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 2017

FINANCIAL HIGHLIGHTS

– Revenue increased by approximately 13.33% to RMB327,861,000 as compared to last year.

– Profit for the year attributable to owners of the Company amounted to approximately RMB163,706,000 as compared to approximately RMB7,279,000 in 2016.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2017.

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 (collectively referred to as the "Group") for the year ended 31 December 2017 together with comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
Revenue	4	**327,861**	289,298
Cost of sales		**(214,714)**	(194,623)
Gross profit		**113,147**	94,675
Other revenue and income	6	**20,019**	13,514
Selling and distribution expenses		**(48,438)**	(52,027)
Administrative and other expenses		**(65,773)**	(62,363)
Allowance for impairment loss recognised in respect of trade receivables	13	**(7,294)**	(17,854)
Reversal of impairment loss recognised in respect of trade receivables	13	**13,164**	30,760
Impairment loss recognised in respect of available-for-sale financial asset		**–**	(1,983)
Reversal of impairment loss recognised in respect of prepayment		**–**	4,650
Net loss on disposal of subsidiaries		**(11,985)**	(575)
Gain on disposal of an associate		**–**	5,138
Gain on disposal of available-for-sale financial asset		**2,222**	87
Loss on fair value change of held for trading investment		**(752)**	–
Realisation of fair value gain on the disposal of available-for-sale financial asset classified as held for sale		**136,174**	–
Gain on disposal of asset classified as held for sale		**62,652**	–
Share of results of associates		**(4,742)**	(521)
Net fair value gain on derivative components of the convertible notes		**8,612**	10,111
Finance costs	7	**(16,695)**	(12,659)
Profit before tax		**200,311**	10,953
Income tax expense	8	**(41,145)**	(5,998)
Profit for the year	9	**159,166**	4,955

	Note	**2017**	2016
		RMB'000	*RMB'000*
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on available-for-sale financial asset		**(8,176)**	136,174
Income tax relating to item that may be reclassified subsequently		**1,226**	(34,044)
Realisation of fair value gain on the disposal of available-for-sale financial asset classified as held for sale		**(136,174)**	–
Income tax relating to item that reclassified on disposal		**34,044**	–
Other comprehensive (expense) income for the year, net of income tax		**(109,080)**	102,130
Total comprehensive income for the year		**50,086**	107,085
Profit (loss) for the year attributable to:			
– Owners of the Company		**163,706**	7,279
– Non-controlling interests		**(4,540)**	(2,324)
		159,166	4,955
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**54,626**	109,409
– Non-controlling interests		**(4,540)**	(2,324)
		50,086	107,085
EARNINGS PER SHARE	*11*		
Basic (RMB cents)		**17.70**	0.79
Diluted (RMB cents)		**16.52**	0.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**56,837**	26,550
Prepaid lease payments		**8,301**	8,613
Goodwill		**449**	–
Prepayment for the construction of property, plant and equipment		**13,000**	15,000
Intangible assets		**32,085**	25,300
Interests in associates		**8,332**	12,094
Available-for-sale financial assets	*12*	**159,152**	14,828
Deferred tax assets		**7,523**	7,177
		285,679	109,562
Current assets			
Inventories		**76,717**	97,893
Trade and bills receivables	*13*	**333,094**	228,365
Prepayments, deposits and other receivables		**157,980**	57,778
Prepaid lease payments		**312**	312
Amounts due from associates	*14*	**4,137**	2,175
Held for trading investment		**9,248**	–
Redemption option derivative of the convertible notes		**165**	13,331
Restricted bank balances		**61,433**	148,548
Short-term bank deposits		**73,000**	130,014
Bank balances and cash		**60,133**	13,830
		776,219	692,246
Assets classified as held for sale		**–**	165,100
		776,219	857,346

