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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 2015

FINANCIAL HIGHLIGHTS

– Revenue from continuing operations increased by approximately 9.74% to RMB195,902,000 as compared to last year.

– Loss for the year attributable to owners of the Company amounted to RMB26,061,000 as compared to RMB43,831,000 in 2014.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2015.

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 2015 together with comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000* (Restated)
Continuing operations			
Revenue	*4*	**195,902**	178,517
Cost of sales		**(124,117)**	(118,427)
Gross profit		**71,785**	60,090
Other revenue	*6*	**25,244**	9,398
Selling and distribution expenses		**(41,033)**	(31,456)
Administrative and other expenses		**(53,107)**	(46,198)
Allowance for impairment loss recognised in respect of trade receivables		**(43,696)**	(37,922)
Gain on disposal of an associate		**2,655**	–
Share of results of associates		**1,832**	4,460
Loss on deemed disposal of an associate		**(112)**	–
Reversal of impairment loss recognised in respect of trade receivables		**23,320**	4,801
Impairment loss on goodwill		**(642)**	–
Impairment loss on available-for-sale financial asset		**(4,192)**	–
Impairment loss on prepayment		**(4,650)**	–
Finance costs	*7*	**(7,736)**	(8,347)
Loss before tax		**(30,332)**	(45,174)
Income tax credit	*8*	**2,589**	2,153
Loss for the year from continuing operations	*9*	**(27,743)**	(43,021)
Discontinued operation	*10*		
Loss for the year from discontinued operation		**–**	–
Loss for the year		**(27,743)**	(43,021)

	NOTE	2015 RMB'000	2014 RMB'000 (Restated)
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
Reserve released upon impairment loss on available-for-sale financial assets		**1,008**	–
Fair value loss on available-for-sale financial assets		**–**	(73)
Income tax relating to items that may be reclassified subsequently		**(152)**	11
Other comprehensive income for the year, net of income tax		**856**	210
Total comprehensive expense for the year		**(26,887)**	(42,811)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(26,061)**	(43,831)
– from discontinued operation		**–**	–
		(26,061)	(43,831)
Non-controlling interests from continuing operations		**(1,682)**	810
		(27,743)	(43,021)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(25,205)**	(43,621)
Non-controlling interests		**(1,682)**	810
		(26,887)	(42,811)
LOSS PER SHARE	*12*		
From continuing and discontinued operations Basic and diluted (RMB)		**(3.04) cents**	(5.24) cents
From continuing operations Basic and diluted (RMB)		**(3.04) cents**	(5.24) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		**29,688**	27,960
Prepaid lease payments		**8,925**	–
Goodwill		**–**	642
Deposit paid for the acquisition of available-for-sale financial assets		**5,000**	–
Other intangible assets		**180**	300
Interests in associates		**706**	38,282
Available-for-sale financial assets		**3,074**	1,657
Deferred tax assets		**9,465**	6,492
		57,038	75,333
Current assets			
Inventories		**89,717**	65,163
Trade and bills receivables	*13*	**331,730**	274,876
Prepayments, deposits and other receivables		**54,301**	46,939
Prepaid lease payments		**312**	–
Amounts due from associates	*14*	**34**	25,035
Restricted bank balances		**81,823**	3,732
Short-term bank deposits		**30,000**	63,000
Bank balances and cash		**58,621**	36,324
		646,538	515,069
Assets classified as held for sale		**28,000**	28,000
		674,538	543,069

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Current liabilities			
Trade and bills payables	*15*	**88,749**	77,062
Receipts in advance		**3,006**	1,256
Accruals and other payables		**21,882**	20,749
Amounts due to non-controlling shareholders of subsidiaries		**1,171**	213
Amount due to an associate		**–**	698
Amount due to a director		**–**	20
Tax payable		**2,962**	2,611
Bank borrowings		**126,700**	95,000
		244,470	197,609
Net current assets		**430,068**	345,460
Total assets less current liabilities		**487,106**	420,793
Non-current liabilities			
Deferred income		**–**	122
Deferred tax liabilities		**9,319**	9,134
		9,319	9,256
Net assets		**477,787**	411,537
Capital and reserves			
Share capital	*16*	**8,087**	7,387
Share premium and reserves		**458,564**	402,291
Equity attributable to owners of the Company		**466,651**	409,678
Non-controlling interests		**11,136**	1,859
Total equity		**477,787**	411,537

1. GENERAL

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

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

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; and (iii) provision of charging services for electric vehicles. The Group also engaged the sales of wind and solar power generating balancing control products which was discontinued during the year ended 31 December 2014. The Company's principal activity is investment holding.

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

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

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 HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

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.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The *Annual Improvements to HKFRSs 2010 – 2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors consider that the application of the amendments to *HKFRSs 2010 – 2012 Cycle* has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors consider that the application of the amendments to *HKFRSs 2011 – 2013 Cycle* has had no material impact in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendment to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendment to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective date not yet been determined.

Except as described below, the Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for the available-for-sale financial assets that are measured at fair values.

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

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

4. REVENUE

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

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

	2015	2014
	RMB'000	*RMB'000*
Sales of electric products	**193,998**	178,517
Sales of electric vehicles	**1,832**	–
Provision of charging services for electric vehicles	**52**	–
Rental income from operating leases of electric vehicles	**20**	–
	195,902	178,517

5. SEGMENT INFORMATION

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

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

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

Charging Services which do not meet any of the quantitative threshold under HKFRS 8, is considered as individual reporting segment and separately disclosed as the CODM concludes that segment information is useful to users of the financial statements as the nature of products and services of Charging Services is distinct to other reporting segments.

During the year, operating segments of PASS products, Power Monitoring and Electric Vehicles are combined as one reporting segments as "Others" since they do not meet the quantitative thresholds under HKFRS 8 and the CODM considers that the segment information is not useful to users of the financial statements as the business is declining starting from 2015. Prior year comparative segment information has been restated to conform with the current presentation accordingly.

The Group's Charging Services and Electric Vehicles segments were introduced in the current year as a result of the establishment of a non-wholly owned subsidiary, Zhuhai Yilian New Energy Vehicles Operations and Services Company Limited* ("Yilian Services") (珠海驛聯新能源汽車運營服務有限公司).

The operation of wind and solar power generating balancing control products segment of the Group was discontinued during the year ended 31 December 2014. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 10.

