. A notice convening the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Hong Kong for registration no later than 4:30 p.m. on Wednesday, 24 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB289,298,000, representing an increase of approximately 47.67% over that of last year. Revenue which was mainly derived from the Group's principal business including direct current power system products (the "DC Power System" or "electrical DC products"), charging equipment for electric vehicles, construction under build-operate-transfer ("BOT") arrangements and charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the year ended 31 December 2015 and 2016:

	Year ended 31 December			
	2016		2015	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**83,282**	**28.79**	68,699	35.07
Charging equipment for electric vehicles	**174,523**	**60.32**	122,582	62.57
Construction under BOT arrangements	**26,692**	**9.23**	–	–
Charging services for electric vehicles	**2,552**	**0.88**	52	0.03
Others	**2,249**	**0.78**	4,569	2.33
Total	**289,298**	**100**	195,902	100

In 2016, the Group recorded the profit attributable to owners of the Company and total comprehensive income attributable to owners of approximately RMB7,279,000 and RMB109,409,000, respectively, representing an increase of approximately RMB33,340,000 and approximately RMB134,614,000 over the loss of approximately RMB26,061,000 and the total comprehensive expense of approximately RMB25,205,000 of the corresponding period last year.

Compared with 2015, the Group's profit increased and made a turnaround, mainly due to: (1) the significant increase in revenue of our key products, benefitted from and driven by the new energy policies in China; (2) the increase in the construction revenue under BOT arrangements; and (3) the increase in revenue derived from charging services for electric vehicles.

Electrical DC products

During the reporting period, revenue of the electrical DC products was approximately RMB83,282,000, representing an increase of approximately 21.23% over 2015. The Directors consider that the year-on-year increase in revenue during the period was mainly attributed to the Group's adjustments to relevant resources allocation and market strategies.

Charging equipment for electric vehicles

During the reporting period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB174,523,000, representing an increase of approximately 42.37% over 2015. Relying on the Group's leading technology and strong comprehensive service capability, and through measures to integrate advantageous resources and enhance supply chain management, the revenue of charging equipment for electric vehicles recorded an increase during the period. The Group will continue to step up its investment in the research and development as well as the production of charging equipment for electric vehicles, thus making it as one of the Group's pillar industries.

Construction under BOT arrangements

During the reporting period, the Group has established subsidiaries in Guangdong Province and Hebei Province in the PRC to be engaged in the construction of BOT charging stations, and has recorded revenue of approximately RMB26,692,000 from construction under BOT arrangements during the period. The Directors are of the view that the construction under BOT arrangements represents one of the important means to achieve the sale of the Group's charging network construction. The Group will make best of various advantageous and resources to scale up construction, so as to deliver greater economic benefits for the Group.

Charging services for electric vehicles

During the reporting period, the Group recorded revenue from charging services fees for electric vehicles of approximately RMB2,552,000 (2015: RMB52,000). The Directors are of the view that the income from charging services fees for electric vehicles has lived up to their expectations, demonstrating that the Group's "Dual Drive" development strategy has begun to achieve initial success. The Group will continue to scale up the investment in and the operation of charging infrastructure for electric vehicles, thus delivering more revenue for the charging services for electric vehicles.

Others

During the reporting period, the Group's revenue of other business amounted to approximately RMB2,249,000, mainly including the revenue from the following two operating segments: (1) revenue from sales of power grid monitoring and management equipment of nil (2015: approximately RMB2,717,000); (2) revenue from sales and lease business for electric vehicles of approximately RMB2,249,000, representing an increase of approximately 21.44% over 2015 (2015: approximately RMB1,852,000).

Power gird monitoring and management equipment is not the principal business of the Group, and did not realise sales during the period which was due to the decrease in the market demand. Sales and lease business for electric vehicles is a related business arising from the Company's commencement of the charging services for electric vehicles. The revenue increased by 21.44%. The Directors consider that this business will grow with gradual application of new-energy vehicles and will gradually provide revenue contribution.

The principal operating activities of the Group in 2016:

Built on more than 20 years of accumulation of power and electronics technology and market, with excellent product quality, good after-sales service and differentiated system solutions, the Group has won extensive customer recognition and reputation. At the same time, the Group actively carried out innovation in technology, business and management. During the reporting period, the Group firmly implemented the strategic plan of the Board, made great progress in traditional manufacturing and emerging investment and operation service industries and realised profit.

The main operating activities in 2016:

I. Equipment Manufacturing

1. Electrical DC products

   In accordance with the Group's strategy for electrical DC products development set at the beginning of 2016, the Group re-adjusted the relevant resource allocation and market strategy to effectively curb the decline of the traditional products during the reporting period, with revenue increase of 21.23% compared with the same period in 2015.

2. Charging equipment for electric vehicles

Compared with the booming new energy vehicle market in 2015, the sales of new energy vehicles in 2016 was affected by the "Getting Subsidy by Cheating" ("騙補") incident and the access policy and subsidy policy adjustment, and the new energy vehicle market entered into a relatively calm stage of development. The overall performance of electric vehicle charging infrastructure market failed to meet the expectations, but still achieved steady progress, with market size expanded.

During the reporting period, the Group achieved the growth of revenue of electric vehicle charging equipment by approximately 42.37% over the same period of last year, by integrating superior resources, meeting clients' needs and optimising supply chain management, etc.

(A) Adhered to technological innovation and product innovation, to provide better solutions.

The Group adhered to independent research and development ("R&D") and iterative innovation. To cater for different needs of customers and the direction of the industry development, the Group introduced more desirable products. Up to now, the Group has established complete product lines covering such four categories as AC slow charging for vehicles, DC fast charging for vehicles, DC divided-battery charging and charging station backstage monitoring.

During the reporting period, Hebei Baoding bus charging station adopted the Group's intelligent intensive charging equipment. The i-Charge Unit has been used extensively in centralised charging station projects, which can realise the multi-gun circulation charging under intelligent power distribution, and provide micro-grid energy storage function. Due to its economic space occupation, flexible layout, cost saving and other characteristics, the product is especially suitable for urban public charging stations and bus dedicated charging stations.

