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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 2014

FINANCIAL HIGHLIGHTS

— Turnover from operations increased by 1.47% to RMB178,517,000 as compared to last year.

— Loss for the year attributable to owners of the Company amounted to RMB43,831,000 as compared to loss of RMB33,811,000 in 2013.

— The Board did not recommend the payment of any final dividend for the year ended 31 December 2014.

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 2014 together with comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Continuing operations			
Revenue	*4*	**178,517**	175,933
Cost of sales		**(118,427)**	(127,897)
Gross profit		**60,090**	48,036
Other revenue	*6*	**14,199**	29,469
Selling and distribution expenses		**(31,456)**	(33,932)
Administrative and other expenses		**(46,198)**	(56,886)
Allowance for impairment loss recognised in respect of trade receivables		**(37,922)**	(21,724)
Share of results of associates		**4,460**	7,469
Finance costs	*7*	**(8,347)**	(10,564)
Loss before taxation		**(45,174)**	(38,132)
Income tax credit	*8*	**2,153**	3,866
Loss for the year from continuing operations		**(43,021)**	(34,266)
Discontinued operation			
Loss for the year from discontinued operation		**—**	(30)
Loss for the year	*9*	**(43,021)**	(34,296)

	Note	**2014**	2013
		RMB'000	*RMB'000*
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Reserve released on disposal of available-for-sale financial assets		**272**	770
Fair value loss on available-for-sale financial assets		**(73)**	(124)
Income tax relating to items that may be reclassified subsequently		**11**	29
Other comprehensive income for the year, net of income tax		**210**	675
Total comprehensive expense for the year		**(42,811)**	(33,621)
Loss for the year attributable to owners of the Company			
— from continuing operations		**(43,831)**	(33,781)
— from discontinued operation		**—**	(30)
		(43,831)	(33,811)
Non-controlling interests from continuing operations		**810**	(485)
		(43,021)	**(34,296)**
Total comprehensive (expense) income for the year from attributable to:			
Owners of the Company		**(43,621)**	(33,136)
Non-controlling interests		**810**	(485)
		(42,811)	(33,621)
LOSS PER SHARE	*11*		
From continuing and discontinued operations			
Basic and diluted (RMB)		**(5.24) cents**	(4.07) cents
From continuing operations			
Basic and diluted (RMB)		**(5.24) cents**	(4.07) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**27,960**	33,317
Deposits for acquisition of plant and equipment		**—**	29,237
Goodwill		**642**	—
Other intangible assets		**300**	570
Interests in associates		**38,282**	33,522
Available-for-sale financial assets		**1,657**	3,794
Deferred tax assets		**6,492**	2,871
		75,333	103,311
Current assets			
Inventories		**65,163**	66,569
Trade and bills receivables	*12*	**274,876**	270,961
Prepayments, deposits and other receivables		**46,939**	65,904
Amounts due from associates		**25,035**	41,458
Restricted bank balances		**3,732**	4,381
Short-term bank deposits		**63,000**	58,000
Bank balances and cash		**36,324**	56,338
		515,069	563,611
Assets classified as held for sale		**28,000**	—
		543,069	563,611
Current liabilities			
Trade and bills payables	*13*	**77,062**	75,672
Receipts in advance		**1,256**	5,701
Accruals and other payables		**21,680**	25,671
Tax payable		**2,611**	2,611
Bank borrowings		**95,000**	99,500
		197,609	209,155
Net current assets		**345,460**	354,456
Total assets less current liabilities		**420,793**	457,767

	2014	2013
	RMB'000	RMB'000
Non-current liabilities		
Deferred income	**122**	633
Deferred tax liabilities	**9,134**	8,749
	9,256	9,382
Net assets	**411,537**	448,385
Capital and reserves		
Share capital	**7,387**	7,311
Share premium and reserves	**402,291**	441,074
Equity attributable to owners of the Company	**409,678**	448,385
Non-controlling interests	**1,859**	—
Total equity	**411,537**	448,385

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, Cricket Square, Hutchins Drive, Cayman Islands. The address of the Company's 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 Company's principal place of business in Hong Kong is 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. The Company's principal activity is investment holding.

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.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
Hong Kong (IFRS Interpretation Committee) ("HK(IFRIC)")-Int 21	*Levies*

Except as described below, 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.

Amendments to HKFRS10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the Directors consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offsetting, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit ("CGU") is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

As the Group does not have any non-financial assets measured the recoverable amount of impaired assets based on fair value less costs of disposal, the Directors consider that the application of these amendments has had no material impact on the disclosures in the Group's 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*[4]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010–2012 Cycle*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011–2013 Cycle*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Appling the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
Amendment to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

3. BASIS OF PREPARATION

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 ("the Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622), which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have 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 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 received and receivable for goods sold and services provided to external customers, net of returns and sales related taxes.

5. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group currently organises its operations into four 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") and charging equipment for electric vehicles ("Charging Equipment"). They represent four 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

The operation of wind and solar power generating balancing control products segment of the Group was discontinued in the current year. The segment information reported on the next pages does not include any amounts for this discontinued operation.