Segment revenues and results

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

Year ended 31 December 2015

Continuing operations

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

Year ended 31 December 2014

Continuing operations

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services *RMB'000*	Others *RMB'000* (Restated)	Total *RMB'000*
Segment revenue	108,859	60,873	–	8,785	178,517
Segment profit	11,259	6,296	–	908	18,463
Unallocated other revenue					9,398
Share of results of associates					4,460
Unallocated head office and corporate expenses					(69,148)
Finance costs					(8,347)
Loss before tax (continuing operations)					(45,174)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of central administrative cost, directors' emoluments, gain on disposal of an associate, loss on deemed disposal of an associate, share of results of associates, impairment loss on available-for-sale financial assets, other revenue excluding gain on disposal of property, plant and equipment, and finance costs. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
DC Power System	**232,014**	258,463
Charging Equipment	**239,558**	145,171
Charging Services	**1,720**	–
Others	**21,151**	20,857
Total segment assets	**494,443**	424,491
Assets classified as held for sale	**28,000**	28,000
Unallocated	**209,133**	165,911
Consolidated assets	**731,576**	618,402

Segment liabilities	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
DC Power System	**32,558**	47,758
Charging Equipment	**54,759**	26,706
Charging Services	**334**	–
Others	**4,104**	3,854
Total segment liabilities	**91,755**	78,318
Unallocated	**162,034**	128,547
Consolidated liabilities	**253,789**	206,865

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

- all assets are allocated to operating segments other than deposit paid for the acquisition of available-for-sale financial assets, 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, amounts due to non-controlling shareholders of subsidiaries, amount due to an associate, amount due to a director, tax payable, bank borrowings, deferred income and deferred tax liabilities.

Other segment information

For the year ended 31 December 2015

Continuing operations

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	4,018	8,084	328	7,720	–	20,150
Allowance for impairment loss recognised in respect of trade receivables	43,355	341	–	–	–	43,696
Reversal of impairment loss recognised in respect of trade receivables	(23,133)	(187)	–	–	–	(23,320)
Impairment loss on goodwill	–	642	–	–	–	642
Impairment loss on prepayment	–	4,650	–	–	–	4,650
Gain on disposal of property, plant and equipment	(22)	–	–	–	–	(22)
Depreciation and amortisation	3,093	5,529	13	600	–	9,235
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in an associate	–	–	–	–	706	706
Deposit paid for the acquisition of available-for-sale financial assets	–	–	–	–	5,000	5,000
Available-for-sale financial assets	–	–	–	–	3,298	3,298
Share of results of associates	–	–	–	–	(1,832)	(1,832)
Gain on disposal of an associate	–	–	–	–	(2,655)	(2,655)
Loss on deemed disposal of an associate	–	–	–	–	112	112
Impairment loss on available-for-sale financial assets	–	–	–	–	3,968	3,968
Bank interest income	–	–	–	–	(1,835)	(1,835)
Finance costs	–	–	–	–	7,736	7,736
Income tax credit	–	–	–	–	(2,589)	(2,589)

For the year ended 31 December 2014

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services *RMB'000*	Others *RMB'000* (Restated)	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	1,006	–	146	–	2,950
Goodwill	–	642	–	–	–	642
Allowance for impairment loss recognised in respect of trade receivables	23,125	12,931	–	1,866	–	37,922
Reversal of impairment loss recognised in respect of trade receivables	(2,928)	(1,637)	–	(236)	–	(4,801)
Loss on disposal of property, plant and equipment	14	8	–	1	–	23
Depreciation and amortisation	5,187	2,900	–	419	–	8,506
Amounts regularly provided to the CODM 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)
Bank 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)

Note:

Non-current assets excluded deposit paid for acquisition of available-for-sale financial assets, interests in associates, available-for-sale financial assets and deferred tax assets.

Revenue from major products

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

Geographical information

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

Information about major customers

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

	2015	2014
	RMB'000	*RMB'000*
Customer A[1]	**N/A[2]**	21,367

[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

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Value added tax ("VAT") refunds *(note (a))*	**7,669**	6,091
Bank interest income	**1,835**	1,773
Government grants *(note (b))*	**14,360**	1,060
Rental income	**190**	46
Gain on disposal of property, plant and equipment	**22**	–
Exchange gain	**1,129**	–
Other income	**39**	428
	25,244	9,398

Notes:

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

(b) Included in government grants are approximately RMB14,238,000 (2014: RMB549,000), representing 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 and recognised upon receipts during the years ended 31 December 2015 and 2014.

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Interest on:		
Bank borrowings	**5,079**	6,572
Factoring charges on trade receivables	**2,657**	1,775
	7,736	8,347

8. INCOME TAX CREDIT

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current year	**351**	–
Prior year	**–**	1,162
Deferred tax		
Current year	**(2,940)**	(3,315)
	(2,589)	(2,153)

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

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

Titans Technology was established in Zhuhai, the special economic zone, and the income tax rate applicable to Titans Technology was 15% pursuant to the relevant PRC laws in 2007. Titans Technology was recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the years ended 31 December 2015 and 2014. No provision for PRC CIT for Titans Technology has been made as assessable profits have been fully absorbed by the tax losses for the years ended 31 December 2015 and 2014.

* *English name is for identification purpose only*

9. LOSS FOR THE YEAR

	2015	2014
	RMB'000	*RMB'000*
Loss for the year have been arrived at after charging (crediting):		
Continuing operations		
Staff costs		
Directors' emoluments	**1,314**	1,264
Other staff:		
– share-based payments expenses	**–**	384
– salaries and other allowances	**38,906**	32,052
– retirement benefits scheme contributions (excluding directors)	**4,615**	4,315
Total staff costs	**44,835**	38,015

	2015	2014
	RMB'000	*RMB'000*
Amortisation of other intangible assets	**120**	270
Amortisation of prepaid lease payments	**130**	–
Auditor's remuneration	**967**	919
Net exchange (gain) loss	**(1,129)**	13
Cost of inventories recognised as an expense	**124,080**	118,427
Depreciation of property, plant and equipment	**8,985**	8,236
Impairment loss on assets classified as held for sale	**–**	3,076
Loss on disposal of property, plant and equipment	**–**	23
Loss on disposal of available-for-sale financial assets	**–**	188
Minimum lease payment paid under operating lease rentals in respect of rented premises	**2,822**	996
Research and development expenses (included in administrative and other expenses) *(note)*	**25,832**	17,631

Note:

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

10. DISCONTINUED OPERATION

Pursuant to a resolution passed on 31 October 2014, the Directors decided to cease the operation of wind and solar power with immediate effect.

No segment revenue and results attributable to the discontinued operation were reported for the years ended 31 December 2015 and 2014.

During the years ended 31 December 2015 and 2014, the discontinued operation did not affect the Group's revenue, loss for the year and net operating cash flows.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

12. 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:

	2015	2014
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(26,061)**	(43,831)

Number of shares

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**856,933**	836,513

Note:

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

From continuing operations

The basic and diluted loss per share from continuing operations attributable to owners of the Company is the same as the calculation of basic and diluted loss per share from continuing and discontinued operations as those detailed above since there was no loss for the year attributable to owners of the Company from discontinued operation.

From discontinued operation

During the years ended 31 December 2015 and 2014, the discontinued operation did not affect the Group's loss for the year attributable to owners of the Company.

13. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**406,111**	333,240
Less: allowance for impairment loss of trade receivables	**(76,528)**	(58,364)
	329,583	274,876
Bills receivables	**2,147**	–
Total trade and bills receivables	**331,730**	274,876

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

Included in the balances of trade receivables as at 31 December 2015 were retention receivables of approximately RMB43,562,000 (2014: RMB38,314,000) of which approximately RMB32,672,000 and RMB10,890,000 (2014: RMB31,082,000 and RMB7,232,000) are aged 1 – 2 years and 2 – 3 years respectively.

The Group does not hold any collateral over these balances.

The following is an 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.

	2015	2014
	RMB'000	*RMB'000*
0 – 90 days	**104,822**	103,585
91 – 180 days	**40,484**	21,484
181 – 365 days	**39,874**	46,926
1 – 2 years	**104,387**	69,886
2 – 3 years	**35,108**	23,821
Over 3 years	**4,908**	9,174
	329,583	274,876

The Group allows an average credit period of 90 days (2014: 90 days) to its trade customers or 90 days (2014: 90 days) counted from the due date of each of their installment payments pursuant to the sales contracts. Installment payments are separated into initial deposit payment which 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. The trade customers of the Group are mainly the state-owned enterprises in the PRC. These state-owned enterprises repay their outstanding balances upon the completion of their constructions in accordance with the industry practice in the PRC.

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

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

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

Included in the Group's trade and bills receivables balance as at 31 December 2015 were approximately RMB26,383,000 and RMB83,074,000 (2014: RMB32,128,000 and RMB102,138,000), representing 6.5% and 20.3% (2014: 9.6% and 30.6%) of the total trade and bills receivables before allowance for impairment loss of trade receivables, which are due from the Group's largest customer and top five customers, respectively.

Included in the Group's trade receivable balances were debtors with aggregate carrying amounts of approximately RMB224,761,000 (2014: RMB171,291,000) 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.

As at 31 December 2015, there are no short-term receivables which have been pledged as security for bank borrowing as a result of the expiry of the related facility during the year ended 31 December 2015 (2014: carrying amount of RMB90,000,000 has been pledged with associated liability of RMB55,000,000).

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

	2015	2014
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**40,484**	21,484
91 – 180 days	**10,226**	11,731
181 – 365 days	**61,795**	51,716
1 – 2 years	**95,568**	64,247
2 – 3 years	**12,651**	19,512
Over 3 years	**4,037**	2,601
	224,761	171,291
Neither past due nor impaired	**104,822**	103,585
	329,583	274,876

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

	2015	2014
	RMB'000	*RMB'000*
1 January	**58,364**	38,502
Allowance for impairment loss of trade receivables	**43,696**	37,922
Reversal of impairment loss recognised in respect of trade receivables	**(23,320)**	(4,801)
Amounts written off as uncollectible	**(2,212)**	(13,259)
31 December	**76,528**	58,364

As at 31 December 2015, included in the allowance for impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB76,528,000 (2014: RMB58,364,000) which have been placed in severe financial difficulties.

14. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates are unsecured, interest-free and trading in nature.

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

	2015	2014
	RMB'000	*RMB'000*
0 – 90 days	**34**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	1,000
1 – 2 years	**–**	–
Over 2 years	**–**	24,035
	34	25,035

The ageing analysis of the amounts due from associates which are past due but not impaired is set out below:

	2015	2014
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**–**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	1,000
1 – 2 years	**–**	–
2 – 3 years	**–**	24,035
	–	25,035
Neither past due nor impaired	**34**	–
	34	25,035

The Group allows an average credit period of 90 days (2014: 90 days) to its associates for balances which are trading in nature.

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

15. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**78,417**	75,961
Bills payables	**10,332**	1,101
	88,749	77,062

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:

	2015	2014
	RMB'000	*RMB'000*
0 – 90 days	**70,042**	63,215
91 – 180 days	**4,315**	1,857
181 – 365 days	**5,519**	2,519
1 – 2 years	**7,315**	8,115
Over 2 years	**1,558**	1,356
	88,749	77,062

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.

16. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	10,000,000,000	100,000
		RMB'000
Issued and fully paid:		
At 1 January 2014	830,000,000	7,311
Shares issued under share option scheme *(note (i))*	9,540,000	76
At 31 December 2014	839,540,000	7,387
Shares issued under share option scheme *(note (ii))*	1,420,000	11
Shares issued under subscription *(note (iii))*	84,096,000	689
At 31 December 2015	925,056,000	8,087

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

Notes:

(i) During the year ended 31 December 2014, 9,420,000 options with exercise price of HK$0.59 and 120,000 options with exercise price of HK$1.10 were exercised to subscribe for an aggregate of 9,540,000 ordinary shares in the Company at a consideration of approximately HK$5,690,000 (equivalent to approximately RMB4,508,000) of which approximately RMB76,000 was credited to share capital and the balance of approximately RMB4,432,000 was credited to share premium. Approximately RMB6,427,000 has been transferred from the share options reserve to the share premium account in accordance with policy set out in note 3.

(ii) During the year ended 31 December 2015, 1,420,000 options with exercise price of HK$0.59 were exercised to subscribe for 1,420,000 ordinary shares in the Company at a consideration of approximately HK$838,000 (equivalent to approximately RMB660,000) of which approximately RMB11,000 was credited to share capital and the balance of approximately RMB1,314,000 was credited to share premium. Approximately RMB665,000 has been transferred from the share options reserve to the share premium account in accordance with policy set out in note 3.

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

17. EVENT AFTER THE REPORTING PERIOD

Issue of convertible notes

On 29 February 2016, the Company has issued convertible notes with principal amount of HK$100,000,000, equivalent to approximately RMB82,560,000, to Broad-Ocean Motor (Hong Kong) Limited, the substantial shareholder of the Company, with conversion price of HK$1.19 per conversion share (the "Convertible Notes"). The Convertible Notes bear floating interest determined by the base lending interest rate offered to institutions by the People's Bank of China per annum, with maturity date on 28 February 2018. The Company has the option to redeem the Convertible Notes, in whole or in part, at the face value on the maturity date, or to redeem the principal amount of outstanding Convertible Notes together with the accrued interest at the discretion of the Company. The gross proceeds and the net proceeds of the consideration was HK$100,000,000, equivalent to approximately RMB82,560,000, and approximately HK$99,500,000, equivalent to approximately RMB82,147,000, respectively.

Details are set out in the Company's announcement dated 29 February 2016.

18. COMPARATIVE FIGURES

Reversal of impairment loss recognised in respect of trade receivables was previously included in other revenue in the consolidated statement of profit or loss and other comprehensive income. To conform to current year's presentation, the above amount for the year ended 31 December 2014 has been separated in the consolidated statement of profit or loss and other comprehensive income to facilitate a better presentation.