During the reporting period, Beijing taxi charging/swapping station cluster widely adopted the Group's self-developed divided-battery charger, which can realise fast charging/swapping effectively. Shanghai Baoyang Road bus charging station adopted the Group's four-gun smart power distribution charging equipment with original module matrix, which can achieve high-power and wide-voltage automatic charging.

(B) Improved supply chain management and product delivery capability.

The Group believes that strong and timely delivery capacity is an important means to meet market demand. During the reporting period, the Group focused on improving supply chain management, optimising customer's demand design, rationally compiling production plans, strengthening material control system, enhancing operation inspection and control system, strengthening cost control and improving product delivery capability, and completed supply chain optimisation.

(C) Strengthened customer service management and ensured rapid response to customer's needs.

The Group attached importance to the views and suggestions of customers, holding the view that customers provide the base for the sustainable development and the power source for the product innovation of the Group. During the reporting period, the Group provided quality services to customers, from the interest of customers and based on the "Four Principles of Customer Services", and received commendatory letters from customers. The Four Principles of Customer Services are: "principle of precaution" – to stand in the customer's position to identify and meet the real needs of customers; "principle of timeliness" – relevant departments to work together to respond quickly to problems, and strive to solve problems in the shortest possible time; "principle of responsibility" – to confirm the department accountable for customer complaints and propose the clear solutions; "principle of record" – to establish a detailed record for each customer's comments and suggestions, sum up the experience and improve customer services.

II. Investment and Operation

The Group is firmly optimistic about the business of investment, construction and operation of electric vehicle charging infrastructure. It will grasp the development opportunities in the investment process, control the investment rhythm, control the investment cost, and actively promote the market expansion and project implementation. The Group will create benefits by establishing a perfect investment and operation system and profit model.

During the reporting period, the investment and operation of electric vehicle charging infrastructure started to become effective. The centralised electric vehicle charging stations and the distributed public charging piles brought charging service fee income of approximately RMB2,552,000 for the Group.

1. Market expansion

In 2016, more and more investment entities entered the field of charging infrastructure investment and operations. In spite of the intensified competition, the Group grasped the development opportunities to enhance market expansion, and adhered to the business ideas of "developing one place, surviving in one place and flourishing in one place". During the reporting period, the Group put emphasis of market expansion on North China region (with Beijing as the core) and South China region (with the headquarters of the Group as the core), and formed the regional large-scale strength.

2. Business model exploration and innovation

By cooperating with local governments, public transport groups, electric vehicle manufacturers, electric vehicle operators, car park owners, end users, etc, the Group integrated its strengths and adopted a variety of flexible construction investment models to promote the benign development of the Group in the field of electric vehicle charging infrastructure investment, construction and operation. Particularly, the centralised dedicated charging stations built by the Group in Shaoguan City, Guangdong Province and Baoding City, Hebei Province under BOT arrangements were successfully completed and put into operation during the reporting period. During the reporting period, the construction revenue under BOT arrangements of approximately RMB26,692,000 was achieved, which not only brought construction revenue under BOT arrangements to the Group, but also accumulated valuable experience in the exploration of business model and formed good competitive edge for the Group, as well as laid a solid foundation for the Group to develop investment and operation projects in the future.

3. Software platform

The Group adopted self-developed "EV-LINK" system for its charging operation and management platform. The "EV-LINK" system applies the industry's advanced mode of online booking for charging. In addition, the Group has independently developed the Internet mobile application – EV-LINK APP and the independent operation and management platform that can achieve online resource management and real-time monitoring and make unattended charging station become practical. It greatly enhances user experience while improving resource utilisation. The system adopts advanced J2EE distributed architecture based on cloud computing and services, supporting cross-platform operation for expansion and interconnection of systems.

During the reporting period, the EV-LINK 2.0 system was successfully accepted and put online, followed by three updated versions, which made major innovation and optimisation in different aspects such as bottom product architecture, business model and deployment mode, etc. The application specified in the new version charging agreement not only optimises the charging process but also supports the uploading of more complete charging information. During the reporting period, the "EV-LINK" system released a public API interface system for common charging, providing more solid technical support for aggregating charging resources and achieving information interconnection.

III. Risk Management

1. Accounts receivable management

The main products of the Group are electric DC power supply and electric vehicle charging equipment. The Group's customers are mainly grid companies, local governments and public transportation companies, etc. Due to the characteristics of engineering and customers related to the Group's products, the payment period is relatively long, causing big challenges to the management of accounts receivable. During the reporting period, the Group comprehensively reviewed the financial system, further standardised financial management, strengthened customer credit rating and accounts receivable management, enhanced the assessment of accounts receivable, substantially reclaimed the provision of accounts receivable, and achieved significant effect in accounts receivable management, with the provision amount of accounts receivable during the period significantly reduced to approximately RMB17,854,000 over the same period of 2015.

2. Subsidiaries and associates management

In order to further expand the investment, construction and operation of charging infrastructure, the Group has set up and invested in subsidiaries and associates in different provinces and cities such as Beijing, Guangdong, Hebei, Hunan and Shandong and sought higher standard on the implementation of Group-based management. The Group revised the "Measures on the Administration of Subsidiaries" in early 2016 and further improved its management process and internal control system to effectively avoid the management risks brought by rapid expansion.

3. Internal control management

The Group strengthened the quality of internal control function, through strengthened the training to improve the quality of build up staff and enhancing risk consciousness, improved the control method to mobilise the initiative and enthusiasm of staff, and strengthened the internal circulation and communication for the purpose of creating a good internal audit work atmosphere and promoting internal control management.