Segment revenues and results

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

Year ended 31 December 2014

Continuing operations

	DC Power System *RMB'000*	**PASS Products** *RMB'000*	**Power Monitoring** *RMB'000*	**Charging Equipment** *RMB'000*	**Total** *RMB'000*
Segment revenue	**108,859**	**459**	**8,326**	**60,873**	**178,517**
Segment results	**16,281**	**69**	**1,245**	**9,104**	**26,699**
Unallocated other revenue					**9,398**
Share of results of associates					**4,460**
Unallocated head office and corporate expenses					**(77,384)**
Finance costs					**(8,347)**
Loss before taxation (continuing operations)					**(45,174)**

Year ended 31 December 2013

Continuing operations

	DC Power System *RMB'000*	PASS Products *RMB'000*	Power Monitoring *RMB'000*	Charging Equipment *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	24,593
Unallocated other revenue					29,469
Share of result of an associate					7,469
Unallocated head office and corporate expenses					(89,099)
Finance costs					(10,564)
Loss before taxation (continuing operations)					(38,132)

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 described in note 3. Segment results represent the profit earned by each segment without allocation of central administrative cost, directors' emoluments, share of results of associates, other revenue and finance costs. This is the measure reported to the chief operating decision makers 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

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
DC Power System	**258,463**	184,150
PASS Products	**1,090**	27,447
Power Monitoring	**19,767**	41,218
Charging Equipment	**144,529**	212,962
Total segment assets	**423,849**	465,777
Assets classified as held for sale	**28,000**	—
Unallocated	**166,553**	201,145
Consolidated assets	**618,402**	666,922

Segment liabilities

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
DC Power System	**47,758**	35,254
PASS Products	**201**	5,916
Power Monitoring	**3,653**	4,788
Charging Equipment	**26,706**	36,048
Total segment liabilities	**78,318**	82,006
Liabilities relating to discontinued operation	**—**	—
Unallocated	**128,547**	136,531
Consolidated liabilities	**206,865**	218,537

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

- all assets are allocated to operating segments other than deposits for acquisition of plant and equipment, goodwill, interests in associates, available-for-sale financial assets, deferred tax assets, 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, tax payable, bank borrowings and deferred tax liabilities.

Other segment information

For the year ended 31 December 2014

Continuing operations

	DC Power System *RMB'000*	PASS Products *RMB'000*	Power Monitoring *RMB'000*	Charging Equipment *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)*	**1,798**	**8**	**138**	**1,006**	**—**	**2,950**
Goodwill	**—**	**—**	**—**	**642**	**—**	**642**
Allowance for impairment loss recognised in respect of trade receivables	**23,125**	**97**	**1,769**	**12,931**	**—**	**37,922**
Reversal of allowance for impairment loss recognised in respect of trade receivables	**(2,928)**	**(12)**	**(224)**	**(1,637)**	**—**	**(4,801)**
Loss on disposal of property, plant and equipment	**14**	**—**	**1**	**8**	**—**	**23**
Depreciation and amortisation	**5,187**	**22**	**397**	**2,900**	**—**	**8,506**
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:						
Interests in associates	**—**	**—**	**—**	**—**	**38,282**	**38,282**
Share of results of associates	**—**	**—**	**—**	**—**	**(4,460)**	**(4,460)**
Interest income	**—**	**—**	**—**	**—**	**(1,773)**	**(1,773)**
Finance costs	**—**	**—**	**—**	**—**	**8,347**	**8,347**
Loss on disposal of available-for-sale financial assets	**—**	**—**	**—**	**—**	**188**	**188**
Impairment loss on assets classified as held for sale	**—**	**—**	**—**	**—**	**3,076**	**3,076**
Income tax credit	**—**	**—**	**—**	**—**	**(2,153)**	**(2,153)**

For the year ended 31 December 2013

	DC Power System *RMB'000*	PASS Products *RMB'000*	Power Monitoring *RMB'000*	Charging Equipment *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 results of associates	—	—	—	—	(7,469)	(7,469)
Bank interest income	—	—	—	—	(6,429)	(6,429)
Gain on disposal of available-for-sale financial assets	—	—	—	—	(4,490)	(4,490)
Gain on disposal of a subsidiary	—	—	—	—	(4,446)	(4,446)
Finance costs	—	—	—	—	10,564	10,564
Income tax credit	—	—	—	—	(3,866)	(3,866)

Note:

Non-current assets excluded those relating to discontinued operations and excluded deposits for acquisition of plant and equipment, interests in associates, available-for-sale financial assets and deferred tax assets.

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:

	2014	2013
	RMB'000	*RMB'000*
Customer A[1]	**21,367**	N/A[2]

[1] Revenue from DC Power System and 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

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Value added tax ("VAT") refunds *(note (a))*	**6,091**	10,273
Bank interest income	**1,773**	6,429
Government grants *(note (b))*	**1,060**	3,371
Rental income	**46**	22
Reversal of allowance for impairment loss recognised in respect of trade receivables	**4,801**	—
Gain on disposal of available-for-sale financial assets	**—**	4,490
Gain on disposal of a subsidiary	**—**	4,446
Exchange gain	**—**	85
Other income	**428**	353
	14,199	29,469

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 2014 and 2013.

7. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	**6,572**	4,531
Factoring cost on trade receivables	**1,775**	6,033
	8,347	10,564

8. INCOME TAX EXPENSE (CREDIT)

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Under-provision in prior years		
PRC Enterprise Income Tax	**(1,162)**	—
Deferred tax:		
Current year	**3,315**	3,866
	2,153	3,866

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.

Zhuhai Titans Technology Co., Ltd.* (珠海泰坦科技股份有限公司) ("Titans Technology") was established in Zhuhai Special Economic Zone, and the income tax rates 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 in 2008 and the income tax rate applicable to them was 15% for the years ended 31 December 2014 and 2013.

Saved as stated above, the relevant tax rate for the Group's subsidiaries in the PRC other than Titans Technology was 25% for the years ended 31 December 2014 and 2013.

9. LOSS FOR THE YEAR

	2014	2013
	RMB'000	*RMB'000*
Loss for the year have been arrived at after charging (crediting):		
Continuing operations		
Staff costs		
Directors' emoluments	**1,264**	1,526
Other staff		
— share-based payments expenses	**384**	1,840
— salaries and other allowances	**32,052**	19,101
— retirement benefits scheme contributions (excluding directors)	**4,315**	2,332
Total staff costs	**38,015**	24,799
Amortisation of intangible assets	**270**	377
Auditors' remuneration	**919**	804
Net exchange loss (gain)	**13**	(85)
Cost of inventories recognised as an expense	**118,427**	126,659
Depreciation of property, plant and equipment	**8,236**	7,365
Impairment loss on assets classified as held for sale	**3,076**	—
Loss on disposal of property, plant and equipment	**23**	32
Loss on disposal of available-for-sale financial assets	**188**	—
Operating lease rentals in respect of rented premises	**996**	835
Research and development costs (included in administrative and other expenses) *(note)*	**17,631**	28,546

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

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

11. LOSS PER SHARE

For continuing and discontinued operations

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

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Loss		
Loss for the purpose of basic and diluted loss per share	**(43,831)**	(33,811)

Number of shares	**2014**	2013
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(note)*	**836,513**	830,000

Note:

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share from continuing operations.