Amounts due to non-controlling shareholders of subsidiaries, an associate and a director were previously included in accruals and other payables in the consolidated statement of financial position. To conform to current year's presentation, the above amounts as at 31 December 2014 have been separated in the consolidated statement of financial position to facilitate a better presentation.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2015.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 20 May 2016. A notice convening the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 18 May 2016 to Friday, 20 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Hong Kong for registration no later than 4:30 p.m. on Tuesday, 17 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB195,902,000, representing an increase of approximately 9.74% over that of last year. Revenue was mainly derived from the Group's principal business including operations of various products such as direct current power system products (the "DC Power System" or "electrical DC products"), manufacturing of charging equipment and charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the year ended 31 December 2014 and 2015:

	For the year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**68,699**	**35.07**	108,859	60.98
Charging equipment for electric vehicles	**122,582**	**62.57**	60,873	34.10
Charging services for electric vehicles	**52**	**0.03**	–	–
Others	**4,569**	**2.33**	8,785	4.92
Total	**195,902**	**100**	178,517	100

In 2015, the Group recorded a loss attributable to owners and total comprehensive expense attributable to owners of approximately RMB26,061,000 and RMB25,205,000, respectively, representing a decrease of approximately RMB17,770,000 and approximately RMB18,416,000 over the loss of approximately RMB43,831,000 and RMB43,621,000 of the corresponding period last year.

Compared with 2014, the Group's loss decreased, mainly due to the rise of new energy vehicle charging market. The Group adjusted and centralized internal resources and increased the production and supply of electric vehicle charging equipment which resulted in a significant increase in revenue during the year. However, the Group suffered constant losses in 2015 due to the sales of electrical DC products being affected by macro-economy and intensive market competition; the Group's resources were limited; and the Group invested considerably in building charging network of electric vehicles and projects operations during the period.

Electrical DC products

During the reporting period, revenue of the electrical DC products was approximately RMB68,699,000, representing a decrease of approximately 36.89% over 2014. The Directors consider that the decrease in revenue during the period was mainly attributed to the macroeconomic impacts, the Group's adjustment and centralization of internal resources, and the vigorous development and production of electric vehicle charging equipment and the construction of charging network operation business.

Charging equipment for electric vehicles

During the reporting period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB122,582,000, representing an increase of approximately 101.37% over 2014.

Electric vehicles is a booming and emerging market. In 2015, the Chinese government introduced a series of guidance and support policies. In order to follow the market trend, the Group adjusted and centralized its resource and expanded the production of electric vehicle charging equipment and the construction of charging network, which made the revenue of charging equipment for electric vehicles realize a significant increase during the reporting period.

Charging services for electric vehicles

During the reporting period, the Group recorded revenue from charging services fees for electric vehicles of approximately RMB52,000 (2014: nil).

Charging network construction for electric vehicles is the first year when the Group implemented the "Dual Drive" strategy. During the reporting period, the electric vehicles charging infrastructure, the construction of which was invested by the Group, was put into operation and generated preliminary earnings. The Board believed that, with the scale formation and the steady smooth operation of electric vehicles charging network, the revenue from electric vehicles charging services will gradually become stable.

Others

During the reporting period, the revenue of other business was approximately RMB4,569,000, including revenue from the following three small operating segments: 1) revenue from power grid monitoring and management products of approximately RMB2,717,000, decreased by approximately RMB5,609,000 or 67.37% as compared to approximately RMB8,326,000 in 2014; 2) no revenue was generated from PASS products as compared to approximately RMB459,000 in 2014; 3) revenue from sales and lease business for electric vehicles, which was newly set up during the reporting period, of approximately RMB1,852,000 (2014: nil).

Power grid monitoring and management products and PASS products will be consolidated into this operating segment commencing from the current year since they are not principal businesses of the Group. Sales and lease business for electric vehicles, the newly set up business during the reporting period, is a related business arising from the Company's commencement of the operation business for electric vehicles.

The principal operating activities of the Group in 2015:

In 2015, the Group continued to adhere to its development strategy, adjusted resources and endeavored to work on the production and supply of products. The Group also carried out investment, construction and operation of electric vehicle charging infrastructure actively. At the same time, the Group accelerated research and development of new technologies to prepare for the future development.

Firstly, while ensuring the smooth production of electrical DC products, the Group accorded priority to the research and development, manufacture and sales of charging equipment for electric vehicles. The Group maintained strong competitiveness in respect of sales channels among the traditional grid companies. In the bidding events held by the State Grid Corporation in October 2015, the Group won the bid at one time for an amount of approximately RMB82 million. At the same time, the Group put more efforts on the sales to non-grid company users, through which, the scope of users has covered public transportation companies, vehicles operation services, government-invested institutions and social-capital-operated institutions, etc. The Group has successfully provided products and services for large electric vehicle charging stations in Foshan, Shanghai, Qingdao, Shenzhen and other cities. The brand of "Titans" has won extensive recognition from the market. Meanwhile, the Company actively launched measures to expand the production capacity, strengthen the design and communication at the early stage of production, improve the efficiency and perfect the supply chain of the Company, as well as accelerate the promotion of the Group's products to gain market share. On 14 May 2015, Titans Technology, a wholly-owned subsidiary of the Group and Tangshan Jidong Special Vehicle Co., Ltd* (唐山冀東專用車有限公司) jointly established Hebei Jidong Titans Technology Co., Ltd* (河北冀東泰坦科技有限公司) in Tangshan, Hebei, to engage in the planning, design, production, sales and installation and maintenance of charging facilities for electric vehicles. In addition, in order to further expand the production capacity, Titans Technology acquired an industrial land of more than 20,000 square metres from Zhuhai municipal government for the construction of the production base of the Group. As scheduled, the projects will be completed in July 2017, and the production site of the Group will be expanded and its supply ability will be enhanced accordingly.

Secondly, the Group conducted investment and construction of electric vehicle charging network and provided operation services through Zhuhai Yilian to strengthen its market position in comprehensive service and operation of charging infrastructure. In 2015, Zhuhai Yilian mainly took part in the following important events:

- On 3 April 2015, Zhuhai Yilian and Zhuhai Urban Construction Smart Technology Co., Ltd* (珠海城建智能科技有限公司) ("Zhuhai Urban Construction") formed a joint venture company to conduct sales, leasing, operation and maintenance services for new energy vehicles as well as planning, design, investment and construction, engineering services and operations services for new energy vehicle charging facilities.

- On 1 October 2015, the Group's electric vehicle experience museum was put into trial operation. Customers can experience the pleasure of driving an electric vehicle and feel the convenient charging service of electric vehicles.

- On 17 November 2015, Zhuhai Yilian and Pangda Automobile Trade Co., Ltd* (龐大汽貿集團股份有限公司) ("Pangda Group") signed a joint venture agreement for establishment of a joint venture in Beijing which is principally engaged in technology development, consultation, service and charging service and other businesses.

- On 19 November 2015, electric vehicle charging mobile App "Yi Charging" (驛充電) was officially launched, which realized the efficient connection of vehicles, charging infrastructure and users. It accelerated the realization of Company's four "One" concept of an overall planning target "One City, One Build, One Network, One Platform" in Zhuhai, and made a solid step in achieving the strategic goal of creating No.1 charging network in the PRC.

