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 2013

FINANCIAL HIGHLIGHTS

– Turnover from operations decreased by 26.29% to RMB175,933,000 as compared to the last year.

– Loss for the year attributable to owners of the Company amounted to RMB33,811,000 as compared to profit RMB11,795,000 of last year.

– The Board does not recommend the payment of any dividend for the year ended 31 December 2013.

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 2013 together with comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Turnover	*(4)*	**175,933**	238,670
Cost of sales		**(127,897)**	(139,808)
Gross profit		**48,036**	98,862
Other revenue	*(6)&(15)*	**29,469**	13,750
Selling and distribution expenses		**(33,932)**	(32,318)
Administrative and other expenses		**(56,916)**	(57,392)
Impairment loss recognised in respect of trade receivables		**(21,724)**	(3,347)
Share of result of an associate		**7,469**	6,368
Finance costs	*(7)*	**(10,564)**	(9,411)
(Loss) profit before taxation		**(38,162)**	16,512
Income tax credit (expense)	*(8)*	**3,866**	(4,760)
(Loss) profit for the year	*(9)*	**(34,296)**	11,752
Other comprehensive (expense) income			
Reserve released on disposal of available-for-sale financial assets		**770**	–
Fair value loss on available-for-sale financial assets		**(124)**	(2,080)
Income tax relating to the component of other comprehensive expense		**29**	339
Other comprehensive income (expense) for the year, net of income tax		**675**	(1,741)
Total comprehensive (expense) income for the year		**(33,621)**	10,011

	Notes	**2013** *RMB'000*	2012 *RMB'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(33,811)**	11,795
Non-controlling interests		**(485)**	(43)
		(34,296)	11,752
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(33,136)**	10,054
Non-controlling interests		**(485)**	(43)
		(33,621)	10,011
(Loss) earnings per share	*(11)*		
Basic *(RMB)*		**(4.07) cents**	1.42 cents
Diluted *(RMB)*		**(4.07) cents**	1.42 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**33,317**	32,085
Deposits for acquisition of plant and equipment		**29,237**	28,377
Intangible assets		**570**	947
Interest in an associate		**33,522**	26,053
Available-for-sale financial assets		**3,794**	6,021
Deferred tax assets		**2,871**	339
		103,311	93,822
Current assets			
Inventories		**66,569**	48,617
Trade and bills receivables	*(12)*	**270,961**	292,980
Prepayments, deposits and other receivables		**65,904**	69,927
Amount due from an associate		**41,458**	80,120
Amount due from a non-controlling shareholder of a subsidiary		**–**	89
Restricted bank balances		**4,381**	4,263
Short-term bank deposits		**58,000**	126,000
Bank balances and cash		**56,338**	58,331
		563,611	680,327
Assets classified as held for sale		**–**	28,620
		563,611	708,947
Current liabilities			
Trade and bills payables	*(13)*	**75,672**	94,646
Receipts in advance		**5,701**	11,464
Accruals and other payables		**25,671**	70,599
Tax payable		**2,611**	17,372
Bank borrowings		**99,500**	90,001
		209,155	284,082
Liabilities classified as held for sale		**–**	6,226
		209,155	290,308
Net current assets		**354,456**	418,639
Total assets less current liabilities		**457,767**	512,461

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Non-current liabilities			
Deferred income		**633**	1,037
Deferred tax liabilities		**8,749**	9,975
		9,382	11,012
Net assets		**448,385**	501,449
Capital and reserves			
Share capital		**7,311**	7,311
Reserves		**441,074**	472,366
Equity attributable to owners of the Company		**448,385**	479,677
Non-controlling interests		**–**	21,772
Total equity		**448,385**	501,449

Notes:

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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office of the Company is P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business and headquarters in the PRC is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the People's Republic of China (the "PRC"). The address of the principle place of business in Hong Kong is Room 09-10, 41/F, China Resources Building, 26 Harbour Road, Hong Kong.

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

The Company's principal activity is investment holding.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK (IFRIC) * – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

* *IFRIC represents the International Financial Reporting Interpretation Committee.*

Except as described below, the application of the new and revised HKFRSs in current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee when (a) it has power over an investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. (Where the application of HKFRS 13 has impacted the fair value measurements of the Group's assets and/or liabilities, engagement teams should disclose the impact.)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2013.

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 Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. TURNOVER

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

5. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker (i.e. executive directors of the Company) that are used to make strategic decisions.

The Group currently organises its operations into five operating and reportable segments, namely direct current power system (“DC Power System”), plug and switch system products (“PASS Products”), power monitoring and management equipment (“Power Monitoring”), charging equipment for electric vehicles (“Charging Equipment”) and wind and solar power generating balancing control products (“Wind and Solar Power”). They represent five major lines of products sold by the Group. The principal activities of the operating and reportable segments are as follows:

DC Power System	–	Sales of DC Power System products
PASS Products	–	Distribution of PASS products
Power Monitoring	–	Sales of power monitoring and management equipment
Charging Equipment	–	Sales of charging equipment for electric vehicles
Wind and Solar Power	–	Sales of wind and solar power generating balancing control products

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

Year ended 31 December 2013

	DC Power System *RMB'000*	**PASS products** *RMB'000*	**Power Monitoring** *RMB'000*	**Charging Equipment** *RMB'000*	**Wind and Solar Power** *RMB'000*	**Total** *RMB'000*
Segment revenue	**148,525**	**3,376**	**12,603**	**11,429**	**–**	**175,933**
Segment results	**20,269**	**529**	**1,974**	**1,821**	**(30)**	**24,563**
Unallocated other revenue						**20,533**
Share of result of an associate						**7,469**
Gain on disposal of subsidiary						**4,446**
Gain on disposal of available-for-sale financial assets						**4,490**
Unallocated head office and corporate expense						**(89,099)**
Finance costs						**(10,564)**
Loss before taxation						**(38,162)**

Year ended 31 December 2012

	DC Power System *RMB'000*	PASS products *RMB'000*	Power Monitoring *RMB'000*	Charging Equipment *RMB'000*	Wind and Solar Power *RMB'000*	Total *RMB'000*
Segment revenue	109,629	4,392	14,890	109,759	–	238,670
Segment results	33,753	457	5,877	37,358	(58)	77,387
Unallocated other revenue						5,503
Share of result of an associate						6,368
Loss on deemed disposal of interest in associates						(1,089)
Gain on disposal of available-for-sale financial assets						3
Unallocated head office and corporate expense						(62,249)
Finance costs						(9,411)
Profits before taxation						16,512