IV. Brand Influence

During the reporting period, the Group participated in the "China EV100" and made keynote speeches on the development of charging infrastructure. In addition, the Group attended many other industry exhibitions and forums including the "2016 China International New-energy Vehicles and Electric Vehicles Fair", the "5th Shenzhen International Electric Vehicle Supply Equipments Fair", the "6th Shanghai International Electric Vehicle Supply Equipments Fair", the "New Energy Bus Development Trend Forum", and achieved a good market response, thus to enhance "Titans" brand popularity and reputation.

V. The Group's Main Operating Activities in 2016:

1. On 12 January 2016, Zhuhai Yilian New Energy Motor Co., Ltd.* (珠海驛聯新能源汽車有限公司) ("Zhuhai Yilian") established a wholly-owned subsidiary in Shaoguan – Shaoguan City Yilian New Energy Vehicles Operations and Services Co., Ltd.* (韶關市驛聯新能源汽車運營服務有限公司), to carry out sales, leasing operations and maintenance of new-energy vehicles as well as, the planning, design, investment and construction, engineering services and operation services of new energy vehicle charging facilities.

2. On 22 February 2016, Zhuhai Yilian established a wholly-owned subsidiary in Beijing – Beijing Yilian New Energy Technology Co., Ltd.* (北京驛聯新能源科技有限公司), to carry out business related to new energy vehicles operations.

3. On 29 February 2016, following the conclusion of the convertible notes subscription agreement between the Company and Broad-Ocean Motor (Hong Kong) Co., Ltd. on 12 October 2015, the Group issued convertible notes with principal amount of HK$100,000,000. For details, please refer to the Company's announcements dated 12 October 2015, 13 October 2015, 12 January 2016 and 29 February 2016.

4. On 31 May 2016, Zhuhai Yilian and Beijing Tianrun Yuchen Investment Co., Ltd.* (北京天潤昱宸投資有限公司) jointly established Zhangjiakou Yilian New Energy Technology Co., Ltd.* (張家口驛聯新能源科技有限公司) in Zhangjiakou, to carry out the sales and leasing of new energy vehicles, as well as the construction and service of charging facilities.

5. On 21 June 2016, the Group signed the capital increase and share expansion agreement with three new investors which invested in aggregate RMB2,500,000 in Zhuhai Yilian. On 27 July 2016, the Group completed the registration of change with the relevant industry and commerce authority of the PRC.

6. On 28 June 2016, Titans Power Electronics signed a share transfer agreement to transfer its 51% equity interest held in Shenzhen Heimt Technology Co., Ltd.* (深圳市翰美特科技有限公司) ("Shenzhen Heimt"). On 14 July 2016, the registration of change with the relevant industry and commerce authority of the PRC was completed, and from then on, the Group no longer holds any equity interest in Shenzhen Heimt.

7. On 29 June 2016, the Group disposed of its 25.5% equity interest in the non-wholly owned subsidiary – Sichuan Titans Haote New Energy Vehicle Co., Ltd.* (四川泰坦豪特新能源汽車有限公司) ("Sichuan Haote"), at a cash consideration of RMB1,102,000. Upon the completion of the transfer, the Group's equity interest in Sichuan Haote decreased from 51% to 25.5%. On 27 July 2016, the Group signed the share issuance and asset purchase agreement and share subscription agreement with Sichuan Haote Precision Equipment Company Limited* (四川豪特精工裝備股份有限公司) ("Haote Precision"). Under these agreements, Haote Precision acquired the Group's 25.5% equity held in Sichuan Haote at the consideration of its 957,913 shares. On 31 August 2016, the registration of change with the relevant industry and commerce authority of PRC was completed, and from then onwards, the Group no longer holds any equity interest in Sichuan Haote. On 30 November 2016, the Group received 957,913 shares of Haote Precision.

The Group's business focuses and related plans for 2017 are as follows:

New energy vehicle industry has become an important pillar of the national development strategy. With the gradual settlement of the "Getting Subsidy by Cheating" ("騙補") incident in the second half of 2016 and the determination of the threshold for enterprise and product access, the industry and the market have gradually restored confidence. At the same time, relevant policies are tend to improve and mature, which will lay the foundation for the development of China's new energy vehicle industry in 2017. Therefore, it is expected that China's new energy vehicle industry will re-enter the track of rapid development in 2017.

The Group will firmly adhere to the "Dual Drive" development strategy: one drive is R&D, manufacture and sales, and the other drive is investment, construction and operation. The Directors believe that the balanced development of traditional manufacture and emerging investment and operation services will promote more sustainable development of the Group.

I. In terms of R&D, manufacture and sales, the Group will mainly work on the following:

1. Further consolidate and enhance the competitiveness of products

   The Group will provide users with a variety of power electronic products and integrated technology solutions by deeply plowing in the field of power electronics technology applications, with the aim to meet the quality, efficient and diversified applications of power. The Group will focus on the development of integrated enterprise-level optical storage products to lay the foundation for the energy storage market in the future. In addition, the Group will upgrade existing products, such as AC/DC charging piles, divided-battery charging system, vehicle charging system, single high-power charging system, converter, energy storage system, battery management products, grid-connected inverter system, micro-grid system, thereby enhancing the Group's product line and product competitiveness.

2. Strengthen marketing capabilities

   Through the experience of the existing projects, the Group hopes to consolidate and promote the cooperation with grid companies, local governments, public transportation groups, electric vehicle operators and car park owners, etc. The Group will develop more optimised marketing policies to mobilise the enthusiasm of marketers and business partners, thereby enhancing the Group's overall marketing capabilities.

3. Seek horizontal or vertical merger and acquisition opportunities in the industry

   The Group will closely follow the industry policies, explore the quality partners that complement with the Group, and integrate superior resources through horizontal or vertical merger and acquisition to exert operational collaboration role, and better achieve denotative expansion.