- By the end of the reporting period, the Group's direct-invested charging facilities projects in Foshan, Shenzhen, Ningde, Beijing and other cities proceed steadily. It is expected that a stable income from charging services will be brought to the Group in the near future.

Moreover, the Group continued to intensify its efforts in research and development of new technology for early preparation. By analyzing the current situation of new energy market and predicting its development trend and technical direction, the Group has made progress in undertaking research and development of energy storage and the most advanced battery technology through its wholly-owned subsidiary, Zhuhai Taitans Energy Storage Technology Co., Ltd.* (珠海泰坦儲能科技有限公司("Titans Energy Storage")). Titans Energy Storage has obtained two patents and there is another patent under application acceptance.

Last, with the adjustment of its business model, the Group strengthened related risk management and promoted project management and risk control to lower operational risk. It also increased the function of the audit committee ("Audit Committee") which is responsible for risk management and control. The Group set up a specialized department to undertake specific risk management and control and such department directly reports to the Audit Committee.

Through the effort made in 2015, the Group has made an encouraging step in the investment and operation of charging infrastructure. It has not only gained relevant market share, but it also successfully attempted to explore the business mode for profit.

The Group's business focuses and related plans for 2016 are as follows:

In 2015, China overtook the US in terms of the number of new energy vehicles and became the largest new energy vehicle holder in the world. Although China's economy showed a decelerating trend in 2016, the Group believes that the new energy vehicle sector and its supporting industries will be in full bloom and sparking against the trend.

The National Development and Reform Commission ("NDRC") issued the "Guidelines on the Development of Electric Vehicle Charging Infrastructure (2015-2020)" (the "Guidelines") on 17 November 2015, which has further strengthened the targets and top-level pathway design of the construction of charging facilities in the coming five years based on the "Guidance on the Accelerated Construction of Charging Infrastructure for Electric Vehicles" released by the General Office of State on 9 October 2015. The Guidelines mention that the number of distributed chargers is expected to reach 4.8 million and the number of centralized charging stations is expected to reach 12,000 in 2020, which can meet the charging demand of 5 million electric vehicles all over the country. It is estimated that the demand for charging facilities will grow at a CAGR of 180% in the coming five years.

Specific measures of the Group in 2016 are as follows:

(I) As for the electrical DC products, which is our traditional business line of the Group, the Board believes that this traditional business will be improved with the development in sectors such as power grid transformation, distribution network transformation and nuclear power business, although its revenue decreased over the past two years. The Group will strengthen the personnel configuration and support efforts for this business line, adjust the market strategy and seize the new opportunity in 2016.

(II) For the charging services for electric vehicles business, the Group will seize the golden opportunity of the policy support and the cooperation pace in the industry. The Group emphasizes on product reconstruction to improve the supply capacity, strengthen the connection with the capital market and speed up the construction of operation network for charging facilities. It is expected that the Group will experience a further increase both in the sales volume of charging equipment for electric vehicles and the market share of the charging network in 2016.

1. Adhering to the "Dual Drive" Strategy:

The Group will firmly implement the "Dual Drive" strategy: one drive is research, manufacture and sales, and the other drive is investment, construction and operation, details of which are set out as follows:

(A) Research, manufacture and sales

(i) To maintain the leading position in respect of the technology of products: In 2015, the Group was permitted to establish a branch of the postdoctoral research station. The Group will make full use of the postdoctoral research station to improve its independent innovation and research and development ability, forming core competitiveness with independent intellectual property rights, and carry out the application and development of advanced technology for new energy vehicles charging infrastructures. In particular, more attention will be paid to the research and development of charging equipment with "three high", namely, high power, high adaptation and high compatibility, offering smart charging system. Further, efforts will be made to the research and development of the technology for energy storage, especially the stage utilization of battery and application of energy storage technology, introducing energy storage technologies for wide charging network in the future, so as to effectively realize the demand side management;

(ii) To respect the market and customers' needs, to implement the reform of the supply side, to achieve the product reconstruction and to improve the satisfaction from customers;

(iii) To enhance the supply ability of the Group: In 2015, though orders of charging equipment increased significantly, due to supply ability, the amount of the Group's delivery did not reach the management's expectation. In 2016, the Group will improve the management mode of the supply chain, shorten the length of the chain, and proactively carry out the construction of new plants and the arrangement of expanding old plants' production. Processing for non-core components will be outsourced, and the Group will carry out extensive cooperation along the industrial chain to improve the supply ability and thus take the absolutely leading position in the market within 3 to 5 years.

(B) Investment, construction and operation

(i) By firmly adhering to the strategy of "efficiency focusing, risk controlling and rhythm mastering" (重效益、控風險、把節奏), the Group carried out construction and operation of electric vehicles charging network: "efficiency focusing" means seeking healthy cash flow and making the investment transfer to efficient assets during the investment and operation of electric vehicles charging network; "risk controlling" means effectively avoiding the construction of "zombie charging pile" (殭屍樁), which has no user, during the investment and construction charging network; "rhythm mastering" means continuing to adjust the pace of investment and construction during the investment and construction charging network based on the changes in the external environment and internal condition, so as to achieve a better collocation. In 2016, the Group will strive for large-scale charging network and own management platforms with considerable users;

(ii) To enforce the management of supply chain, integrate external resources efficiently, and improve the capital utilization efficiency: to perfect the one-stop service system of planning, design, construction, operation and management, and provide the best as well as the highest cost-effective solution for construction of charging facilities; to strengthen the integration with relevant external resources such as assembly plants, agencies, electric vehicle rental enterprises and tenement, etc., so as to develop synergy effect; to get the best out of the best self-invested projects, and select targets for investment carefully, thus improve the capital utilization efficiency.

2. Strengthening Capital Support to Guarantee the Charging Blueprint

The Group will select financial instruments in a flexible manner, engage in financing activities directly and indirectly, expand the funding channels based on our internal and external environment to ensure our funding need in a more comprehensive way. In addition, we will strengthen our fund management by making forecast in advance, followed by the implementing audit, controls and supervision.

(III) Internal Control and Management

1. Strengthening Information Construction and Management and Improving Profitability

The Group will make efforts to promote the construction of information projects and improve our information safety management system by planning our IT infrastructure systematically. In addition, we will strengthen our internal management, enhance our adaptability to market change, improve our management capacity, promote the management innovation and increase our profitability.

2. Strengthening Risk Control to Prevent Business Risks

The Group will strengthen the investment management and the construction of risk control system, perfect our risk control means, make forecasts and take measures against risks. The management of the Company will pay attention to the internal control at the company level and all business departments will also pay attention to the internal control at the business level. The Group will take measures against business risks by focusing on the identification and analysis of risk and selecting the corresponding countermeasures.

The Board believes that the Group will turn loss into profit and achieve better results to return its shareholders and investors in 2016 through the above measures and the joint efforts of all colleagues of the Group.