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

Segment results represent the profit earned by each segment without allocation of central administrative cost, directors' emoluments, share of result of an associate, gain or loss on deemed disposal of interests in associates, certain other revenue, interest income and finance costs. This is the measure reported to the chief executive officer for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	**2013**	2012
	RMB'000	*RMB'000*
DC Power System	**184,150**	216,278
PASS Products	**27,447**	31,719
Power Monitoring	**41,218**	47,633
Charging Equipment	**212,962**	246,108
Wind and Solar Power	**–**	–
Total segment assets	**465,777**	541,738
Unallocated	**201,145**	261,031
Consolidated assets	**666,922**	802,769

Segment liabilities	**2013**	2012
	RMB'000	*RMB'000*
DC Power System	**35,254**	48,739
PASS Products	**5,916**	8,179
Power Monitoring	**4,788**	6,620
Charging Equipment	**36,048**	49,835
Wind and Solar Power	**–**	–
Total segment liabilities	**82,006**	113,373
Unallocated	**136,531**	187,947
Consolidated liabilities	**218,537**	301,320

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

- all assets are allocated to reportable segments other than deposits for acquisition of plant and equipment, interest in an associate, available-for-sale financial assets, deferred tax assets, other receivables, restricted bank balances, short-term bank deposits and bank balances and cash.

- all liabilities are allocated to reportable segments other than accruals and other payables, tax payable, bank borrowings and deferred tax liabilities.

Other segment information

The following is an analysis of the Group's other segment information by reportable and operating segments.

For the year ended 31 December 2013

	DC Power System *RMB'000*	PASS products *RMB'000*	Power Monitoring *RMB'000*	Charging Equipment *RMB'000*	Wind and Solar Power *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)*	3,994	160	543	3,999	–	–	8,696
Allowance for trade receivables	18,984	359	1,341	1,040	–	–	21,724
Loss on disposal of property, plant and equipment	–	–	–	32	–	–	32
Depreciation and amortisation	3,556	143	495	3,548	–	–	7,742
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:							
Interest in an associate	–	–	–	–	–	33,522	33,522
Share of result of an associate	–	–	–	–	–	7,469	7,469
Interest income	–	–	–	–	–	6,429	6,429
Finance costs	–	–	–	–	–	10,564	10,564
Income tax credit	–	–	–	–	–	3,416	3,416

For the year ended 31 December 2012

	DC Power System RMB'000	PASS products RMB'000	Power Monitoring RMB'000	Charging Equipment RMB'000	Wind and Solar Power 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)*	7,326	293	995	7,335	–	–	15,949
Allowance for trade receivables	952	–	770	1,625	–	–	3,347
Gain on disposal of property, plant and equipment	42	–	–	–	–	–	42
Depreciation and amortisation	2,662	107	362	2,665	–	–	5,796
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:							
Interest in an associate	–	–	–	–	–	26,053	26,053
Share of result of an associate	–	–	–	–	–	6,368	6,368
Interest income	–	–	–	–	–	657	657
Finance costs	–	–	–	–	–	9,411	9,411
Income tax expense	–	–	–	–	–	4,760	4,760

Note:

Non-current assets excluded deposits for acquisition of plant and equipment, interest in an associate, available-for-sale financial assets and deferred tax assets.

Geographical information

All revenues from external customers and non-current assets are derived from the PRC.

Major customers

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

	2013 ***RMB'000***	2012 *RMB'000*
Customer A[1]	**N/A**[2]	32,025

[1] *Revenue mainly from Charging Equipment*

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

During the year ended 31 December 2013, the Group had no single customer that contributed 10% or more of the Group's revenue. Therefore, there was no significant concentration of source of income from a particular customer.

6. OTHER REVENUE

	2013	2012
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**10,273**	8,244
Interest income	**6,429**	657
Gain on disposal of a subsidiary	**4,446**	–
Consultancy service income	**–**	1,765
Government grants *(note (b))*	**3,371**	2,557
Gain on disposal of property, plant and equipment	**–**	42
Gain on disposal of available-for sale financial assets	**4,490**	3
Rental income *(note (c))*	**22**	27
Repairs and maintenance services provided	**–**	44
Exchange gain	**85**	–
Commission income	**–**	168
Other income	**353**	243
	29,469	13,750

Notes:

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

(b) Government grants represent the subsidies 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 during the years ended 31 December 2012 and 2013.

(c) There was no outgoings for rental income in 2013 and 2012.

7. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**4,531**	3,991
Factoring cost on trade receivables	**6,033**	5,420
	10,564	9,411

8. INCOME TAX CREDIT (EXPENSE)

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
– PRC Corporate Income Tax	**–**	(3,829)
– Withholding tax for dividend from PRC subsidiaries	**–**	(1,150)
	–	(4,979)
Deferred tax:		
– Provision on withholding tax from undistributed profit from PRC subsidiaries	**–**	(931)
– Impairment loss recognised in respect of trade receivables	**2,640**	–
– Reversal on withholding tax from distribution on dividend from PRC subsidiaries	**1,226**	1,150
– Current year	**3,866**	219
	3,866	(4,760)

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.

Zhuhai Titans Technology Co., Ltd. ("Titans Technology") was established in Zhuhai, the special economic zone, and the income tax rates applicable to them 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 in 2008 and the income tax rate applicable to them is 15% for the years ended 31 December 2013 and 2012.

Starting from May 2008, Zhuhai Titans Power Electronics Co., Ltd. ("Titans Power") in the PRC is exempted from the PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Provision for PRC income tax has been made based on 50% reduction in Titans Power for the year ended 31 December 2012. Titans Power adopt tax rate of 25% for the year ended 31 December 2013.

Saved as stated above, the relevant tax rate for the Group's subsidiaries in the PRC other than Titans Technology and Titans Power was 25% for the years ended 31 December 2013 and 2012.