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Loss for the year attributable to owners of the Company	**(43,831)**	(33,811)
Add: Loss for the year from discontinued operation	**—**	30
Loss for the purpose of basic loss per share from continuing operations	**(43,831)**	(33,781)

The denominators used are the same as those detailed above for both basis and diluted loss per share.

From discontinued operation

During the year ended 31 December 2014, the discontinued operation did not affect the Group's loss for the year attributable to owners of the Company.

For the year ended 31 December 2013, there was an insignificant effect on the basic and diluted loss per share for the discontinued operation, based on the loss for the year from discontinued operation of RMB30,000 and the denominators detailed above for both basic and diluted loss per share.

12. TRADE AND BILLS RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**333,240**	304,538
Less: allowance for trade receivables	**(58,364)**	(38,502)
	274,876	266,036
Bills receivables	**—**	4,925
Total trade and bills receivables	**274,876**	270,961

Included in the balances of trade receivables as at 31 December 2014 were retention receivables of approximately RMB38,314,000 (2013: RMB36,737,000) with aged groups of 1–2 years and 2–3 years.

The Group does not hold any collateral over these balances.

The following is an aged 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.

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**103,585**	81,811
91–180 days	**21,484**	26,387
181–365 days	**46,926**	46,067
1–2 years	**69,886**	77,940
2–3 years	**23,821**	32,686
Over 3 years	**9,174**	1,145
	274,876	266,036

The Group allows an average credit period of 90 days to its trade customers or 90 days 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.

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 consider that there is no further allowance for doubtful debts required in excess of the impairment loss recognised for each of the reporting period.

Included in the Group's trade receivable balance as at 31 December 2014, RMB32,128,000 (31 December 2013: RMB10,552,000), representing 9.6% (31 December 2013: 3.4%) of the total trade receivables, is due from the Group's largest customer. There are no other customers who represent more than 5% of the total trade receivable balance as at the end of the reporting period.

Included in the Group's trade receivable balances were debtors with aggregate carrying amounts of approximately RMB171,291,000 (2013: RMB184,225,000) 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:

	2014	2013
	RMB'000	*RMB'000*
Duration of past due		
0–90 days	**21,484**	26,387
91–180 days	**11,731**	11,517
181–365 days	**51,716**	54,035
1–2 years	**64,247**	67,126
2–3 years	**19,512**	24,551
Over 3 years	**2,601**	609
	171,291	184,225
Neither past due nor impaired	**103,585**	81,811
	274,876	266,036

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

	2014	2013
	RMB'000	*RMB'000*
1 January	**38,502**	16,778
Allowance for impairment loss of trade receivables	**37,922**	21,724
Amounts recovered during the year	**(4,801)**	—
Amounts written off as uncollectible	**(13,259)**	—
31 December	**58,364**	38,502

As at 31 December 2014, included in the allowance for impairment of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB34,033,000 (2013: RMB38,502,000) which have been placed in severe financial difficulties.

As at 31 December 2014, the carrying amount of the short-term receivables which have been pledged as security for the bank borrowing is RMB90,000,000 (2013: nil). The carrying amount of the associated liability is RMB55,000,000 (2013: nil).

13. TRADE AND BILLS PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**75,961**	61,951
Bills payables	**1,101**	13,721
Total trade and bills payables	**77,062**	75,672

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:

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**62,114**	49,227
91–180 days	**1,857**	7,077
181–365 days	**2,519**	1,163
1–2 years	**8,115**	3,075
Over 2 years	**1,356**	1,409
	75,961	61,951

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, Titans Power acquired the remaining 65% equity interest in a subsidiary named Henan Hongzheng Electric Technology Co., Ltd* (河南弘正電氣科技有限公司) ("Henan Hongzheng") from three non-controlling interests of Henan Hongzheng at a consideration of RMB19,500,000. Theconsideration approximated 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 become a wholly-owned subsidiary of the Group.

15. ACQUISITION OF A SUBSIDIARY

On 29 September 2014, Zhuhai Titans Power Electronics Co., Ltd.* (珠海泰坦電力電子集團有限公司) ("Titans Power") acquired 51% equity interest in Shenzhen Heimt Technology Co., Ltd* (深圳市瀚美特科技有限公司) ("SZ Heimt") from an independent third party for a cash consideration of RMB1,734,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately RMB642,000. SZ Heimt is principally engaged in the research, development, manufacture and sales of charging equipment for electric vehicles. SZ Heimt was acquired so as to expand the Group's business of charging equipment for electric vehicles.

Consideration transferred

	RMB'000
Cash	1,734

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	528
Inventories	236
Trade and bills receivables	3,002
Prepayments, deposits and other receivables	1,936
Bank balances and cash	145
Trade and bills payables	(1,066)
Other payables and accruals	(2,640)
	2,141

The fair value of trade and bills receivables and prepayments, deposits and other receivables at the date of acquisition amounted to approximately RMB4,938,000. The gross contractual amounts of those trade and bills receivables and deposits and other receivables acquired amounted to approximately RMB4,938,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

Goodwill arose from acquisition

	RMB'000
Consideration transferred	1,734
Plus: non-controlling interests (49% equity interest in SZ Heimt)	1,049
Less: net assets acquired	(2,141)
Goodwill arose from acquisition	642

Goodwill arose from the acquisition of SZ Heimt was due to the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of SZ Heimt. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arose from the acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition of SZ Heimt

	RMB'000
Cash consideration paid	1,734
Less: Cash and cash equivalents acquired	(145)
	1,589

Included in the loss for the year ended 31 December 2014 is approximately profit of RMB143,000 attributable to the additional business generated by SZ Heimt. Revenue for the year ended 31 December 2014 includes approximately RMB2,380,000 generated from SZ Heimt.