Financial Review

Revenue

Our revenue increased from RMB178,517,000 for the year ended 31 December 2014 to RMB195,902,000 for the year ended 31 December 2015, representing an increase of approximately 9.74%. The increase in revenue of the Group was mainly due to the significant increase in revenue from products relating to charging equipment of electric vehicles during the year, benefited from effect of the national policies on the development of new energy vehicles.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 4.80% from RMB118,427,000 for the year ended 31 December 2014 to RMB124,117,000 for the year ended 31 December 2015. Increase in cost of sales was primarily due to the increase of revenue during the period.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2015			For the year ended 31 December 2014		
	Gross Profit	**Percentage of total gross profit**	**Gross profit margin**	Gross profit	Percentage of total gross profit	Gross profit margin
	RMB'000	***%***	***%***	*RMB'000*	*%*	*%*
Electrical DC products	**19,819**	**27.61**	**28.85**	30,398	50.59	27.92
Charging equipment for electric vehicles	**50,582**	**70.46**	**41.26**	26,116	43.46	42.90
Charging services for electric vehicles	**15**	**0.02**	**28.85**	–	–	–
Power grid monitoring and management products	**1,130**	**1.58**	**41.59**	3,455	5.75	41.50
PASS products	**–**	**–**	**–**	121	0.20	26.36
Electric vehicles	**239**	**0.33**	**12.90**	–	–	–
Total/average	**71,785**	**100**	**36.64**	60,090	100	33.66

Our gross profit increased by approximately 19.46% from RMB60,090,000 for the year ended 31 December 2014 to RMB71,785,000 for the year ended 31 December 2015. Our gross profit margin increased from approximately 33.66% for the year ended 31 December 2014 to approximately 36.64% for the year ended 31 December 2015. The increase in gross profit margin was mainly due to the significant increase in sales of charging equipment products relating to electric vehicles with higher margin during the period.

Other revenue

Our other revenue reclassified, which mainly included VAT refunds, government grants and bank interest income, increased by approximately 168.61% from RMB9,398,000 for the year ended 31 December 2014 to RMB25,244,000 for the year ended 31 December 2015.

The increase in other revenue of the Group was attributable to the following causes: (1) receipt of government grants in relation to innovation and research on science and technology increased by approximately RMB13,300,000; (2) increase of VAT refunds increased by approximately RMB1,578,000; and (3) bank interest income, gain on disposal of property, plant and equipment, rental income, exchange gain and other income increased by approximately RMB968,000 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, increased by approximately 30.45% from RMB31,456,000 for the year ended 31 December 2014 to RMB41,033,000 for the year ended 31 December 2015. Our selling and distribution expenses as a percentage of revenue increased from approximately 17.62% for the year ended 31 December 2014 to approximately 20.95% for the year ended 31 December 2015. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the reporting period:

(1) an increase in the sales-related expenses such as salaries and wages, travelling and entertainment of approximately RMB4,237,000;

(2) an increase in transportation, installation and testing, rental expense and repair and maintenance expenses relating to sales of approximately RMB3,779,000;

(3) an increase in advertising, tendering and relevant service expenses of approximately RMB1,182,000;

(4) an increase in depreciation and other miscellaneous expenses of approximately RMB775,000; and

(5) a decrease in office expenses and amortization expenses relating to sales of approximately RMB432,000.

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., increase by approximately 14.96% from RMB46,198,000 for the year ended 31 December 2014 to RMB53,107,000 for the year ended 31 December 2015. Our administrative and other expenses as a percentage of revenue unclassified increased from approximately 25.88% for the year ended 31 December 2014 to approximately 27.11% for the year ended 31 December 2015. The increase in our administrative and other expenses during the reporting period was mainly due to the following integrated factors:

(1) an increase in salaries and staff welfare relating to management of approximately RMB2,132,000;

(2) an increase in research and development cost of approximately RMB7,701,000;

(3) an increase in travelling, office and repair and maintenance expenses of approximately RMB1,117,000;

(4) an increase in bank charges, legal and professional fee of approximately RMB543,000;

(5) a decrease in loss on disposal of available-for-sale financial asset and impairment loss on assets classified as held for sale of approximately RMB3,264,000;

(6) a decrease in costs including rental expense, entertainment, depreciation on property, plant and equipment and amortisation of prepaid leased payment of approximately RMB612,000; and

(7) a decrease in other miscellaneous expenses of approximately RMB708,000.

Impairment loss recognised in respect of trade receivables

For the year ended 31 December 2015, individually impaired trade receivables of approximately RMB43,696,000 (2014: RMB37,922,000) was included in provision for trade receivables. The increase in provision for trade receivables of approximately RMB5,774,000 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 prudent accounting principles.

Share of results of an associate

As of 31 December 2015, the Group owned 20% (as at 31 December 2014: nil) equity interest in Beijing Aimeisen Information Technology Co., Ltd.* (北京埃梅森信息技術有限公司) ("Beijing Aimeisen"). Beijing Aimeisen is mainly engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group's associate, and the Group's share of loss from Beijing Aimeisen for the year ended 31 December 2015 was approximately RMB544,000.

As of 31 December 2015, the Group's share of profit from Beijing Hua Shang Clear New Energy Technology Co., Limited*(北京華商三優新能源科技有限公司)("Beijing Hua Shang") was approximately RMB2,328,000 before the disposal.

Available-for-sale financial assets

As of 31 December 2015, the Group owned 10% (as at 31 December 2014: 30%) equity interest in Zhuhai Titans New Power Electronics Co., Ltd* (珠海泰坦新動力電子有限公司) ("Titans New Power"). Prior to 20 October 2015, Titans New Power was accounted for as the Group's associate, and was subsequently classified as available-for-sale financial assets due to the shares were diluted to 10%.

Finance costs

Our finance costs decrease by approximately 7.32% from RMB8,347,000 for the year ended 31 December 2014 to RMB7,736,000 for the year ended 31 December 2015. Our finance costs as a percentage of revenue decrease from approximately 4.68% for the year ended 31 December 2014 to approximately 3.95% for the year ended 31 December 2015. The decrease in our finance costs was mainly due to the combined effect of the increase of the average amount of bank loans and the decrease of the interest rate of the loan during the reporting period.

Income tax credit

Our income tax credit was RMB2,589,000 for the year ended 31 December 2015 whereas income tax credit was RMB2,153,000 for the year ended 31 December 2014. The effective tax rate (being the ratio of our tax credit to our loss before tax) for the year ended 31 December 2015 was 8.5% (2014: 4.8%).

Loss attributable to non-controlling interests

For the year ended 31 December 2015, loss attributable to non-controlling interests of the non-wholly owned subsidiaries of the Company was approximately RMB1,682,000, as compared with a profit of approximately RMB810,000 for the year ended 31 December 2014. This amount represents the attributable loss in the non-wholly owned subsidiaries of the Company.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2015 was RMB26,061,000 whilst loss for the year ended 31 December 2014 was RMB43,831,000, representing a decrease of RMB17,770,000. Net profit margin attributable to owners of the Company was not applicable (2014: not applicable).