9. (LOSS) PROFIT FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
(Loss) profit for the year have been arrived at after charging:		
Staff costs		
Directors' emoluments	**1,526**	1,526
Other staff		
– share-based payments for other staff	**1,840**	4,716
– salaries and other allowances	**19,101**	23,279
– retirement benefits scheme contributions (excluding directors)	**2,332**	4,759
Total staff costs	**24,799**	34,280
Amortisation of intangible assets	**377**	377
Amortisation of prepaid lease payments	**–**	291
Auditor's remuneration	**804**	704
Cost of inventories recognised as an expense	**126,659**	139,808
Depreciation of property, plant and equipment	**7,365**	5,128
Exchange loss	**–**	102
Loss on deemed disposal of partial interests in associates	**–**	1,089
Loss on disposal of property, plant and equipment	**32**	–
Operating lease rentals in respect of rented premises	**835**	1,955
Research and development costs (included in administrative and other expenses) *(Note)*	**28,546**	20,397

Note:

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

10. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
– Final dividend in respect of the previous financial year, approved and paid of HK$1 cent per share	**–**	6,763

No dividend has been declared by the Company for the years ended 31 December 2013 and 2012 nor has any dividend been proposed since the end of the reporting period.

11. (LOSS) EARNINGS PER SHARE

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

	2013	2012
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(33,811)**	11,795
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**830,000,000**	830,000,000

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2013 and 2012.

12. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**304,538**	305,450
Less: allowance for trade receivables	**(38,502)**	(16,778)
	266,036	288,672
Bills receivables	**4,925**	4,308
Total trade and bills receivables	**270,961**	292,980

Included in the balances of trade receivables as at 31 December 2013 were retention receivables of approximately RMB36,737,000 (2012: RMB47,130,000).

The following is an aged analysis of trade receivables based on the dates of recognition of the sales and net of allowance for trade receivables at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 – 90 days	**81,811**	103,671
91 – 180 days	**26,387**	6,578
181 – 365 days	**46,067**	48,443
1 – 2 years	**77,940**	104,331
2 – 3 years	**32,686**	19,584
Over 3 years	**1,145**	6,065
	266,036	288,672

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

Before accepting any new customer, the Group assesses the credit quality of the potential customers and determines the credit terms and limits for them. Credit quality of the existing customers and recoverability of the trade receivables is monitored by the Group regularly.

The Group's trade receivables neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers, who trade on credit terms, are subject to credit verification procedures. The Group does not hold any collateral over these balances.

At the end of the reporting period, the Group's trade receivables are individually assessed for impairment. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. In view of the good repayment history from those major debtors of the Group, the directors of the Company consider that there is no further allowance for doubtful debts required in excess of the impairment loss recognised for each of the reporting period.

As at 31 December 2013, included in the Group's trade receivable balances were receivables with aggregate carrying amounts of approximately RMB184,225,000 (2012: RMB185,001,000) 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.

Ageing of trade receivables which are past due but not impaired:

	2013	2012
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**26,387**	6,578
91 – 180 days	**11,517**	12,111
181 – 365 days	**54,035**	62,415
1 – 2 years	**67,126**	83,144
2 – 3 years	**24,551**	16,204
Over 3 years	**609**	4,549
	184,225	185,001
Neither past due nor impaired	**81,811**	103,671
	266,036	288,672

Movement in the allowance for trade receivables:

	2013	2012
	RMB'000	*RMB'000*
Balance at beginning of the year	**16,778**	13,431
Allowance for trade receivables	**21,724**	3,347
Balance at end of the year	**38,502**	16,778

As at 31 December 2013, included in the allowance for trade receivables are individually impaired trade receivables with aggregate balances of approximately RMB38,502,000 (2012: RMB16,778,000) which have been placed in severe financial difficulties.

The Group does not hold any collateral over these balances.

13. TRADE AND BILLS PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**61,951**	88,795
Bills payables	**13,721**	5,851
Total trade and bills payables	**75,672**	94,646

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

	2013	2012
	RMB'000	*RMB'000*
0 – 90 days	**49,227**	50,529
91 – 180 days	**7,077**	6,807
181 – 365 days	**1,163**	27,961
1 – 2 years	**3,075**	2,267
Over 2 years	**1,409**	1,231
	61,951	88,795

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

14. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

On 10 September 2013, Zhuhai Titans Power Electronics Co. Ltd has acquired the remaining 65% equity interest in a subsidiary named Henan Hongzheng Electric Technology Co., Ltd*（河南弘正電力科技有限公司）("Henan Hongzheng") from three non-controlling interests of Henan Hongzheng at a consideration of RMB19,500,000. The consideration is close to the net assets value of Henan Hongzheng as at the completion date. The difference of approximately RMB268,000 between the consideration and the carrying value of the equity interests acquired has been recognised in other reserve within equity. After the acquisition, Henan Hongzheng becomes a wholly-owned subsidiary of the Group.

15. DISPOSAL OF A SUBSIDIARY

The Group entered into an agreement to dispose of its entire equity interest in Jiangyin Titans High Voltage Electric Co., Ltd.*（江陰泰坦高壓電氣有限公司）("Jiangyin Titans") to independent third parties. The completion of the disposal took place in January 2013, upon which Jiangyin Titans ceased to be a subsidiary of the Group.

The net assets of Jiangyin Titans at the date of disposal were as follows:

	RMB'000
Net assets disposed of	
Property, plant and equipment	213
Prepaid lease payments	12,814
Inventories	2,243
Trade and bills receivables	5,366
Prepayments, deposits and other receivables	702
Bank balances and cash	3,403
Trade payables	(264)
Accruals and other payables	(5,295)
	19,182
Gain on disposal of subsidiary	4,446
Non-controlling interests	(2,055)
Total consideration, satisfied by cash	21,573
Net cash inflow arising on disposal:	
Cash consideration received	21,573
Bank balances and cash disposed of	(3,403)
	18,170

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2013, the Group recorded a turnover of RMB175,933,000, representing a decrease of 26.29% when compared to the same period last year. Turnover was mainly derived from the Group's principal businesses, including electrical direct current products, charging equipment for electric vehicles and power grid monitoring and management products business. The table below shows the turnover of different series of products of the Group for the years ended 31 December 2012 and 2013.