II. In the aspect of electric vehicle charging infrastructure investment, construction and operation, the Group will mainly work on the following:

1. Optimising products and specific users

"Optimising products" means that the Group will complete the whole building process and operational service products, including hardware and software, and service standardisation; "specific users" means that the Group will concentrate on the development of such three major markets as public transportation, logistics, car rental (including periodic leasing and car-hailing). In addition, the Group will also develop special strategies for regional markets: for market in first-tier cities, the main concerns are the number of charging service users, the number of charging stations (piles), the daily utilisation ratio of charging piles; for market in second- and third-tier cities, the focus is on resource acquisition and service refining, with charging volume, service revenue and customer satisfaction as the main goals.

2. Control risks and strengthen operations

In the aspect of investment and cooperation, the Group will carry out electric vehicle charging infrastructure construction and operation by adhering to the policy of "efficiency focusing, rhythm mastering and risk controlling". In addition, the Group will strengthen low-cost construction and services, and strive to enhance customer satisfaction with low failure rate and rapid response capability.

3. Process refining and standardisation

Electric vehicle charging infrastructure investment and operation is a matter involving multi-link and cross-departmental collaboration, which requires meticulous planning, requirements, implementation, statistics, analysis and improvement. Based on two years of actual exploration of investment and operations, the Group will establish an integrative product, service and process standardised system to form the Group's core competitiveness.

4. Release periodic-lease APP "Safe Travel" to open up car sharing

"Safe Travel" APP is a vehicle periodic-lease APP developed by the Group for car sharing, with a view to better promoting the development of new energy vehicles. Through "Safe Travel" APP, users can rent cars very conveniently and travel by car on their own. Car sharing is more convenient than traditional car rental, in terms of renting process, as users can complete the whole process from registration, booking, taking the car, returning the car, and payment on their mobile phones, and car sharing also supports the taking/returning the car at different rental sites. Car sharing brings different user experience to car users, while improving the efficiency of car utilisation.

III. Integrated Operation of Photovoltaics, Energy Storage and Charging

With the promotion of low carbon and green energy strategies, as well as the implementation of supporting policies for the new round of power system reforms in the PRC, the application value of energy storage is well accepted and also represents a highlight in advancing energy transformation and energy structure adjustment in the PRC. The Group put in all-out efforts to the R&D of energy storage technology through Titans Energy Storage since 2015. Currently, the reserve of related energy storage technology is accomplished.

Leveraging on the energy storage technology and combining with its principal business, the charging business for electric vehicles, the Group is planning to tap into overall and systematic solutions of "photovoltaics + energy storage + charging" in 2017, to provide users with a complete systematic resolution "integrating photovoltaics, energy storage and charging", thus better expanding the Group's business chain and casting a positive effect on the Group's enhanced profitability and reorganisation of asset structure.

IV. Assurance Measures

1. Strengthen the training to improve the quality of employees

The Group believes that excellent employees are the most valuable wealth of enterprises. As the modern society develops very rapidly and knowledge updates instantly, the Group will strengthen the internal sharing and exchange mechanism and build a perfect training and development system in order to encourage employees' enthusiasm in learning and self-learning, and further improve the quality and work competence of employees. The training plans for 2017 include, and not limited to, the "New Employee Training Plan", the "Core Management Training Plan", the "Business Model Innovation Training Plan", and the "Transfer Training Plan" and so on. Through diversified trainings, the Group expects to create a better learning environment and build a better learning platform.

2. Strengthen budgeting and financial management

The Group will strengthen and improve the accuracy of budgeting, and adopt total cost and sub-total cost combined control to strictly standardise the control of costs and expenses. In addition, the Group will strengthen accounts receivable management, post-investment management and special management, further review the financial system and further improve the financial management.

3. Process optimisation management

   With the continuous development of the Group, it is imminent to optimise processes and further improve the office work efficiency. In 2017, the controlling subsidiaries of the Group appointed the chief process officers respectively, who are responsible for the optimisation of the corresponding company's processes, with the specific work including improving the existing processes, reviewing the existing processes, establishing new business processes, and implementing monthly process efficiency checks to promote the further optimisation of processes.

4. Environmental, social and governance ("ESG") efforts

   The Group will keep on improving its level of works based on the ESG work guidelines issued by the Stock Exchange. The Group strives to promote better development of charging infrastructure through technology innovation and business model innovation, in a bid to boost the development of new-energy vehicles. It is also intended to achieve greater improvement in environment and minimise its negative impact on climate change. The Group's new production base located in Zhuhai City, Guangdong Province is now under construction, which, upon completion, will provide our staff with more healthy, safe and comfortable environment for working. The Group will continuously adhere to the most serious principle of business integrity and abide by local laws. And in no way shall the Group provide, pay, ask for or accept any bribery, whether directly or indirectly. Also, all of the Group's stakeholders will be treated objectively, consistently and fairly.

   By endeavoring to implement the above development strategies and business plan and advancing with the times, the Group will achieve greater development in 2017.

Financial Review

Revenue

Our revenue increased from RMB195,902,000 for the year ended 31 December 2015 to RMB289,298,000 for the year ended 31 December 2016, representing an increase of approximately 47.67%. The increase in revenue of the Group was mainly due to the significant increase in the revenue of the Group's key products, being charging equipment for electric vehicles, attributable to the benefit from the new energy policies in China and the increase in the construction income generated from charging stations facilities for construction under BOT arrangements during the period.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 56.81% from RMB124,117,000 for the year ended 31 December 2015 to RMB194,623,000 for the year ended 31 December 2016. Increase in cost of sales was primarily due to the significant increase in revenue and the increase in raw materials and labor costs.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2015 and 2016:

	For the year ended 31 December 2016			For the year ended 31 December 2015		
	Gross Profit	**Percentage of total gross profit**	**Gross profit margin**	Gross profit	Percentage of total gross profit	Gross profit margin
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*
Electrical DC products	**19,885**	**21.00**	**23.88**	19,819	27.61	28.85
Charging equipment for electric vehicles	**64,169**	**67.78**	**36.77**	50,582	70.46	41.26
Charging services for electric vehicles	**677**	**0.72**	**26.53**	15	0.02	28.85
Power grid monitoring and management products	**–**	**–**	**–**	1,130	1.58	41.59
Construction under BOT arrangements	**9,338**	**9.86**	**34.98**	–	–	–
Electric vehicles	**606**	**0.64**	**26.95**	239	0.33	12.90
Total/average	**94,675**	**100**	**32.73**	71,785	100	36.64

Our gross profit increased by approximately 31.89% from RMB71,785,000 for the year ended 31 December 2015 to RMB94,675,000 for the year ended 31 December 2016. Our gross profit margin decreased from approximately 36.64% for the year ended 31 December 2015 to approximately 32.73% for the year ended 31 December 2016. The decrease in gross profit margin was primarily due to the increasingly matured technologies of our main products. In particular, the market competition intensified with more and more investors gained access to the market since charging equipment products relating to electric vehicles were benefitted from and driven by the new energy policies in China.

Other revenue

Our other revenue reclassified, which mainly included VAT refunds, government grants and bank interest income, decreased by approximately 46.47% from RMB25,244,000 for the year ended 31 December 2015 to RMB13,514,000 for the year ended 31 December 2016.

The decrease in other revenue of the Group was mainly attributable to the combined effect of, amongst others, the increase in income from tax refunds of software of approximately RMB1,550,000 and the decrease in government grants of approximately RMB12,331,000 during the period.

Selling and distribution expenses

Our selling and distribution expenses, which mainly comprised the relevant expenses in sales and after-sales services, salaries of sales personnel, benefits and travelling expenses, and office expenses, entertainment expenses and other expenses, increased by approximately 26.79% from RMB41,033,000 for the year ended 31 December 2015 to RMB52,027,000 for the year ended 31 December 2016. Our selling and distribution expenses as a percentage of revenue decreased from approximately 20.95% for the year ended 31 December 2015 to approximately 17.98% for the year ended 31 December 2016. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the reporting period: (1) an increase in remuneration and benefits relating to personnel addition of approximately RMB5,974,000; (2) an increase in travelling expenses from salesmen of approximately RMB2,351,000; (3) an increase in sales-related expenses such as transportation and equipment installation of approximately RMB2,394,000; (4) an increase in expenses such as office expenses, business entertainment, advertisement and depreciation on equipment of approximately RMB1,198,000; and (5) a decrease in sales-related expenses such as other miscellaneous expenses of approximately RMB923,000.

Administrative and other expenses

Our administrative and other expenses reclassified, which mainly comprised, inter alia, management and back office staff costs, research and development expenses, travelling expenses and entertainment expenses, and foreign exchange gain and loss etc., increased by approximately 17.43% from RMB53,107,000 for the year ended 31 December 2015 to RMB62,363,000 for the year ended 31 December 2016. Our administrative and other expenses as a percentage of revenue decreased from approximately 27.11% for the year ended 31 December 2015 to approximately

21.56% for the year ended 31 December 2016. The increase in our administrative and other expenses during the reporting period was mainly due to the following integrated factors: (1) an increase in management-related expenses such as wages and benefits of approximately RMB6,498,000; (2) an increase in travelling, office and entertainment expenses of approximately RMB1,014,000; (3) an increase in bank charges, legal and professional fee of approximately RMB1,106,000; (4) an increase in expenses including rental expense, repair and maintenance, prepaid lease payments and materials consumption of approximately RMB1,081,000; (5) an increase in other miscellaneous expense including utilities of approximately RMB308,000; (6) a decrease in R&D cost of approximately RMB445,000; and (7) a decrease in depreciation on property, plant and equipment of approximately RMB306,000.

Allowance for impairment loss recognised in respect of trade receivables

For the year ended 31 December 2016, individually impaired trade receivables of approximately, RMB17,854,000 (2015: RMB43,696,000) was included in allowance for impairment loss of trade receivables. The decrease in allowance for impairment loss of trade receivables of approximately RMB25,842,000 was mainly due to a decrease in trade receivables with longer collection period than normal during the period over that of last year, as well as a corresponding decrease in amount of individually impaired allowance made according to accounting principles.

Share of results of associates

As at 31 December 2016, the Group owned 35% (as at 31 December 2015: nil) equity interest in Beijing Pangda Yilian New Energy Technology Co., Limited* (北京龐大驛聯新能源科技有限公司) ("Pangda Yilian"). Pangda Yilian was accounted for as the Group's associate, and the Group's share of loss from Pangda Yilian for the year ended 31 December 2016 was approximately RMB464,000.

As at 31 December 2016, the Group owned 20% (as at 31 December 2015: 20%) equity in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森信息技術有限公司) ("Beijing Aimeisen"). Beijing Aimeisen is mainly engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group's associate, and the Group's share of profit from Beijing Aimeisen for the year ended 31 December 2016 was approximately RMB30,000.

As at 31 December 2016, the Group indirectly held 26.4% (as at 31 December 2015: nil) equity interest in Changsha Xiandao, which principally engaged in the sales of electric vehicles as well as the construction and operation of charging facilities. Changsha Xiandao was accounted for as the Group's associate, and the Group's share of loss from Changsha Xianda for the year ended 31 December 2016 was approximately RMB28,000.

Available-for-sale financial assets

As of 31 December 2016, the Group owned 10% (as at 31 December 2015: 10%) equity interest in Titans New Power. On 5 January 2017, the Group entered into a sale and purchase agreement with Lead Intelligent, pursuant to which, Titans Power Electronics has conditionally agreed to dispose of, and Lead Intelligent has conditionally agreed to purchase, 10% equity interests of Titans New Power, at a provisional consideration of RMB135,000,000 (equivalent to approximately HK$149,850,000). The final valuation report of Titans New Power was issued on 24 February 2017 with appraisal value of RMB1,360,000,000. Based on the consideration adjustment mechanism under the sale and purchase agreement, the final consideration for disposal of 10% equity interests of Titans New Power by the Group was determined at RMB135,000,000 (equivalent to the provisional consideration), and shall be settled by Lead Intelligent by cash and the issuance of consideration shares. Details are set out in the announcement dated 6 January 2017 and the supplemental announcement dated 9 January 2017 of the Company. Upon the completion of this transaction, a fair value gain on available-for-sale financial assets of approximately RMB136,174,000 and an income tax relating to items that may be reclassified subsequently of approximately RMB34,044,000 will be generated, and will be stated in the consolidated statement of profit or loss for the period in other comprehensive income.