Had the acquisition of SZ Heimt been completed on 1 January 2014, total revenue of the Group for the year would have been approximately RMB179,609,000, and loss for the year would have been approximately RMB45,656,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2014.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 22 May 2015. A notice convening the AGM will be published and despatched to the shareholders of the Company 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 Wednesday, 20 May 2015 to Friday, 22 May 2015, both days inclusive, during which period no transfer of shares of the Company 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 Tuesday, 19 May 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2014, the Group recorded a turnover of RMB178,517,000, representing an increase of 1.47% when compared to the same period last year. Turnover was mainly derived from the Group's principal businesses, including electrical DC 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 2013 and 2014.

	For the year ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**108,859**	**60.98**	148,525	84.42
Charging equipment for electric vehicles	**60,873**	**34.10**	11,429	6.50
Power grid monitoring and management products	**8,326**	**4.66**	12,603	7.16
Wind and solar power generation balancing control systems	**—**	**—**	—	—
PASS products	**459**	**0.26**	3,376	1.92
Total	**178,517**	**100.00**	175,933	100.00

The Group recorded the aggregate loss attributable to owners of the Company and total comprehensive expense of approximately RMB43,831,000 and approximately RMB42,811,000 respectively in 2014, representing an increase of approximately RMB10,020,000 and approximately RMB9,190,000 respectively as compared with the loss attributable to owners and total comprehensive expense for the year of approximately RMB33,811,000 and approximately RMB33,621,000 for the corresponding period of last year.

Compared with 2013, the Group recorded an increase in operating loss. This was mainly attributed to the following factors: the decline of the number of bids for electrical DC products, which resulted in the decrease in the Group's sales; in the meantime, despite a significant growth in 2014, sales of charging equipment for electric vehicles lagged behind what the management expected in the beginning of 2014. At the same time, the Group continued to increase its investment in marketing and research and development of new products, and made active efforts to develop the new energy charging network operating business. Investment in such activities increased the Group's expenditure in 2014, contributing to the Group's continuous loss in 2014.

Electrical DC products

During this reporting period, turnover of the Group's electrical DC products was RMB108,859,000, representing a decrease of 26.71% as compared with that of 2013. The Directors believe that the decrease in sales of electrical DC products is mainly attributed to the decreasing number of bids by State Grid, one of the most important customers of the Group, as compared with that in 2013. Notwithstanding the above, as electrical DC products are products with established market performance, our Directors believe that this business segment will continue to maintain steady growth.

Charging equipment for electric vehicles

During this reporting period, turnover of the Group's charging equipment for electric vehicles was RMB60,873,000, representing an increase of 432.62% as compared with that of 2013.

Marked with accelerated promotion and expansion of new energy vehicles, the year of 2014 is regarded as China's first year of electric vehicle development, and correspondingly the Group's charging equipment business enjoyed rapid growth. Even though the overall sales revenue fell short of the management's expectation, the Group strongly believes that the new energy vehicle sector is under a dramatic growth trend and therefore strengthened its market expansion effort and made active efforts to integrate related resources. The Directors believe that the business of charging equipment for electric vehicles is now a backbone business of the Group, as reflected by the following:

1. In 2014, the Group's competitiveness in charging equipment sector was further consolidated and the competitive advantage further improved: the gradual exit of State Grid from urban charging equipment construction sector has led to more diversified sources of investment and more transparent and equal environment for competition. The Group won recognition from market users with its advantages in technology, brand and service, etc.

2. In 2014, the Group accomplished the transition from an equipment provider to an industry solution provider. With the exit of State Grid, it will release robust market dynamics in planning, construction, operation and maintenance of charging equipment. With its sound technical capability and rich experience in operation and maintenance, the Company rapidly expanded the market in the integrated services of charging facilities and gained some degree of advantages. In 2014, the overall construction facilities in connection with the charging stations at Mashan, Shandong Province undertaken by the Group have been successfully implemented. At the same time, the Group also bidded some projects in relation to operation and management services of certain charging facilities. In addition, the Group entered into agreement with Beijing New Energy Automobile Co., Ltd* (北京新能源汽車股份有限公司) ("BJEV") and Chery New Energy Automobile Technical Co., Ltd* (奇瑞新能源汽車技術有限公司) for provision of installation and operation and maintenance services of chargers in relevant regions.

3. In 2014, the Group made active efforts to explore potential investment and operation opportunities relevant to charging equipment of electric vehicles. In the year, the Group embarked on planning, design, construction and operation business of city-level charging infrastructure at cities including

Zhuhai, Mianyang (in Sichuan Province), Zibo (in Shandong Province), and explored the possibility of commercialized operation of charging infrastructure, laying a solid foundation to support the Group's ambition to become an expert of construction and operation of charging infrastructure. In the meantime, the Group proposed an aspiring initiative to build a service platform that combines the "Autonet", the Internet and the charging network.

Power grid monitoring and management products

During the reporting period, the Group's power grid monitoring and management products business recorded a turnover of RMB8,326,000, representing a drop of approximately 33.94% over 2013, owing to the Directors' view that the Group should concentrate its premium assets on more competitive products and thus reduced investment on this product category.

Wind and solar power generation balancing control systems

During the reporting period, our wind and solar power generation balancing control systems did not realise any sales. The Group invested relatively less in this product category and, in view of the failure to realise sales for a consecutive of 3 years, the Board has decided to cease further investment in such business and concentrate on promising businesses of the Group.

PASS products

During the reporting period, the Group's PASS products recorded a sales of RMB459,000, representing a drop of 86.40% over 2013. The Directors do not consider this segment as a major operation business of the Group and the Group will gradually reduce the input in this business.