	For the year ended 31 December			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
Electrical direct current products	**148,525**	**84.42**	109,629	45.94
Charging equipment for electric vehicles	**11,429**	**6.50**	109,759	45.99
Power grid monitoring and management products	**12,603**	**7.16**	14,890	6.23
Wind and solar power generation balancing control systems	**–**	**–**	–	–
Plug and switch system products	**3,376**	**1.92**	4,392	1.84
Total	**175,933**	**100.00**	238,670	100.00

The Group recorded the aggregate loss attributable to owners of the Company and total comprehensive expense of RMB33,811,000 and RMB33,621,000 respectively in 2013, representing a decrease of RMB45,606,000 and RMB43,632,000 respectively as compared with the profit and total comprehensive income for the year of RMB11,795,000 and RMB10,011,000 for the corresponding period of last year.

The Group recorded a significant decrease in profit and total comprehensive income when compared with its performance from 2012. This was mainly due to the significant decrease in revenue from sales of charging equipment for electric vehicles as the new profit increasing point business of the Group saw a drop in new construction projects in the PRC. Looking back into 2013, although there was no change in the government's macro support policies for new energy vehicles facilitation, the specific subsidy policies for vehicle and promotion plan for new energy vehicles in key cities were not launched in time. This caused the market demand for charging equipment for electric vehicle to drop far lower than the volume as expected by the management of the Group. Furthermore, despite the sales of certain products being lower than expected, the Group did not reduce its investment in research and development and marketing in order to maintain and continuously increase the market competitiveness of related products. This was also one of reasons that the Group had recorded a substantial loss in 2013.

Electrical direct current products

During this reporting period, turnover of the Group's electrical DC products was RMB148,525,000, representing an increase of 35.48% as compared with that of 2012. The Directors consider that such products maintain a relatively strong competitiveness. As the market for such products becomes relatively matured, the Directors believe that the market trend for such products will remain stable.

Charging equipment for electric vehicle

During this reporting period, turnover of the Group's charging equipment for electric vehicle was RMB11,429,000, representing a decrease of 89.59% as compared with that of 2012. In 2013, although there was no change in the government's macro support policies for new energy vehicles promotion, the specific subsidy policies for vehicle and promotion plan for new energy vehicles in key cities were not launched in time. This caused the market demand for charging equipment for electric vehicle to drop far lower than the volume as expected by the board of directors of the Group.

Despite the sales of the Group's charging equipment for electric vehicle being far lower than expected, the Group did not slowdown its continuous research and development and marketing investment for such product. After years of development, the Group has a relatively strong core competitiveness in such product, which is mainly reflected as follows:

1) The Group participated in the construction of various key or major charging stations for electric vehicle in the PRC – including Beijing Olympic Games, Shanghai World Expo, Guangzhou Asian Games, and many projects in Jiaozhuang in Linyi of Shandong, Xuejiadao in Qingdao of Shandong and Gaoantun in Beijing, covering most regions in North-western, South-western, Central, Eastern, Southern China and Hong Kong. The brand "Titans" has established a better industry awareness.

2) Meanwhile, by participation in the construction of various projects, the Group has a relatively strong capability in the design and construction of charging facility for electric vehicle, for which it is able to provide the most suitable proposal according to the needs of different customers. Meanwhile the Group had also accumulated extensive experiences in the operation of electric vehicle service system.

3) As a result of the continuous investment in research and development over the years, the Group has a complete product series in charging and discharging equipment for electric vehicle, consisting of alternating current charging pile, DC charging pile, split charging system, vehicle charging system, high power quick-charging system, bidirectional converter, energy storage system, micro-grid system, and operation and service system for new energy vehicle. Meanwhile, with its advanced technology standard and stability of the Group's products, the Group undertook or participated in three research and development projects of electric vehicle charging related technology of National "863 Program".

Based on analysis from the board of directors of the Company, the electric vehicle market will set off a new round of upsurge in 2014. Up until now, the Group won the bids for the State Grid's Mashan Charging Station in Yantai, Shandong, Southern Power Grid's Integrated DC charging device and integrated charging and discharging device projects. As such, it is expected that the Group's business in charging and discharging equipments for electric vehicle will achieve a rapid development in 2014.

Power grid monitoring and management products

During this reporting period, sales of power grid monitoring and management products of the Group was RMB12,603,000, representing a decrease of approximately 15.36% as compared with that of 2012. The Directors consider that the sales of such products accounted for a relatively small proportion of the total sales of the Group and the slight decrease of sales was due to the fluctuation of market demand.

Wind and solar power generation balancing control systems

During this reporting period, the wind and solar power generation balancing control products of the Group did not achieve any sales. During the reporting period, the Group mainly emphasized on the further research and development of such product and deployed fewer resources in its marketing. The Directors consider that in 2013, under the weak sentiment of the overall domestic investment, investing more resources and manpower into other major products of the Group with competitive advantages and development potential was of better interest to the Group as a whole.

Plug and switch system ("PASS") products

During this reporting period, sales of the Group's PASS products was RMB3,376,000, representing a decrease of approximately 23.13% as compared with that of 2012. The Directors consider that, although it is not the principal business of the Group, the Group will still adjust appropriately the corresponding market strategies according to market demand and the conditions of its own resources.

Major operating activities of the Group in 2013:

The disposal of the Company's entire 93.55% interests in Jiangyin Titans pursuant to the shares transfer agreements entered into between the Company and two independent third parties on 7 December 2012 was completed in January 2013. Details of the disposal were set out in the announcement of the Company dated 7 December 2012.

In September 2013, the Group acquired the 65% equity interest in Henan Hongzheng Electric Technology Co. Ltd.*（河南弘正電力科技有限公司）("Henan Hongzheng"), a subsidiary of the Group, from other three non-controlling shareholders of the Company at a consideration of RMB19,500,000. Upon the completion of the acquisition, the Group owns the 100% equity interest in Henan Hongzheng. Details of the acquisition were set out in the announcement of the Group dated 13 August 2013. The aforesaid acquisition was completed during this reporting period.

On 25 December 2013, the Group entered into a shares transfer agreement with an independent third party to sell the Group's 6% shares interest in New Clear New Energy Technology Co., Ltd.*（優科新能源科技有限公司）("New Clear New Energy", formerly known as Beijing New Clear Energy Equipment Co., Ltd.*（北京優科利爾能源設備有限公司）), which is classified as available-for-sale financial assets. The consideration for the shares transfer was RMB7,500,000. The aforesaid disposal was completed during this reporting period. Up to today, the Group still holds the 6% equity interest in New Clear New Energy.