	Note	2017 RMB'000	2016 RMB'000
Current liabilities			
Trade and bills payables	*15*	**101,193**	63,968
Receipts in advance		**6,791**	11,838
Accruals and other payables		**29,963**	10,937
Amounts due to associates		**185**	–
Conversion option derivative of the convertible notes		**175**	22,200
Tax payable		**25,590**	4,724
Convertible notes		**83,567**	–
Bank and other borrowings		**134,945**	149,850
		382,409	263,517
Net current assets		**393,810**	593,829
Total assets less current liabilities		**679,489**	703,391
Non-current liabilities			
Convertible notes		**–**	75,412
Deferred tax liabilities		**18,604**	42,937
Other borrowing		**3,450**	–
		22,054	118,349
Net assets		**657,435**	585,042
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**622,599**	567,973
Equity attributable to owners of the Company		**630,686**	576,060
Non-controlling interests		**26,749**	8,982
Total equity		**657,435**	585,042

1. GENERAL

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 and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and No. 60 Shihua Road West, Zhuhai, Guangdong Province, the People's Republic of China (the "PRC").

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

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

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: *Amendments to HKFRS 12*
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

The directors of the Company anticipate that, except as described in the note to the consolidated financial statements, the application of other 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 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, held for trading investment, available-for-sale financial asset classified as held for sale, redemption option derivative and conversion option derivative of the convertible notes that are measured at fair values.

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

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

4. REVENUE

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

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

	2017	2016
	RMB'000	*RMB'000*
Sales of electric products	**308,586**	257,805
Construction revenue under BOT arrangements	**6,835**	26,692
Provision of charging services for electric vehicles	**10,414**	2,552
Sales of electric vehicles	**48**	2,080
Rental income from operating leases of electric vehicles	**1,978**	169
	327,861	289,298

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, 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 executive directors of the Company have chosen to organise the Group around differences in products and service lines.

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

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

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

* *English name is for identification purpose only*

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 2017

	DC Power System *RMB'000*	**Charging Equipment** *RMB'000*	**Charging Services and Construction** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue	97,065	211,521	17,249	2,026	327,861
Segment profit	43,976	54,206	5,481	574	104,237
Unallocated other revenue					19,984
Loss on fair value change of held for trading investment					(752)
Net loss on disposal of subsidiaries					(11,985)
Gain on disposal of available-for-sale financial asset					2,222
Realisation on fair value gain on the disposal of available-for-sale financial asset classified as held for sale					136,174
Gain on disposal of asset classified as held for sale					62,652
Share of results of associates					(4,742)
Net fair value gain on derivative components of the convertible notes					8,612
Unallocated head office and corporate expenses					(99,396)
Finance costs					(16,695)
Profit before tax					200,311

Year ended 31 December 2016

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

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 represents the profit earned by each segment without allocation of certain other revenue, impairment loss recognised in respect of available-for-sale financial asset, loss on fair value change of held for trading investment, net loss on disposal of subsidiaries, gain on disposal of an associate, gain on disposal of available-for-sale financial asset, realisation on fair value gain on the disposal of available-for-sale financial asset classified as held for sale, gain on disposal of asset classified as held for sale, share of results of associates, net fair value gain on derivative components of the convertibles notes, central selling and distribution and administrative expenses, directors' emoluments and finance costs. This is the measure reported to the CODM 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	**2017**	2016
	RMB'000	*RMB'000*
DC Power System	**183,396**	120,150
Charging Equipment	**364,094**	242,275
Charging Services and Construction	**60,610**	53,871
Others	**8,172**	7,213
Total segment assets	**616,272**	423,509
Held for trading investment	**9,248**	–
Asset classified as held for sale	**–**	165,100
Unallocated	**436,378**	378,299
Consolidated assets	**1,061,898**	966,908

Segment liabilities	**2017**	2016
	RMB'000	*RMB'000*
DC Power System	**32,090**	22,186
Charging Equipment	**70,311**	46,308
Charging Services and Construction	**5,036**	6,813
Others	**732**	499
Total segment liabilities	**108,169**	75,806
Unallocated	**296,294**	306,060
Consolidated liabilities	**404,463**	381,866

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

- all assets are allocated to operating segments other than goodwill, prepayment for the construction of property, plant and equipment, interests in associates, redemption option derivative of the convertible notes, available-for-sale financial assets, deferred tax assets, deposits and other receivables, held for trading investment, 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, conversion option derivative of the convertible notes, tax payable, bank and other borrowings, convertible notes and deferred tax liabilities.