The decrease in loss attributable to owners of the Company was mainly due to co-effect of the increase of revenue, gross profit margin, government grants and the reversal of impairment loss recognized for the trade receivables during the year.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2015 was approximately RMB25,205,000 whilst total comprehensive expense for the year ended 31 December 2014 was approximately RMB43,621,000, representing a decrease of approximately RMB18,416,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2014 and 2015:

	Year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**9,528**	**10.62**	20,454	31.39
Work-in-progress	**19,543**	**21.78**	12,572	19.29
Finished goods	**60,464**	**67.60**	32,137	49.32
	89,717	**100.00**	65,163	100.00

The Group's inventory balances increased from RMB65,163,000 as at 31 December 2014 to RMB89,717,000 as at 31 December 2015.

Our average inventory turnover days increased from approximately 203 days for the year ended 31 December 2014 to approximately 228 days for the year ended 31 December 2015, which was due to the increase of purchase of raw materials at the end of 2015.

The Group has not made any general or special provision for the inventory as at 31 December 2015.

Analysis on Trade and Bills Receivables

As at 31 December 2014 and 2015, our trade and bills receivables (net of allowance) amounted to RMB274,876,000 (comprising trade receivables entirely) and RMB331,730,000 (comprising trade receivables of RMB329,583,000 and bills receivables of RMB2,147,000) respectively. The increase in trade and bills receivables was mainly due to increase of sales during the year.

The table below sets forth the ageing analysis of our trade receivables by due date as of 31 December 2014 and 2015:

	Year ended 31 December 2015				Year ended 31 December 2014			
	Gross amount	**Allowance for bad debt**	**Net amount**		Gross amount	Allowance for bad debt	Net amount	
	RMB'000	***RMB'000***	***RMB'000***	***%***	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Neither past due nor impaired	**104,822**	**–**	**104,822**	**31.80**	103,585	–	103,585	37.68
0 – 90 days	**40,484**	**–**	**40,484**	**12.29**	21,484	–	21,484	7.82
91 days to 180 days	**10,226**	**–**	**10,226**	**3.10**	11,731	–	11,731	4.27
181 days to 365 days	**61,795**	**–**	**61,795**	**18.75**	51,716	–	51,716	18.81
Over 1 year to 2 years	**103,332**	**(7,764)**	**95,568**	**29.00**	64,247	–	64,247	23.37
Over 2 years to 3 years	**43,825**	**(31,174)**	**12,651**	**3.84**	50,906	(31,394)	19,512	7.10
Over 3 years	**41,627**	**(37,590)**	**4,037**	**1.22**	29,571	(26,970)	2,601	0.95
Total	**406,111**	**(76,528)**	**329,583**	**100**	333,240	(58,364)	274,876	100

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

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

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

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

For the year end 31 December 2015, we made an additional specific provision for trade receivables as allowance for doubtful trade receivables of approximately RMB43,696,000 (2014: approximately RMB37,922,000) under prudent principle. Up to the date of this announcement, about 21.40% of the trade and bill receivables that were outstanding as at 31 December 2015 have been settled.

Analysis on Trade and Bills Payables

As at 31 December 2014 and 2015, our trade and bills payables amounted to approximately RMB77,062,000 (comprising trade payables of approximately RMB75,961,000 and bills payables of approximately RMB1,101,000) and approximately RMB88,749,000 (comprising trade payables of approximately RMB78,417,000 and bills payables of approximately RMB10,332,000) respectively. The increase in trade and bills payables was mainly due to increase of purchase of raw materials as a result of the increase of sales. For the years ended 31 December 2014 and 2015, our trade and bills payable turnover days were approximately 201 days and approximately 208 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2014 and 2015:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**70,042**	63,215
91 days to 180 days	**4,315**	1,857
181 days to 365 days	**5,519**	2,519
Over 1 year to 2 years	**7,315**	8,115
Over 2 years to 3 years	**1,558**	1,356
	88,749	77,062

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 2014 and 2015. All of our indebtedness were denominated in Renminbi.

	For the year ended 31 December 2015		For the year ended 31 December 2014	
	RMB'000	**Applicable/ effective interest rates**	*RMB'000*	Applicable/ effective interest rates
Bank borrowings	**126,700**	**0.40% to 4.67%**	95,000	6.60% to 8.00%
	126,700		95,000	

As at 31 December 2015, total bank borrowings amounted to RMB126,700,000 (as at 31 December 2014: RMB95,000,000), among which RMB86,700,000 were secured loans (as at 31 December 2014: RMB68,000,000), and the balance of RMB40,000,000 were unsecured loans (as at 31 December 2014: RMB27,000,000). Bank loans as at 31 December 2015 were subject to the floating interest rates ranging from 0.40% to 4.67% per annum (as at 31 December 2014: from 6.60% to 8.00% per annum).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2015, the total equity of the Group amounted to RMB477,787,000 (as at 31 December 2014: RMB411,537,000), the Group's current assets were RMB674,538,000 (as at 31 December 2014: RMB543,069,000) and current liabilities were RMB244,470,000 (as at 31 December 2014: RMB197,609,000). As at 31 December 2015, the Group had short-term bank deposits, bank balances and cash of RMB88,621,000 (as at 31 December 2014: RMB99,324,000), excluding restricted bank balances of RMB81,823,000 (as at 31 December 2014: RMB3,732,000). Our total assets less our total liabilities equals to our net assets, which was RMB477,787,000 as at 31 December 2015 (as at 31 December 2014: RMB411,537,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2015, the Group had outstanding bank borrowings of RMB126,700,000 (as at 31 December 2014: RMB95,000,000).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

Disposal of an associate

On 30 March 2015, Zhuhai Titans Power Electronics Group Co., Ltd*(珠海泰坦電力電子集團有限公司)("Zhuhai Titans"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Beijing Hua Shang Wei Ye Assets Management Co., Ltd*(北京華商偉業資產有限公司)("Beijing Wei Ye"). Zhuhai Titans agreed to sell its 35% equity interest in Beijing Hua Shang to Beijing Wei Ye for a consideration of RMB25,430,000 (equivalent to approximately HK$32,118,000). The transaction has already been completed. The consideration was RMB2,655,000 higher than the carrying amount of such equity interest and was recorded in the consolidated statement of profit or loss and other comprehensive income for the year. For further details, please refer to the Company's circular "Major Transaction — Disposal of 35% Equity Interest in Beijing Hua Shang" dated 29 June 2015.