2013 was the second year in which the Group has implemented its management approach in its business division. The Directors consider that management of business division in accordance with the respective product lines can expand the sales of its products and enable the Company to have a better control in its costs and expenses, while providing advantages to the Group's control in its business, optimization of procedures and development in human resources, which can eventually enhance the profitability of the Group. As at the end of 2013, the Group was consisted of the Power Business Division (which is mainly engaged in DC power business), New Energy Business Division (which is mainly engaged in charging and discharging equipment related business for electric vehicle), Formation Business Division (which is mainly engaged in battery formation, capacity grading business). At the same time, the power energy quality monitoring equipment business of the Group was mainly managed by Henan Hongzheng, a wholly-owned subsidiary of the Group.

In 2013, one of the key focuses of the Group's internal management was "enhancing efficiency through downsizing". The Group optimized the Group's human resources through measures in departmental adjustment, functional consolidation and staff multi-tasking. The Directors believe that the above measures can effectively control the Group's management cost and improve management efficiency.

Business prospect and planning

In 2014, the focus operation and related plans of the Group are as follows:

In 2014, the door for the rapid promotion of new energy vehicle is already opened in the PRC. This is a valuable development opportunity for the Group. To grasp such opportunity, the board of directors of the Group has decided that in 2014, the main work focus of the Group will be to construct the charging and discharging station and supply of equipment for electric vehicle:

First of all, we shall integrate the internal resources of the Group and deploy more advantageous resources into the development of charging equipment for electric vehicle. (1) As the target market for power energy quality monitoring products basically coincides with the target market for electric DC power, and at the same time, the development of power energy quality monitoring products is generally stable with less follow-up research and development works, hence the merging of power energy quality monitoring products into the power business division will achieve the sharing of same personnel in marketing, engineering and design for developing both products. After the incorporation, the Group will deploy the core personnel in marketing and engineering to focus on developing the charging equipment for electric vehicle. (2) The Group will gradually reduce the investment in battery formation products. In 2014, the main work in relation to such product line is to ensure the continuous performance of its existing projects and speed up the recovery of accounts receivable for such product line. (3) The main work of the core personnel of the research and development centre and the corporate development centre of the Group will be on the development of charging equipment for electric vehicle, so as to ensure the satisfaction of management needs for such product in respect of research and development, operation, project management and supply chain in 2014.

Secondly, as mentioned previously, although the Group enjoys relatively strong competitiveness in the electric vehicle charging business, in order to accommodate the market in a timely manner and also maintain and enhance its competitiveness, the Group will seek external advanced technology and products through merger and acquisition so that the Group can enjoy a first-mover advantage in such business sector.

Furthermore, for charging equipment for electric vehicle, the principal operation goal of the Group is to ensure its market presence as one of major domestic equipment suppliers, and gradually expand its market share. On this basis, the Group will conduct the construction and operation service business for charging and discharging facilities for electric vehicle as and when appropriate to establish the core position of the Group in new energy vehicle industry and enrich the profit model of the Group to enhance the overall profitability level of the Group.

Finally, for traditional DC power business, the main work focus of the Group in 2014 is to ensure that on the basis of having stable sales for its products in the traditional power system market, it will develop the market in railway and nuclear power industries to ensure a steady improvement in both the sales and market share of its products.

The Directors of the Group believe that under such measures, with the joint efforts of all staff of the Group, the Group will achieve good operating results in 2014, and lay a solid foundation for the development of the Group in the coming years.

Financial Review

Turnover

Our turnover decreased from RMB238,670,000 for the year ended 31 December 2012 to RMB175,933,000 for the year ended 31 December 2013, representing a decrease of 26.29%. The decrease in turnover of the Group was mainly due to the descending tendency and slow down in the scale of investments in relevant industries and change in sales amount of products in the PRC as compared with the year 2012. As affected by this, the Company's overall operating results were below the expected target.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, decreased by 8.52% from RMB139,808,000 for the year ended 31 December 2012 to RMB127,897,000 for the year ended 31 December 2013. This was primarily attributable to the impact of many factors such as increase in materials and labour costs. Raw material costs were the principal component of our cost of sales.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2012 and 2013:

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	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	**35,995**	**74.93**	**24.23**	40,238	40.70	36.70
Charging equipment for electric vehicles	**5,138**	**10.70**	**44.96**	49,587	50.16	45.18
Power grid monitoring and management products	**6,029**	**12.55**	**47.84**	7,933	8.02	53.28
Wind and solar power generation balancing control systems	**–**	**–**	**–**	–	–	–
PASS products	**874**	**1.82**	**25.89**	1,104	1.12	25.14
Total/Average	**48,036**	**100.00**	**27.30**	98,862	100.00	41.42

Our gross profit decreased by 51.41% from RMB98,862,000 for the year ended 31 December 2012 to RMB48,036,000 for the year ended 31 December 2013. Our gross profit margin decreased from 41.42% for the year ended 31 December 2012 to 27.30% for the year ended 31 December 2013. The decrease in gross profit margin was mainly due to the combination of the significant decrease in sales volume of products with higher gross profit margin during the period and the decrease in selling price to accommodate market competition and the increase in labour costs in the reporting period.

Other revenue

Our other revenue, which mainly included VAT refund, government subsidies and interest income, increased by 114.32% from RMB13,750,000 for the year ended 31 December 2012 to RMB29,469,000 for the year ended 31 December 2013.

The increase in other revenue of the Group during the reporting period was mainly attributable to the government subsidies that were received from 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), Department of Finance of Guangdong Province (廣東省財政廳) and Zhuhai Finance Bureau (珠海市財政局) respectively. During the reporting period, the subsidy income that can be recognised by the nature of government subsidies RMB3,371,000 increased by RMB814,000 when compared to RMB2,557,000 in 2012, an increase in refund of value added tax RMB2,029,000, an increase in gain on disposal of a subsidiary of RMB4,446,000 and an increase in gains on sales of available-for-sale financial assets RMB4,490,000.

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 4.99% from RMB32,318,000 for the year ended 31 December 2012 to RMB33,932,000 for the year ended 31 December 2013. Our selling and distribution expenses as a percentage of turnover increased from 13.54% for the year ended 31 December 2012 to 19.29% for the year ended 31 December 2013. The increase in selling and distribution expenses was mainly due to: (1) an increase in transportation and traveling expenses relating to sales and after-sales services of RMB1,483,000; (2) an increase in installation testing and tender service expenses relating to sales of RMB1,601,000; (3) a decrease in the sales-related expenses such as salaries and wages, benefits, social security expenditure of RMB1,009,000; (4) a decrease in office and entertainment expenses relating to sales of RMB493,000; and (5) a decrease in insurance, advertisement, low value consumables, repairs and miscellaneous expenses relating to sales of RMB345,000.