Major operating activities of the Group in 2014:

In 2014, directed by a series of policies launched by central and local governments, China's new energy vehicle market rapidly developed. The Group responded to the market trends and took the following measures to boost the charging equipment business:

First, the Group consolidated internal resources by combining the power grid monitoring and management product line and electrical DC product line and moving a number of backbone employees to the electric vehicle charging equipment product line. Second, the Group ceased its investments in the wind and solar power generating and balancing control product business so as to switch the Group's core capabilities to the electric vehicle charging equipment business.

In the meantime, the Group accomplished the transition from an equipment provider to an industry solution provider through actively consolidating resources.

- In December 2014, the Group established a wholly-owned subsidiary, Zhuhai Yilian New Energy Motors Co., Ltd.* (珠海驛聯新能源汽車有限公司), which specialises in investment, planning, design, construction and operation of the Group's new energy vehicle charging network.

- On 12 December 2014, the Group signed a cooperative agreement with the Management Commission of Hebei Pingwu Industrial Park in Mianyang and Mianyang Municipal Government for investing in electric vehicle charging station at Mianyang. Meanwhile, the Group's wholly-owned subsidiary, Zhuhai Titans Power Electronics Co., Ltd.* (珠海泰坦電力電子集團有限公司), partnered with an independent third party to found Titans Haote New Energy Vehicles Co., Ltd.* (泰坦豪特新能源汽車有限公司) in Sichuan Province which focuses on planning, design, construction and operation of electric vehicle charging stations. The Directors believe that with favourable policies in Mianyang and marketing resources of the third party, the Group will enjoy a solid foundation for construction of electric vehicle charging network in Sichuan Province and even the whole western China.

- On 10 November 2014, the Group signed a strategic cooperation framework agreement with BJEV to discuss cooperative opportunities in various areas such as the charging framework equipment for new energy electric vehicles, planning and service for the charging business and operation services.

- On 26 December 2014, the Group founded a wholly-owned subsidiary, Zhuhai Titans Chuneng Technology Co., Ltd.* (珠海泰坦儲能科技有限公司), which conducts research and development of new power batteries and energy storage technologies.

- On 30 December 2014, the Group signed a capital contribution agreement with Beijing Ai Mei Sen Information Technology Co. Ltd.* (北京埃梅森信息技術有限公司), according to which the Group acquired 20% stake in the company, aiming to jointly promote development of destination charging station projects and further strengthen the sales market of the Group's charging equipment for electric vehicles.

- In 2014, the Group's internal management focused on internal resource streamlining and expanded efficient market services. By restructuring the product lines, premium resources were concentrated to accelerate the electric vehicle charging equipment business. The Directors believe that the internal restructuring and relevant management measures have enhanced the Group's product mix and corresponded to market tendencies.

Business prospects and planning

In 2015, the Group's business focus and related plans are as follows:

China's President Xi Jinping pointed out that new energy vehicle is an inevitable course that leads to a critical transition for China from a country with a large automobile industry to a country with a powerful automobile industry. This will bring about huge challenges but also is a historical mission. According to the PRC's 13th Five-year Plan, as of 2020, 5 million new energy vehicles will be running on China's roads. According to the preliminary plan of electric vehicle charging infrastructure, 12,000 battery charging/swapping stations will be built in China with 4.5 million chargers by 2020. Meanwhile, the Chinese government will launch a series of incentive policies to subsidise new energy vehicles, encourage construction of charging facilities at demonstrative cities and fully implement the supporting policies of each demonstrative city. Such moves will accelerate the growth of new energy vehicles and charging network. China's new energy vehicle industry and market are embracing unprecedented opportunities for growth. To grasp these opportunities and support the Company's rapid growth in the future, the Board decided that in 2015, the Group will launch innovative business model, actively expand market share and improve comprehensive servicing capacity, in order to further enhance core competitiveness, realise the critical transition from an equipment supplier to a comprehensive service and operation solution provider and strive to create the No.1 charging network in the PRC. As to the matured electrical DC product business, the Board requested a steady and growth-oriented approach by focusing on exploring new products' market to ensure that this business achieves a steady but uprising sales record. Specific measures are as follows:

1. Partner with the local governments or other organizations and companies to build city-level charging network system to realise the Company's concept of "One City, One Build, One Network, One Platform" in cities, and finally achieve the strategic goal of creating No.1 charging network in the PRC.

2. Strengthen marketing efforts and improve marketing capacity; the Group follows market and customers' demand, embraces opportunities of new energy industry, grasps industry opportunities and strives to realise the objective of business turnover.

3. Actively search external edge-cutting technology and products and obtain such resources by merger and acquisition to consolidate the Group's leadership in electric vehicle charging sector.

4. Strengthen internal control to mitigate operation risks; improve internal audit work and establish sound internal audit review system; and further focus on process control to increase revenue, reduce cost and enhance efficiency.

5. Strengthen human resource management by highlighting training of young management staff, annual assessment and placement of key employees to pave a way for sustained development of the Group.

The Directors believe that the Group will achieve from quantitative change to qualitative change in 2015 by the aforesaid measures and joint effort of all staff members of the Group.

Financial Review

Turnover

Our turnover increased from RMB175,933,000 for the year ended 31 December 2013 to RMB178,517,000 for the year ended 31 December 2014, representing an increase of 1.47%. The increase in turnover of the Group was mainly due to the benefits from national development policies for new energy, and the relevant industries in China started to thrive in the second half of 2014, and consequently, the Group recorded an increase in product sales relating to the charging equipment for electric vehicles business.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, decreased by 7.40% from RMB127,897,000 for the year ended 31 December 2013 to RMB118,427,000 for the year ended 31 December 2014. Reduction of cost of sales was primarily due to the overall decrease of cost brought by increasing sales of charging equipment for electric vehicles which features higher gross profit margin during the year.