On 30 September 2016, Titans Technology disposed of its 8.94% equity interests in Youke to an independent third party for a cash consideration of RMB2,235,000. This transaction recorded a gain of approximately RMB87,000 for the current period.

Finance costs

Our finance costs increase by approximately 63.64% from RMB7,736,000 for the year ended 31 December 2015 to RMB12,659,000 for the year ended 31 December 2016. Our finance costs as a percentage of revenue increase from approximately 3.95% for the year ended 31 December 2015 to approximately 4.38% for the year ended 31 December 2016. The increase in our finance costs was mainly due to the increase in the average amount of bank borrowings and the convertible notes with a principal of HK$100,000,000 as at 29 February 2016.

Income tax expense/credit

Our income tax expense was RMB5,998,000 for the year ended 31 December 2016 whereas income tax credit was RMB2,589,000 for the year ended 31 December 2015. The effective tax rate (being the ratio of our tax expense/credit to our profit/loss before tax) for the year ended 31 December 2016 was 54.8% (2015: 8.5%).

Loss attributable to non-controlling interests

For the year ended 31 December 2016, loss attributable to non-controlling interests of the non-wholly owned subsidiaries of the Company was approximately RMB2,324,000, as compared with a loss of approximately RMB1,682,000 for the year ended 31 December 2015. This amount represents the loss attributable from the non-wholly owned subsidiaries of the Company.

Profit/loss attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2016 was RMB7,279,000 whilst loss attributable to owners of the Company for the year ended 31 December 2015 was RMB26,061,000. Net profit margin attributable to owners of the Company was 2.52% (2015: not applicable). The increase in profit attributable to the owners of the Company, which turning loss into profit, was mainly attributable to: (1) the significant increase in revenue of our key products during the period, benefitted from and driven by the new energy policies in China; (2) the increase in the construction revenue under BOT arrangements; and (3) the increase in revenue derived from charging services for electric vehicles.

Total comprehensive income attributable to owners of the Company for the year ended 31 December 2016 was approximately RMB109,409,000 whilst total comprehensive expense for the year ended 31 December 2015 was approximately RMB25,205,000, representing an increase of approximately RMB134,614,000. The significant increase in comprehensive income attributable to owners of the Company was mainly attributable to the increase in fair value gain on available-for-sale financial assets arising from the disposal of 10% equity interest in Titans New Power.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2015 and 2016:

	Year ended 31 December			
	2016		2015	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**9,735**	**9.94**	9,528	10.62
Work-in-progress	**13,120**	**13.40**	19,543	21.78
Finished goods	**75,038**	**76.66**	60,646	67.60
	97,893	**100.00**	89,717	100.00

The Group's inventory balances increased from RMB89,717,000 as at 31 December 2015 to RMB97,893,000 as at 31 December 2016.

Our average inventory turnover days decreased from approximately 228 days for the year ended 31 December 2015 to approximately 176 days for the year ended 31 December 2016, which was due to our intensified effort to destock during the period.

The Group has not made any general or specific provision for the inventory as at 31 December 2016.

Analysis on Trade and Bills Receivables

As at 31 December 2015 and 2016, our trade and bills receivables (net of allowance) amounted to RMB331,730,000 (comprising trade receivables of RMB329,583,000 and bills receivables of RMB2,147,000) and RMB228,365,000 (comprising trade receivables of RMB216,407,000 and bills receivables of RMB11,958,000) respectively. The decrease in trade and bills receivables was mainly due to the adjustments to credit policies against the customers and the enhanced management to trade receivables during the period.

The table below sets forth the ageing analysis of our trade receivables by due date as of 31 December 2015 and 2016:

	Year ended 31 December 2016				Year ended 31 December 2015			
	Gross amount	**Allowance for bad debt**	**Net amount**		Gross amount	Allowance for bad debt	Net amount	
	RMB'000	***RMB'000***	***RMB'000***	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Neither past due nor impaired	**81,572**	**–**	**81,572**	**37.69**	104,822	–	104,822	31.80
0 to 90 days	**33,208**	**–**	**33,208**	**15.35**	40,484	–	40,484	12.29
91 days to 180 days	**9,560**	**–**	**9,560**	**4.42**	10,226	–	10,226	3.10
181 days to 365 days	**39,699**	**–**	**39,699**	**18.34**	61,795	–	61,795	18.75
Over 1 year to 2 years	**54,586**	**(10,798)**	**43,788**	**20.23**	103,332	(7,764)	95,568	29.00
Over 2 years to 3 years	**15,158**	**(8,343)**	**6,815**	**3.15**	43,825	(31,174)	12,651	3.84
Over 3 years	**46,246**	**(44,481)**	**1,765**	**0.82**	41,627	(37,590)	4,037	1.22
Total	**280,029**	**(63,622)**	**216,407**	**100**	406,111	(76,528)	329,583	100

Our key product, namely electrical DC product series, is being supplied to, among others, power generation plants and power grid companies. Sales are recognised upon product delivery which may be before the date when the trade receivables are due for payment. Our customers are only required to pay us the purchase price pursuant to the terms of the sales contracts. In respect of the sale of our electrical DC products, we may require the payment of a deposit of 10% of the total contract sum to be paid after the signing of the contract, and 80% of the contract sum to be paid by the customer after our products have been delivered and satisfactorily installed and tested. It is normally stipulated that the balance of 10% will be withheld, being the retention money as a form of product performance surety, and will be paid by the customer to us 12 to 18 months after on-site installation and testing for the equipments.