Administrative and other expenses

Our administrative and other expenses, 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., decreased by 0.83% from RMB57,392,000 for the year ended 31 December 2012 to RMB56,916,000 for the year ended 31 December 2013. Our administrative and other expenses as a percentage of turnover increased from 24.05% for the year ended 31 December 2012 to 32.35% for the year ended 31 December 2013. The decrease of our administrative and other expenses during the reporting period was mainly due to: (1) a decrease in wages and benefits, traveling, entertainment and office expenses relating to management of RMB2,564,000; (2) a decrease in equity settled share-based payments of RMB2,888,000 in respect of the share options granted pursuant to the share option scheme of the Company adopted on 8 May 2010 (the "Share Option Scheme") and the new share options granted on 17 February 2011; (3) a decrease in professional fees such as lawyers, exchange loss and banking expenses of RMB955,000; (4) a decrease in repairing expenses and rental of RMB2,341,000; (5) no corresponding losses on disposal of assets and equity interests in associates of RMB1,057,000 recorded in last year; (6) a decrease in miscellaneous expenses of RMB3,721,000; while (7) an increase in research and development expenses of RMB8,149,000 during the reporting period; (8) an increase in the expenses such as depreciation and transportation of RMB2,255,000; (9) an increase in material consumables of RMB2,646,000.

Impairment loss recognised in respect of trade receivables

For the year ended 31 December 2013, individually impaired trade receivables of RMB21,724,000 (2012: RMB3,347,000) was included in provision for trade receivables, the increase in provision for trade receivables of RMB18,377,000 was mainly due to an increase in trade receivables with longer collection period than normal during the period, for which provision should be made due to impairment risk according to prudence accounting principles.

Gain on disposal of interest in a subsidiary

On 5 January 2013, the Group transferred the 93.55% interest held by it in Jiangyin Titans High, a subsidiary of the Group, to two independent third parties, and recorded a gain of RMB4,446,000. Details of the disposal were set out in the Company's announcement dated 7 December 2012. As described in the announcement, the reasons for the disposal of the subsidiary were to further optimise and rationalise the operation management of the Group, and at the same time, to enable the Group to focus its resources on its main operating business.

Share of results of an associate

As at 31 December 2013, the Group owned 35% equity interests in Beijing Hua Shang Clear New Energy Technology Co., Ltd.*（北京華商三優新能源科技有限公司）. This company was accounted for as the Group's associate company, and the Group's attributable profit from this company for the year ended 31 December 2013 was RMB7,469,000, representing an increase of RMB1,101,000 over the profit of approximately RMB6,368,000 of the same period last year.

Finance costs

Our finance costs increased by 12.25% from RMB9,411,000 for the year ended 31 December 2012 to RMB10,564,000 for the year ended 31 December 2013. Our finance costs as a percentage of turnover increased from 3.94% for the year ended 31 December 2012 to 6.00% for the year ended 31 December 2013. The increase in our finance costs was mainly due to increase in the average amount of bank borrowings and increase in the borrowing interest rates during the reporting period.

Income tax credit (expense)

Our income tax credit was RMB3,866,000 for the year ended 31 December 2013 whereas income tax expense was RMB4,760,000 for the year ended 31 December 2012. The effective tax rate (being the ratio of our tax expenses to our profit before tax) for the year ended 31 December 2012 was 28.83% (2013: N/A).

Loss attributable to non-controlling interests

For the year ended 31 December 2013, loss attributable to non-controlling interests of our non-wholly owned subsidiaries was RMB485,000, as compared with a loss of RMB43,000 for the year ended 31 December 2012. This amount represents the attributable loss in our non-wholly owned subsidiaries.

(Loss) Profit and total comprehensive (expense) income attributable to owners of the Company

Loss for the year attributable to owners of the Company for the year ended 31 December 2013 was RMB33,811,000 whilst profit for the year ended 31 December 2012 was RMB11,795,000. Net profit margin with respect to profit for the year 2012 was 4.94% (2013: N/A).

For the year ended 31 December 2013, the Group recorded a loss attributable to the owners of the Company as compared with a profit for the corresponding period of 2012, which was due to the fact that certain products of the Group was unable to achieve the sales performance as expected, as a result of the decrease and slowdown in industry investment scale during the reporting period, while at the same time being affected by factors like increasing labour costs, increase in sales and distribution expenses and provision for trade receivables.

Total comprehensive expense for the year attributable to owners of the Company for the year ended 31 December 2013 was RMB33,136,000 whilst total comprehensive income for the year ended 31 December 2012 was RMB10,054,000. Net profit margin with respect to total comprehensive income for the year 2012 was 4.21% (2013: N/A).

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2012 and 2013:

	Year ended 31 December			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
Materials	**24,518**	**36.83**	24,072	49.51
Work-in-progress	**12,108**	**18.19**	4,222	8.69
Finished goods	**29,943**	**44.98**	20,323	41.80
	66,569	**100.00**	48,617	100.00

Our Group's inventory balances increased from RMB48,617,000 as at 31 December 2012 to RMB66,569,000 as at 31 December 2013.

Our average inventory turnover days increased from approximately 144 days for the year ended 31 December 2012 to approximately 164 days for the year ended 31 December 2013, which was due to requirements to increase raw materials reserve associated with expectation of the Company on improvement on market environment in 2014.

The Group has not made any general or special provision for the inventory as at 31 December 2013.

Analysis on Trade and Bills Receivables

As at 31 December 2012 and 2013, our trade and bills receivables (net of allowance) amounted to RMB292,980,000 (comprising trade receivables of RMB288,672,000 and bills receivables of RMB4,308,000) and RMB270,961,000 (comprising trade receivables of RMB266,036,000 and bills receivables of RMB4,925,000) respectively. The decrease in trade and bills receivables was mainly due to decrease in sales amount in the period.