Formation of joint ventures

On 13 March 2015, Zhuhai Yilian entered into the cooperation agreement with Zhuhai Urban Construction, pursuant to which Zhuhai Yilian and Zhuhai Urban Construction agreed to form the joint venture company to be principally engaged in the new energy vehicles related business in Zhuhai, the PRC, scope of which comprises the planning, design, investment and construction, engineering services, operating services and other value-added services in relation to charging facilities of new energy vehicles and the sale and lease, and operations and repairs of new energy vehicles (including second-hand vehicles). Pursuant to the cooperation agreement, the registered capital of the joint venture company was RMB10,000,000. Each of Zhuhai Yilian and Zhuhai Urban Construction contributed RMB5,100,000 and RMB4,900,000, representing 51% and 49% of the registered capital of the joint venture company respectively. For further details, please refer to the Company's announcement – "Voluntary Announcement – Formation of Joint Venture" dated 13 March 2015.

On 17 August 2015, Zhuhai Yilian entered into the joint venture agreement with Pangda Group, pursuant to which Zhuhai Yilian and Pangda Group agreed to form the joint venture company to be principally engaged in the businesses of planning, design, construction, sales, installation, operation and provision of after-sale service of electric vehicles charging facilities in Hebei Province, Beijing and Tianjin, the PRC. Pursuant to the joint venture agreement, the registered capital of the joint venture company was RMB30,000,000. Each of Zhuhai Yilian and Pangda Group contributed RMB10,500,000 and RMB19,500,000, representing 35% and 65% of the registered capital of the joint venture company respectively. For further details, please refer to the Company's announcement – "Voluntary Announcement – Formation of Joint Venture" dated 17 August 2015.

On 30 October 2015, Zhuhai Yilian entered into the joint venture agreement with Zhongshan Broad-Ocean Motor Co., Ltd.* (中山大洋電機股份有限公司) ("Broad-Ocean Motor") and Autoway Guangdong Electric Power Construction Co., Ltd.* (廣東安和威電力建設有限公司) ("Autoway Guangdong"), pursuant to which Zhuhai Yilian, Broad-Ocean Motor and Autoway Guangdong agreed to form the joint venture company to be principally engaged in the businesses of, among others, procurement, installation, sale, leasing of vehicle charging systems and equipment; vehicle charging services; repairing services for electric vehicle charging systems, equipment and accessories. Pursuant to the joint venture agreement, the registered capital of the joint venture company was RMB50,000,000. Each of Zhuhai Yilian, Broad-Ocean Motor and Autoway Guangdong contributed RMB17,500,000, RMB27,500,000 and RMB5,000,000, representing 35%, 55% and 10% of the registered capital of the joint venture company respectively. For further details, please refer to the Company's announcement – "Voluntary Announcement – Formation of Joint Venture" dated 30 October 2015.

Save as disclosed above, the Group had no other material acquisition and disposal of its subsidiaries and associates for the year ended 31 December 2015.

Contingent Liabilities

As at 31 December 2015 and at the date of this announcement, the Group had no material contingent liability.

Capital Commitments

As at 31 December 2015, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB77,609,000 (as at 31 December 2014: approximately RMB11,219,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2015 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 RMB3,608,000 as at 31 December 2015 (as at 31 December 2014: approximately RMB4,422,000) were pledged to secure the bank borrowings and facilities.

Employees and Remuneration

As at 31 December 2015, the Group had 405 employees in total (as at 31 December 2014: 369 employees). The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

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

Foreign Exchange

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

During the reporting period, the Group recorded an exchange gain of RMB1,129,000 (2014: no exchange gain or loss). Such foreign exchange gain arose as a result of the difference between the exchange rate on the date of transaction and the exchange rate as at 31 December 2015. As at 31 December 2015, the Group did not have significant foreign exchange hedging.

The Group adopted a conservative approach to manage its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the year ended 31 December 2015.

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

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

Material Litigation and Arbitration Proceedings

The Group has no material litigation or arbitration proceedings during the year ended 31 December 2015.

USE OF PROCEEDS FROM THE LISTING

The net proceeds raised from the listing of the shares of the Company (the "Shares") on the Main Board of the Stock Exchange on 28 May 2010 (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.

	As of 31 December 2015	
	Intended amount to be used	**Actual amount used**
	RMB'000	*RMB'000*
Proposed use of proceeds		
Support and enhance manufacturing capacity and acquire new production facility	**66,737**	**60,056**
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	**214,588**

On 31 December 2015, all the net proceeds raised from the Listing have been fully used as intended.

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. After evaluated those factors such as price and formalities involved, etc. of the parcel of land, the Group acquired the use right of a state-owned construction land located in the innovation coast of Zhuhai City (珠海市創新海岸) through public auction in Zhuhai Exchange Centre in August 2015.

SHARE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

Share Subscription

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

Issue of Convertible Notes

On 12 October 2015, the Company and Broad-Ocean Motor (Hong Kong) Co. Limited (the "Note Subscriber") entered into a subscription agreement on convertible notes, pursuant to which the Company has conditionally agreed to issue, and the Note Subscriber has conditionally agreed to subscribe for, the convertible notes in the principal amount of not more than HK$100,000,000. Based on the initial conversion price of HK$1.19, a maximum number of 84,033,613 conversion shares will be allotted and issued upon full conversion of the convertible notes. The issue of convertible notes completed on 29 February 2016. For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016 and 29 February 2016.

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

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

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

(1) In Respect of the Share Subscription

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

(2) In Respect of the Issue of Convertible Notes

Assuming the aggregate principal amount of the convertible notes is HK$100,000,000, the net proceeds (after deducting estimated expenses) from the issue of the convertible notes is expected to be not more than HK$99,500,000 and the net price per conversion share is approximately HK$1.184.

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

	As of 31 December 2015	
Proposed use of proceeds	**Intended amount to be used**	**Actual amount to be used**
	RMB'000	*RMB'000*
Invest for construction and operation of charging facilities for electric vehicles	**32,607**	**7,720**
Enhance the liquidity of Titans Technology	**40,759**	**41,569**
Invest for research and development of new technologies on energy reserves	**8,152**	**300**
	81,518	**49,598**

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 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules regarding directors' securities transactions. Having made specific enquiry of all Directors, all the Directors confirm that they have complied with the required standards of the Model Code during the year ended 31 December 2015.

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 2015.

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 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 Scheme. All options were conditionally granted to the grantees.

During the year ended 31 December 2015, share options carrying rights to subscribe for a total of 100,000 Shares lapsed in accordance with the terms of the Pre-IPO Share Option Scheme. As at 31 December 2015, share options carrying rights to subscribe for a total of 1,420,000 Shares were exercised and no share options carrying rights to subscribe for Shares remained outstanding.

SHARE OPTION SCHEME

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

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

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

During the year ended 31 December 2015, share options carrying rights to subscribe for a total of 5,616,667 Shares lapsed in accordance with the terms of the Share Option Scheme. As at 31 December 2015, no share options carrying rights to subscribe for Shares have been exercised and no shares options carrying rights to subscribe for Shares remained outstanding.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's internal controls and financial reporting matters, including the review of the audited final results of the Group for the year ended 31 December 2015.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the final results announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the final results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is published on the Company's website (http://www.titans.com.cn) and the Stock Exchange's website (http://www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be despatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 24 March 2016

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

* *For identification purpose only*