Gross Profit

The table below sets out our gross profit and gross profit margin of different product categories for the years ended 31 December 2013 and 2014:

	For the year ended 31 December 2014			For the year ended 31 December 2013		
	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	**30,398**	**50.59**	**27.92**	35,995	74.93	24.23
Charging equipment for electric vehicles	**26,116**	**43.46**	**42.90**	5,138	10.70	44.96
Power grid monitoring and management products	**3,455**	**5.75**	**41.50**	6,029	12.55	47.84
Wind and solar power generation balancing control systems	**—**	**—**	**—**	—	—	—
PASS products	**121**	**0.20**	**26.36**	874	1.82	25.89
Total/Average	**60,090**	**100.00**	**33.66**	48,036	100.00	27.30

Our gross profit increased by 25.09% from RMB48,036,000 for the year ended 31 December 2013 to RMB60,090,000 for the year ended 31 December 2014. Our gross profit margin increased from 27.30% for the year ended 31 December 2013 to 33.66% for the year ended 31 December 2014. The increase in gross profit margin is primarily due to the sharply increasing sales of products which features higher gross profit margin during the year.

Other revenue

Our other revenue reclassified, which mainly included VAT refunds, government subsidies and interest income and amounts recovered during the year, decreased by 51.82% from RMB29,469,000 for the year ended 31 December 2013 to RMB14,199,000 for the year ended 31 December 2014.

The decrease in other revenue of the Group was attributable to the following causes: (1) during the reporting period, the total government subsidy revenue of RMB1,060,000, which can be recognized in accordance with its nature, decreased by RMB2,311,000 compared with RMB3,371,000 in 2013; (2) value-added tax refunds decreased by RMB4,182,000; (3) interest income, profit or loss on exchange and other items decreased approximately by RMB4,666,000; (4) compared with the year of 2013 the amounts recovered during the year of 2014 increased approximately RMB4,801,000, while no such classification was recorded in 2013; and (5) the same period last year recorded a gain on disposal of subsidiary and disposal of available-for-sale financial assets totaling RMB8,936,000, while no such gain was recorded during the year.

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, decreased by 7.30% from RMB33,932,000 for the year ended 31 December 2013 to RMB31,456,000 for the year ended 31 December 2014. Our selling and distribution expenses as a percentage of turnover decreased from 19.29% for the year ended 31 December 2013 to 17.62% for the year ended 31 December 2014. The decrease in the Group's selling and distribution expenses was mainly due to the following integrated factors during the reporting period:

(1) a decrease in transport, bidding service and equipment installment expenses relating to sales of approximately RMB2,785,000;

(2) a decrease in office, insurance, rent, water and electricity, repairs and miscellaneous expenses relating to sales of approximately RMB551,000;

(3) an increase in the sales-related expenses such as salaries and wages, benefits, travelling and entertainment expenses of approximately RMB623,000; and

(4) an increase in advertising and miscellaneous expenses relating to sales of approximately RMB237,000.

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., decreased by 18.79% from RMB56,886,000 for the year ended 31 December 2013 to RMB46,198,000 for the year ended 31 December 2014. Our administrative and other expenses as a percentage of turnover unclassified decreased from 32.33% for the year ended 31 December 2013 to 25.88% for the year ended 31 December 2014. The decrease in our administrative and other expenses during the reporting period was mainly due to the following integrated factors:

(1) a decrease in wages and benefits, traveling, entertainment and office expenses relating to management of RMB1,530,000;

(2) a decrease in equity settled share-based payments of RMB1,737,000 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 banking expenses and other incidentals of approximately RMB180,000;

(4) a decrease in research and development cost of approximately RMB10,915,000;

(5) a decrease in material cost of approximately RMB1,804,000;

(6) an increase in fair value loss on assets held by the Group of approximately RMB3,076,000;

(7) an increase in expenses including lawyer's professional fees, maintenance fees and remittance fees of approximately RMB2,041,000; and

(8) an increase in miscellaneous costs including depreciation and amortisation of RMB362,000.

Impairment loss recognised in respect of trade receivables

For the year ended 31 December 2014, individually impaired trade receivables of RMB37,922,000 (2013: RMB21,724,000) was included in provision for trade receivables, the increase in provision for trade receivables of RMB16,198,000 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.

Share of results of an associate

As at 31 December 2014, 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 2014 was RMB4,460,000, representing a decrease of RMB3,009,000 over the profit of RMB7,469,000 of the same period last year.

Finance costs

Our finance costs decreased by 20.99% from RMB10,564,000 for the year ended 31 December 2013 to RMB8,347,000 for the year ended 31 December 2014. Our finance costs as a percentage of turnover decreased from 6.00% for the year ended 31 December 2013 to 4.68% for the year ended 31 December 2014. The decrease in our finance costs was mainly due to the decrease in average bank loans and uprising interest rate for loans during the reporting period.

Income tax credit

Our income tax credit was RMB2,153,000 for the year ended 31 December 2014 whereas income tax credit was RMB3,866,000 for the year ended 31 December 2013. The effective tax rate (being the ratio of our tax expenses to our profit before tax) for the year ended 31 December 2014 was "not applicable" (2013: "not applicable").

Profit (Loss) attributable to non-controlling interests

For the year ended 31 December 2014, profit attributable to non-controlling interests of our non-wholly owned subsidiaries was approximately RMB810,000, as compared with a loss of approximately RMB485,000 for the year ended 31 December 2013. This amount represents the attributable profit of our non-wholly owned subsidiaries.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2014 was RMB43,831,000 whilst loss for the year ended 31 December 2013 was RMB33,811,000, representing an increase of RMB10,020,000. Net profit margin attributable to owners of the Company: "not applicable" (2013: "not applicable").