We may grant an average credit period of 90 days from the above installment payment due dates (including the payments of deposit, the payments due after testing and the payments of retention money).

We believe that the longer trade and bills receivables turnover days and the high proportion of overdue trade and bills receivables were mainly due to (1) the fact that some of our customers in the power generation or transmission sectors settle the amounts payable to their suppliers, including us, after the completion of the construction of their whole power generation units or transforming stations; and (2) the delay in the schedule of some of the customers' projects.

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

For the year end 31 December 2016, we made an impairment loss on trade receivables of approximately RMB17,854,000, (2015: approximately RMB43,696,000).

Analysis on Trade and Bills Payables

As at 31 December 2015 and 2016, our trade and bills payables amounted to approximately RMB88,749,000 (comprising trade payables of approximately RMB78,417,000 and bills payables of approximately RMB10,332,000) and approximately RMB63,968,000 (comprising trade payables of approximately RMB58,576,000 and bills payables of approximately RMB5,392,000) respectively. The decrease in trade and bills payables was mainly due to the increase in working capital and the enhanced management to trade receivables during the period. For the years ended 31 December 2015 and 2016, our trade and bills payable turnover days were approximately 208 days and approximately 122 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2015 and 2016:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**50,059**	70,042
91 days to 180 days	**9,198**	4,315
181 days to 365 days	**4,711**	5,519
Over 1 year to 2 years	**–**	7,315
Over 2 years to 3 years	**–**	1,558
	63,968	88,749

Debts

All of our debts are classified as short-term liabilities which are payable within 12 months from the respective end of the reporting period. The following table sets out our indebtedness as at 31 December 2015 and 2016. All of our bank borrowings were denominated in Renminbi.

	Year ended 31 December 2016		Year ended 31 December 2015	
	RMB'000	**Applicable effective interest rates**	*RMB'000*	Applicable effective interest rates
Current				
Bank borrowings	**149,850**	**0.32% to 4.67%**	126,700	0.40% to 4.67%
Non-current				
Convertible notes	**75,412**	**4.35%**	–	–
	225,262		126,700	

As at 31 December 2016, total bank borrowings and convertible notes amounted to RMB225,262,000 (as at 31 December 2015: RMB126,700,000), among which RMB149,850,000 were secured loans (as at 31 December 2015: RMB86,700,000), and nil were unsecured loans (as at 31 December 2015: RMB40,000,000). Bank borrowings and convertible notes as at 31 December 2016 were subject to the floating interest rates ranging from 0.32% to 4.67% per annum (as at 31 December 2015: from 0.40% to 4.67% per annum).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2016, the total equity of the Group amounted to RMB585,042,000 (as at 31 December 2015: RMB477,787,000), the Group's current assets were RMB857,346,000 (as at 31 December 2015: RMB674,538,000) and current liabilities were RMB263,517,000 (as at 31 December 2015: RMB244,470,000). As at 31 December 2016, the Group had short-term bank deposits, bank balances and cash of RMB143,844,000 (as at 31 December 2015: RMB88,621,000), excluding restricted bank balances of RMB148,548,000 (as at 31 December 2015: RMB81,823,000).

The Group finances its operations with internally generated cash flow and bank borrowings as well as convertible notes issued on 29 February 2016 with principal amount of HK$100,000,000. As at 31 December 2016, the Group had outstanding bank borrowings and convertible notes of RMB149,850,000 (as at 31 December 2015: RMB126,700,000).

Disposal of subsidiaries

On 29 June 2016, the Group disposed of its 25.5% equity interests in Sichuan Haote for a cash consideration of RMB1,102,000. This transaction recorded a gain of approximately RMB481,000, during the current period.

On 28 June 2016, Titans Power Electronics disposed of 51% equity interests in Shenzhen Heimt at cash consideration of RMB1. This transaction recorded a loss of approximately RMB1,056,000 during the current period.

Disposal of associate

On 27 July 2016, the Group signed the share issuance and asset purchase agreement and share subscription agreement with Haote Precision. Under these agreements, Haote Precision used its own 957,913 shares to exchange for the Group's 25.5% equity interests held in Sichuan Haote. This transaction recorded a gain of approximately RMB5,138,000 during the reporting period.

Contingent Liabilities

As at 31 December 2016 and at the date of this announcement, the Group had no material contingent liability.

Capital Commitments

As at 31 December 2016, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB65,636,000 (as at 31 December 2015: approximately RMB77,609,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2016 and at the date of this announcement, the Group does not have other capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment.

Pledge of Assets

The Group's leasehold land and buildings of carrying amount of approximately RMB2,902,000 as at 31 December 2016 (as at 31 December 2015: approximately RMB3,608,000) were pledged to secure the bank borrowings and facilities.

Employees and Remuneration

As at 31 December 2016, the Group had 490 employees in total (as at 31 December 2015: 405 employees). 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 the PRC-based employees are entitled to participate in the social insurance operated by the Ministry of Labour and Social Security, and the premium is undertaken between the Group and the employees based on the percentages stipulated by relevant PRC laws.

Foreign Exchange

The Group conducts its business primarily in the PRC with substantially all of its transactions denominated and settled in Renminbi. The Group's consolidated financial statements are expressed in Renminbi, whereas the dividends on the shares of the Company, if any, will be paid in Hong Kong dollars. Thus, any fluctuation of Renminbi could affect the value of the shares.

During the reporting period, the Group recorded an exchange gain of approximately RMB997,000 (2015: exchange gain of RMB1,129,000). The gain of such foreign exchange arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate on 31 December 2016 as well as the difference between the exchange rate on 19 February 2016 when the convertible notes with principal amount of HK$100,000,000 were converted into RMB and the exchange rate on 31 December 2016 upon conversion. As at 31 December 2016, the Group did not have significant foreign exchange hedging.