The table below sets forth the ageing analysis of our trade receivables as of 31 December 2012 and 2013:

	Year ended 31 December 2013				Year ended 31 December 2012			
	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*	*%*
Within 90 days	**81,811**	**–**	**81,811**	**30.75**	103,671	–	103,671	35.91
91 days to 180 days	**26,387**	**–**	**26,387**	**9.92**	6,578	–	6,578	2.28
181 days to 365 days	**46,067**	**–**	**46,067**	**17.31**	48,443	–	48,443	16.78
Over 1 year to 2 years	**83,940**	**6,000**	**77,940**	**29.30**	114,071	9,740	104,331	36.14
Over 2 years to 3 years	**48,105**	**15,419**	**32,686**	**12.29**	24,604	5,020	19,584	6.78
Over 3 years	**18,228**	**17,083**	**1,145**	**0.43**	8,083	2,018	6,065	2.10
Total	**304,538**	**38,502**	**266,036**	**100.00**	305,450	16,778	288,672	100.00

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 approximately 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.

We may grant a credit period in the range of 30 days to 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 consider that the timing difference between the payment terms under our sales contracts and our accounting revenue recognition policy is the major reason for our relatively longer trade and bills receivables turnover days.

We consider 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 timing difference between our accounting policy to recognise the full sales amount and trade receivables amount upon delivery of product until the due dates of trade receivables; (2) 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 (3) 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 2013, we made a specific provision for trade receivables as allowance for doubtful trade receivables of RMB21,724,000 (2012: RMB3,347,000). Up to 20 March 2014, about 19.08% of the trade and bill receivables that were outstanding as at 31 December 2013 have been settled.

Analysis on Trade and Bills Payables

As at 31 December 2012 and 2013, our trade and bills payables amounted to RMB94,646,000 (comprising trade payables of RMB88,795,000 and bills payables of RMB5,851,000) and RMB75,672,000 (comprising trade payables of RMB61,951,000 and bills payables of RMB13,721,000) respectively. The decrease in trade and bills payables was mainly due to decrease in sales amount during the reporting period. For the two years ended 31 December 2012 and 2013, our trade and bills payable turnover days were approximately 207 days and approximately 208 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2012 and 2013:

	Year ended 31 December	
	2013	2013
	RMB'000	*RMB'000*
Within 90 days	**49,227**	50,529
91 days to 180 days	**7,077**	6,807
181 days to 365 days	**1,163**	27,961
Over 1 year to 2 years	**3,075**	2,267
Over 2 years to 3 years	**1,409**	1,231
	61,951	88,795

Debts

All our debts are classified as short-term liabilities which are payable within 12 months from the respective balance sheet dates. The following table sets out our indebtedness as at 31 December 2012 and 2013. All our indebtedness were denominated in Renminbi.

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	RMB'000	***Applicable/ effective interest rates***	*RMB'000*	*Applicable/ effective interest rates*
Bank borrowings	**99,500**	**5.88% to 7.80%**	90,001	5.60% to 7.87%
	99,500		90,001	

As at 31 December 2013, total bank borrowings amounted to RMB99,500,000 (as at 31 December 2012: RMB90,001,000), of which secured loans amounted to RMB15,600,000 (as at 31 December 2012: RMB13,000,000), and unsecured borrowings amounted to RMB83,900,000 (as at 31 December 2012: RMB77,001,000). Bank loans as at 31 December 2013 were subject to variable interest rates ranging from 5.88% to 7.80% per annum (as at 31 December 2012: ranging from 5.60% to 7.87% per annum).

As at 31 December 2013, the Group's gearing ratio (total indebtedness divided by total assets) was 14.92% (as at 31 December 2012: 11.21%).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2013, the total equity of the Group amounted to RMB450,935,000 (as at 31 December 2012: RMB501,449,000), the Group's current assets were RMB566,611,000 (as at 31 December 2012: RMB708,947,000) and current liabilities were RMB209,155,000 (as at 31 December 2012: RMB290,308,000). As at 31 December 2013, the Group had short-term bank deposits, bank balances and cash of RMB114,338,000 (as at 31 December 2012: RMB184,331,000), excluding restricted bank balances of RMB4,381,000 (as at 31 December 2012: RMB4,263,000). Our total assets less our total liabilities equals to our net assets, which was RMB450,935,000 as at 31 December 2013 (as at 31 December 2012: RMB501,449,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2013, the Group had outstanding bank borrowings of RMB99,500,000 (as at 31 December 2012: RMB90,001,000).

Material Acquisition and Disposal of Subsidiaries and Associates

Disposal of subsidiary

On 7 December 2012, the Group entered into share transfer agreements with two independent third parties to dispose of its entire 93.55% equity interests in Jiangyin Titans. The completion of the disposal took place on 5 January 2013. Details of the disposal were set out in the announcement of the Company dated 7 December 2012. The reasons for the disposal of the subsidiary were to further optimise and rationalise the operation management of the Group, and at the same time, to enable the Group to focus its resources on its main operating business.

Acquisition of subsidiary

On 16 April 2012, the Group established Henan Hongzheng in Zhengzhou, Henan Province jointly with three independent third parties. The Group contributed RMB10,500,000 for the 35% equity interests in Henan Hongzheng. The Group is the largest shareholder of Henan Hongzheng and controls the board of directors and operation decisions of Henan Hongzheng. Henan Hongzheng is a subsidiary under the effective control of the Group.

On 16 August 2013, the Group entered into share transfer agreements with each of the three independent third parties to acquire the remaining 65% of equity interest in Henan Hongzheng at a total consideration of RMB19,500,000. Details of the acquisition were set out in the announcement of the Company dated 19 August 2013. The acquisition was completed on 10 September 2013. After the acquisition, Henan Hongzheng became a wholly-owned subsidiary of the Company.

Save as disclosed above, the Group had no other material acquisition or disposal of its subsidiaries and associates during the year ended 31 December 2013.

Sales of available-for-sale financial assets

On 25 December 2013, the Group entered into a shares transfer agreement with an independent third party to sell the Group's 6% interest in New Clear New Energy which is classified as available-for-sale financial assets. The consideration for the shares transfer was RMB7,500,000 and the corresponding cost of the shares was RMB3,010,000. The gain on the sale of the shares was recognised in other revenue in the current period.

Contingent Liabilities

As at 31 December 2013 and at the date of this Announcement, the Group had no material contingent liability.

Capital Commitments

As at 31 December 2013, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of investment, factory renovation and purchase of equipment of RMB8,572,000 (as at 31 December 2012: RMB11,863,000).