Compared with the loss recorded in the same period in 2013, during the year ended 31 December 2014, the Group recorded an increase in loss attributable to owners of the Company of approximately RMB10,020,000 over the same period last year. The increase in loss was mainly due to the decline of the number of bids for electrical DC products, which resulted in the decrease of the Group's sales during the reporting period; in the meantime, despite a significant growth in 2014, sales of charging equipment for electric vehicle lagged behind what the management expected in the beginning of 2014. At the same time, the Group continued to increase its investment in marketing and research and development of new products, and made active efforts to develop the new energy charging network operating business. Investment in such activities increased the Group's expenditure in 2014, contributing to the Group's continuous loss in 2014.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB43,621,000 whilst total comprehensive expense for the year ended 31 December 2013 was approximately RMB33,136,000, representing an increase of approximately RMB10,485,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2013 and 2014:

	Year ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Materials	**20,454**	**31.39**	24,518	36.83
Work-in-progress	**12,572**	**19.29**	12,108	18.19
Finished goods	**32,137**	**49.32**	29,943	44.98
	65,163	**100.00**	66,569	100.00

The Group's inventory balances decreased from RMB66,569,000 as at 31 December 2013 to RMB65,163,000 as at 31 December 2014.

Our average inventory turnover days increased from approximately 164 days for the year ended 31 December 2013 to approximately 203 days for the year ended 31 December 2014, which was due to the increase of raw material purchased by the Group in late 2014.

The Group has not made any general or special provision for the inventory as at 31 December 2014.

Analysis on Trade and Bills Receivables

As at 31 December 2013 and 2014, our trade and bills receivables (net of allowance) amounted to RMB270,961,000 (comprising trade receivables of RMB266,036,000 and bills receivables of RMB4,925,000) and RMB274,876,000 (comprising trade receivables entirely) respectively. The increase in trade and bills receivables was mainly due to the increase in sales during the year.

The table below sets forth the ageing analysis of our trade receivables as of 31 December 2013 and 2014:

	Year ended 31 December 2014				Year ended 31 December 2013			
	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	**103,585**	**—**	**103,585**	**37.68**	81,811	—	81,811	30.75
91 days to 180 days	**21,484**	**—**	**21,484**	**7.82**	26,387	—	26,387	9.92
181 days to 365 days	**46,926**	**—**	**46,926**	**17.07**	46,067	—	46,067	17.31
Over 1 year to 2 years	**69,886**	**—**	**69,886**	**25.42**	83,940	6,000	77,940	29.30
Over 2 years to 3 years	**54,022**	**(30,201)**	**23,821**	**8.67**	48,105	15,419	32,686	12.29
Over 3 years	**37,337**	**(28,163)**	**9,174**	**3.34**	18,228	17,083	1,145	0.43
Total	**333,240**	**58,364**	**274,876**	**100.00**	304,538	38,502	266,036	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 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 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 believe 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 believe that the longer trade and bills receivables turnover days and the higher 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 2014, we made an additional specific provision for trade receivables as allowance for doubtful trade receivables of approximately RMB37,922,000 (2013: approximately RMB21,724,000) under prudent principle. Up to the date of this announcement, about 13.80% of the trade and bill receivables that were outstanding as at 31 December 2014 have been settled.

Analysis on Trade and Bills Payables

As at 31 December 2013 and 2014, our trade and bills payables amounted to approximately RMB75,672,000 (comprising trade payables of approximately RMB61,951,000 and bills payables of approximately RMB13,721,000) and approximately RMB77,062,000 (comprising trade payables of approximately RMB75,961,000 and bills payables of approximately RMB1,101,000) respectively. The increase in trade and bills payables was mainly due to the increase in raw materials purchase as a result of the rising sales in the reporting period. For the two years ended 31 December 2013 and 2014, our trade and bills payable turnover days were approximately 208 days and approximately 201 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2013 and 2014:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**62,114**	49,227
91 days to 180 days	**1,857**	7,077
181 days to 365 days	**2,519**	1,163
Over 1 year to 2 years	**8,115**	3,075
Over 2 years to 3 years	**1,356**	1,409
	75,961	61,951

Debts

All of 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 2013 and 2014. All of our indebtedness were denominated in Renminbi.

	For the year ended 31 December 2014		For the year ended 31 December 2013	
	RMB'000	**Applicable/ effective interest rates**	*RMB'000*	Applicable/ effective interest rates
Bank borrowings	**95,000**	**6.30% to 8.00%**	99,500	5.88% to 7.80%
	95,000		99,500	

As at 31 December 2014, total bank borrowings amounted to RMB95,000,000 (as at 31 December 2013: RMB99,500,000), among which RMB68,000,000 were secured loans (as at 31 December 2013: RMB15,600,000), and the balance of RMB27,000,000 were unsecured loans (as at 31 December 2013: RMB83,900,000). Bank loans as at 31 December 2014 were subject to the floating interest rates ranging from 6.30% to 8.00% per annum (as at 31 December 2013: from 5.88% to 7.80% per annum).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014, the total equity of the Group amounted to RMB411,537,000 (as at 31 December 2013: RMB448,385,000), the Group's current assets were RMB543,069,000 (as at 31 December 2013: RMB563,611,000) and current liabilities were RMB197,609,000 (as at 31 December 2013: RMB209,155,000). As at 31 December 2014, the Group had short-term bank deposits, bank balances and cash of RMB99,324,000 (as at 31 December 2013: RMB114,338,000), excluding restricted bank balances of RMB3,732,000 (as at 31 December 2013: RMB4,381,000). Our total assets less our total liabilities equals to our net assets, which was RMB411,537,000 as at 31 December 2014 (as at 31 December 2013: RMB448,385,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2014, the Group had outstanding bank borrowings of RMB95,000,000 (as at 31 December 2013: RMB99,500,000).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Acquisition of subsidiaries

On 16 August 2013, the Group entered into share transfer agreements with each of the three independent third parties to acquire 65% 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 Group.

On 29 September 2014, the Group acquired 51% equity interest in SZ Heimt at a cash consideration of RMB1,734,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately RMB642,000. SZ Heimt is principally engaged in the research, development, manufacture and sales of charging equipment for electric vehicles. SZ Heimt was acquired so as to expand the charging equipment for electric vehicles operations. The calculation of the consideration of and the goodwill arising from the acquisition is disclosed in note 15 of the Group's consolidated financial statements.