The Group adopted a conservative approach to manage its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the year ended 31 December 2016.

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

The Group endeavours 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, together with our sales partners monitor timely as appropriate the development of our customers' projects and communicate with our customers regarding the settlement of our trade and bills receivables.

Material Litigation and Arbitration Proceedings

The Group has no material litigation or arbitration proceedings during the year ended 31 December 2016.

USE OF PROCEEDS FROM THE LISTING

The net proceeds raised from the listing of the shares of the Company (the "Shares") on the Main Board of the Stock Exchange on 28 May 2010 were approximately HK$243,600,000 (equivalent to approximately RMB214,588,000). All the net proceeds raised from the listing have been fully need as intended.

SHARE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

Share Subscription

On 12 October 2015, the Company entered into a share subscription agreement (the "Share Subscription Agreement") with Broad-Ocean Motor (Hong Kong) Co. Limited (the "Subscriber"). Pursuant to the Share Subscription Agreement, the Subscriber agreed to subscribe for, and the Company issued, 84,096,000 Shares at the share subscription price of HK$1.19 per subscription share. Such issuance was completed on 22 October 2015.

Issue of Convertible Notes

On 12 October 2015, the Company and the Subscriber entered into a subscription agreement on convertible notes, pursuant to which the Company agreed to issue, and the Subscriber has subscribed for, the convertible notes in the principal amount of not more than HK$100,000,000. Based on the initial conversion price of HK$1.19, a maximum number of 84,033,613 conversion shares will be allotted and issued upon full conversion of the convertible notes. The issue of convertible notes with aggregate principal amount of HK$100,000,000 was completed on 29 February 2016. During the year ended 31 December 2016, there is no conversion of convertible notes into shares in the Company. For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016 and 29 February 2016.

Reasons for and Benefits of the Share Subscription and Issue of Convertible Notes

The Group intended to use the net proceeds from the share subscription and issue of the convertible notes for supplementing the operating capital of the Group. The Directors (including the independent non-executive Directors) were of the view that the share subscription and issue of the convertible notes would enhance the liquidity of the Group and provide capital for any future investment opportunities of the Group, and the terms thereunder were fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Use of Proceeds in relation to the Share Subscription and Issue of Convertible Notes

(1) In Respect of the Share Subscription

The gross proceeds and the net proceeds (after deduction of related expenses payable by the Company) of the share subscription were approximately HK$100,074,240, equivalent to approximately RMB81,988,000, and HK$99,500,000, equivalent to approximately RMB81,518,000, respectively. The net issue price per subscription share based on the above net proceeds was approximately HK$1.183.

(2) In Respect of the Issue of the Convertible Notes

The aggregate principal amount of the convertible notes was HK$100,000,000, the net proceeds (after deducting estimated expenses) from the issue of the convertible notes was approximately HK$99,727,000, equivalent to approximately RMB84,246,000 and approximately RMB84,016,000, respectively and the net price per conversion share was approximately HK$1.187.

40% of the above net proceeds from share subscription and the convertible notes would be applied as to the investment for construction and operation of charging facilities for electric vehicles of the Company, 50% of the above net proceeds would be used as to enhance the liquidity of our wholly-owned subsidiary, Titans Technology and the remaining 10% of the above net proceeds will be used as to the investment for research and development of new technologies on energy reserves etc. of the Group.

	As at 31 December 2016			
	Intended amount to be used from Share Subscription	**Intended amount to be used from Convertible Notes**	**Total Intended amount to be used**	**Actual amount used**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Proposed use of proceeds				
Investment for construction and operation of charging facilities for electric vehicles	32,607	33,606	66,213	41,684
Enhancement of the liquidity of Titans Technology	40,759	42,008	82,767	82,767
Investment for research and development of new technologies on energy reserves	8,152	8,402	16,554	1,643
	81,518	84,016	165,534	126,094

As at 31 December 2016, unutilised balance of the proceeds from share subscription and issue of convertible notes was approximately RMB39,440,000, and was deposited with banks in the PRC and Hong Kong.

CORPORATE GOVERNANCE

We are committed to ensuring high standards of corporate governance at all times and in all aspects of our operations. The Board believes that good corporate governance is an essential element in enhancing the confidence of current and potential shareholders, investors, employees, business partners and the community as a whole. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance code provisions and practices to meet the relevant statutory and commercial standards by focusing on internal control, fair disclosure and accountability to all shareholders.

The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules regarding directors' securities transactions. Having made specific enquiry of all Directors, all the Directors confirm that they have complied with the required standards of the Model Code during the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a written resolution passed by the Shareholders on 8 May 2010 (the "Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards them for their contributions to the Group. All officers, employees, agents, consultants or representatives of any member of the Group (including any executive or non-executive Director) as the Board may determine in an absolute discretion, having made valuable contribution to the business of the Group based on their performance and/or terms of service, or being deemed to be valuable human resource of the Group are eligible to participate in the Share Option Scheme subject to relevant conditions as the Board may think fit.

On 17 February 2011, the Company granted share options carrying rights to subscribe for a total of 19,430,000 shares at the exercise price of HK$1.10 per Share to certain employees and a substantial shareholder (who is also an employee) of the Company under the Share Option Scheme.

As at 31 December 2016, no share options carrying rights to subscribe for Shares have been exercised and no shares options carrying rights to subscribe for Shares remained outstanding.

AUDIT COMMITTEE

The Company has established the Audit Committee on 8 May 2010 with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Zhang Bo and Mr. Pang Zhan. Mr. Li Wan Jun is the chairman of the Audit Committee. The Audit Committee is responsible for, amongst others, reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's internal controls and financial reporting matters, including the review of the audited final results of the Group for the year ended 31 December 2016.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is published on the Company's website (http://www.titans.com.cn) and the Stock Exchange's website (http://www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2016 will be despatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 March 2017

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*