As at 31 December 2013, the Group had capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment of RMB911,000 (as at 31 December 2012: Nil).

Save as disclosed above, as at 31 December 2013 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 RMB5,235,000 as at 31 December 2013 (as at 31 December 2012: RMB6,049,000) were pledged to secure the bank borrowings and facilities.

Employees and Remuneration

As at 31 December 2013, the Group had about 395 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 PRC-based employees are entitled to participate in the social insurance operated by the Ministry of Labour and Social Security, the premium in respect of which is undertaken between the Group and the employees based on the percentages stipulated by relevant PRC laws.

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

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 of the Company.

During the reporting period, the Group recorded an exchange gain of RMB85,000 (2012: loss of RMB102,000). Such foreign exchange gain or loss arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate as at 31 December 2013. As at 31 December 2013, 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 our 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 2013.

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 then 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 during the year ended 31 December 2013.

USE OF PROCEEDS

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 (the "Listing") were approximately HK$243,600,000 (equivalent to approximately RMB214,588,000).

We set out below the status of the application of the net proceeds from the issue of Shares in connection with the Listing.

Proposed use of proceeds	**Intended amount to be used**	**Actual amount used up to 31 December 2013**
	RMB'000	*RMB'000*
Support and enhance manufacturing capacity and acquire new production facility	66,737	38,018
Further establish and consolidate the Group's position in the market	80,470	78,341
Support and strengthen the Group's product research and development capability	19,742	29,859
Support and enhance the Group's marketing ability	28,755	11,370
Working capital	18,884	21,000
	214,588	178,589

The unused balance of approximately RMB35,999,000 was kept as bank deposits in the PRC.

As set out in the prospectus of the Company dated 18 May 2010, we proposed to spend part of our proceeds raised from the listing to acquire a piece of land in the Hengqin Economic Development Zone, Zhuhai and construct a new factory thereon. The parcel of land has still not been acquired. The Group is actively evaluating those factors such as price and formalities, etc of the parcel of land. The Group will not rule out the possibility of seeking new lands in other regions of Zhuhai City.

CORPORATE GOVERNANCE PRACTICES

We are committed to ensuring high standards of corporate governance at all times and in all aspects of its 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 will strive to adhere to the principles of corporate governance and adopt sound corporate governance code provisions and practices to meet the statutory and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provisions") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Board regularly reviews the Group's corporate governance guidelines and developments. Save as disclosed in the paragraph below, in the opinion of the Directors, the Company has complied with the Code Provisions throughout the year ended 31 December 2013.

Under the code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent non-executive Director Ms. Li Xiao Hui retired from the office on the same date of the annual general meeting held on 22 May 2013 and was unable to arrange her work itineraries to attend that annual general meeting. The Company will continue to maintain its planning process by giving all Directors sufficient time to arrange their work in advance and provide any necessary support for their presence and participation in the meeting, so as to facilitate all Directors to attend the Company's future general meetings.

DIRECTORS' SECURITIES TRANSACTIONS

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 securities transactions by Directors. Specific enquiries have been made with all Directors and all Directors confirm that they have complied with the provisions of the Model Code for the year ended 31 December 2013.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2013.

PRE-IPO SHARE OPTION SCHEME

A Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a written resolution of the shareholders of the Company on 8 May 2010. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, representatives and sales partners of the Group who has contributed or will contribute to the Group.

On 8 May 2010, options carrying rights to subscribe for a total of 23,920,000 Shares at an exercise price of HK$0.59 per Share were granted to certain employees of the Group, including the two executive Directors. All options were conditionally granted to the grantees.

During the year ended 31 December 2013, share options carrying rights to subscribe for a total of 6,050,000 Shares have lapsed in accordance with the terms of the Pre-IPO Share Option Scheme. As at 31 December 2013, share options carrying rights to subscribe for 11,140,000 Shares in aggregate (representing about approximately 1.34% of the issued share capital of the Company) remained outstanding.

During the period from after the year ended 31 December 2013 to the date of this Announcement, 4,820,000 shares options under the Pre-IPO Share Option Scheme have been exercised and no share options have lapsed. As at the date of this Announcement, share options carrying rights to subscribe for a total of 6,320,000 Shares under the Pre-IPO Share Option Scheme remained outstanding.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the shareholders of the Company passed on 8 May 2010 ("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) who the Board may determine in an absolute discretion, has made valuable contribution to the business of the Group based on his performance and/or years of service, or is regarded to be valuable human resource of the Group are eligible to participate in the Share Option Scheme subject to such 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.

During the year ended 31 December 2013, share options carrying rights to subscribe for a total of 6,396,666 Shares have lapsed in accordance with the terms of the Share Option Scheme. As at 31 December 2013, share options carrying rights to subscribe for 11,893,334 Shares in aggregate (representing about approximately 1.43% of the issued share capital of the Company) remained outstanding.

During the period from after the year ended 31 December 2013 to the date of this Announcement, 5,946,667 share options have lapsed. As at the date of this Announcement, share options carrying rights to subscribe for a total of 5,946,667 Shares remained outstanding under the Share Option Scheme.

AUDIT COMMITTEE

The Company has established the Audit Committee on 8 May 2010 with written terms of reference in compliance with the Listing Rules. Following the resignation of Ms. Li Xiao Hui as an independent non-executive Director and Audit Committee member of the Company on 22 May 2013, the Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Yu Zhuo Ping and Mr. Zhang Bo. Mr. Li Wan Jun is the chairman of the Audit Committee. The rights and duties of the Audit Committee have complied with the Code. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The Audit Committee had reviewed the audited results of the Group for the financial year ended 31 December 2013.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Company's annual results announcement for the year ended 31 December 2013 have been reviewed and agreed by the Company's auditor, SHINEWING (HK) CPA Limited ("SHINEWING"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with 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 on the annual results announcement.

ANNUAL GENERAL MEETING

The Company proposed that the Annual General Meeting will be held on Monday, 26 May 2014. This 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 notice of the Annual General Meeting will be despatched to the shareholders of the Company 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, 21 March 2014

As at the date of this Announcement, the Board comprises two executive directors, namely Li Xin Qing and An Wei; and three independent non-executive directors, namely Li Wan Jun, Zhang Bo and Yu Zhuo Ping.

* *For identification purpose only*