Acquisition of associate

On 30 December 2014, the Group signed a capital contribution agreement with Beijing Ai Mei Sen Information Technology Co., Ltd.* (北京埃梅森信息技術有限公司) for acquiring 20% equity interest in that company at a total consideration of RMB1,250,000. The acquisition is aimed at promoting development of destination charging systems, and further consolidating the Group's market leadership in the charging equipment for electric vehicle sector.

Save as disclosed above, the Group had no other material acquisition of its subsidiaries and associates for the year ended 31 December 2014.

Disposal of subsidiary

In 2013, the Group has entered into an agreement for disposing the entire 90.04% equity interest in Jiangyin Titans to an independent third party. The transaction was completed in January 2013, thereafter for the year ended 31 December 2013, Jiangyin Titans was no longer a subsidiary of the Company.

Save as disclosed above, the Group did not dispose any subsidiary for the year ended 31 December 2014.

Disposal of available-for-sale financial assets

On 20 April 2014, the Group signed a share transfer agreement with an independent third party for disposing of 10% equity interest in Henan Longyuan New Energy Equipment Co. Ltd.* (河南龍源新能源裝備有限公司) which was classified as an available-for-sale financial asset. Consideration for the disposal amounted to approximately RMB2,238,000 against a cost of share RMB2,500,000. The profit and loss of the disposal was recorded in other revenue of the Group for the period.

Contingent Liabilities

As at 31 December 2014 and at the date of this announcement, the Group had no material contingent liabilities.

Capital Commitments

As at 31 December 2014, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB11,219,000 (as at 31 December 2013: approximately RMB8,572,000) in respect of investment, factory renovation and purchase of equipment.

As at 31 December 2014, the Group had capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment of approximately RMB86,400,000 (as at 31 December 2013: approximately RMB911,000).

Save as disclosed above, as at 31 December 2014 and as 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 RMB4,422,000 as at 31 December 2014 (as at 31 December 2013: approximately RMB5,235,000) were pledged to secure the bank borrowings and other facilities.

Employees and Remuneration

As at 31 December 2014, the Group had 369 employees in total (as at 31 December 2013: 395 employees). The remuneration paid to our employees and the Directors is based on their experience, responsibility, workload and the time devoted to the Group.

The Group participates in various employees' benefit plans such as 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 no exchange gain (2013: gain of approximately RMB85,000). Such book loss on foreign exchange arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate as at 31 December 2014. As at 31 December 2014, 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 2014.

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 during the year ended 31 December 2014.

USE OF PROCEEDS

The net proceeds raised from the listing of the shares of the Company ("Share(s)") 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	As of 31 December 2014 Intended amount to be used *RMB'000*	As of 31 December 2014 Actual amount used *RMB'000*
Support and enhance manufacturing capacity and acquire new production facility	66,737	42,568
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	33,433
Support and enhance the Group's marketing ability	28,755	21,758
Working capital	18,884	21,000
	214,588	197,100

The unused balance of approximately RMB17,488,000 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 parcel 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 districts of Zhuhai City.

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 (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2014 and there have been no material deviations from the Code Provisions.

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 the Directors, all the Directors confirm that they have complied with the required standard of the Model Code during the year ended 31 December 2014.

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 2014.

PRE-IPO SHARE OPTION SCHEME

A Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a written resolution passed by 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 two executive Directors under the Pre-IPO Share Option Scheme. All options were conditionally granted to the grantees.

During the year ended 31 December 2014, share options carrying rights to subscribe for a total of 200,000 Shares have lapsed in accordance with the terms of the Pre-IPO Share Option Scheme. As at 31 December 2014, share options carrying rights to subscribe for 1,520,000 Shares in aggregate (representing approximately 0.18% of the issued share capital of the Company) remained outstanding.

During the period from after the year ended 31 December 2014 to the date of this announcement, share options carrying rights to subscribe for a total of 1,520,000 Shares under the Pre-IPO Share Option Scheme remained outstanding and no share options have lapsed.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a written resolution passed by the shareholders of the Company 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 to 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.

During the year ended 31 December 2014, share options carrying rights to subscribe for a total of 6,156,667 Shares have lapsed in accordance with the terms of the Share Option Scheme. As at 31 December 2014, share options carrying rights to subscribe for 5,616,667 Shares in aggregate (representing approximately 0.67% of the issued share capital of the Company) remained outstanding.

During the period from after the year ended 31 December 2014 to the date of this announcement, 5,616,667 share options have lapsed in accordance with the terms of the Share Option Scheme.

DISCLOSEABLE TRANSACTION

Formation of Joint Venture Company

On 9 June 2014, the Company entered into a strategic cooperation framework agreement (the "Agreement") with Wintime Energy Co., Ltd ("Wintime") pursuant to which (i) the Company and Wintime agreed to form a joint venture company (the "JV Company") to be principally engaged in the development, construction, system re-organization and integrated operation of the infrastructure projects for electric vehicles used as city buses, taxis and official vehicles and the relevant charging and discharging equipments in the PRC; and (ii) the estimated total registered capital of the JV Company would be RMB500,000,000. Each of the Company and Wintime is expected to, through their respective subsidiaries, contribute RMB50,000,000 and RMB450,000,000, representing 10% and 90% of the estimated total registered capital of the JV Company respectively.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the transaction contemplated under the Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For further details of the transaction, please refer to the Company's announcement dated 9 June 2014.

AUDIT COMMITTEE

The Company has established the audit committee (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. Yu Zhuo Ping and Mr. Zhang Bo. Mr. Li Wan Jun is the chairman of the Audit Committee. 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 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 2014.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures set out in the Company's final results announcement for the year ended 31 December 2014 have been reviewed and agreed by the Company's auditor, SHINEWING (HK) CPA Limited ("SHINEWING"), which are consistent with 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 final results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 2014 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, 27 March 2015

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. Yu Zhuo Ping.

* *For identification purpose only*