Other segment information

For the year ended 31 December 2017

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services and Construction *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	6,120	42,878	6,835	1,067	–	56,900
Allowance for impairment loss recognised in respect of trade receivables	7,294	–	–	–	–	7,294
Reversal of impairment loss recognised in respect of trade receivables	(13,164)	–	–	–	–	(13,164)
Gain on disposal of property, plant and equipment	(35)	–	–	–	–	(35)
Depreciation and amortisation	2,492	12,318	3,196	–	–	18,006
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in associates	–	–	–	–	8,332	8,332
Prepayment for the construction of property, plant and equipment	–	–	–	–	13,000	13,000
Available-for-sale financial assets	–	–	–	–	159,152	159,152
Share of results of associates	–	–	–	–	4,742	4,742
Loss on fair value change of held for trading investment	–	–	–	–	752	752
Net loss on disposal of subsidiaries	–	–	–	–	11,985	11,985
Gain on disposal of available-for-sale financial asset	–	–	–	–	(2,222)	(2,222)
Realisation on fair value gain on the disposal of asset classified as held for sale	–	–	–	–	(136,174)	(136,174)
Gain on disposal of asset classified as held for sale	–	–	–	–	(62,652)	(62,652)
Bank interest income	–	–	–	–	(1,209)	(1,209)
Finance costs	–	–	–	–	16,695	16,695
Income tax expense	–	–	–	–	41,145	41,145

For the year ended 31 December 2016

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

Note: Non-current assets excluded goodwill, prepayment for the construction of property, plant and equipment, interests in associates, available-for-sale financial assets and deferred tax assets.

Revenue from major products

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

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 is as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A[1]	**N/A[2]**	32,219
Customer B[1]	**57,537**	N/A[2]

1 Revenue from Charging Equipment.

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

6. OTHER REVENUE AND INCOME

	2017	2016
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**11,620**	9,219
Loan interest income	**105**	–
Bank interest income	**1,209**	688
Gain on disposal of property, plant and equipment	**35**	–
Government grants *(note (b))*	**5,796**	2,029
Dividend income from held for trading investment	**841**	–
Dividend from available-for-sale financial asset classified as held for sale	**155**	362
Rental income	**71**	162
Net exchange gain	**–**	997
Others	**187**	57
	20,019	13,514

Notes:

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

(b) The government grants are 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 PRC ("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 2017 and 2016.

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Effective interest expense on the convertible notes	**14,081**	10,492
Interests on:		
Bank borrowings	**2,109**	1,558
Other borrowing	**1,313**	–
Factoring charges on trade receivables	**–**	609
	17,503	12,659
Less: amounts capitalised	**(808)**	–
	16,695	12,659

8. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current year	**31,397**	4,136
Deferred tax	**9,748**	1,862
	41,145	5,998

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 certain PRC subsidiaries is 25% (2016: 25%).

Zhuhai Titans Technology Co., Ltd.* (珠海泰坦科技股份有限公司) ("Titans Technology") was established in Zhuhai, the special economic zone, and the income tax rate applicable to Titans Technology was 15% pursuant to the relevant PRC laws in 2007. Titans Technology was recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province since 2008 and the income tax rate applicable to them is 15% for the year ended 31 December 2017 (2016: 15%).

The income tax rate applicable to the PRC subsidiary of the Company, Zhuhai Titans Power Electronics Co., Ltd* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics") was 15% (2016: 25%) as a result of the successful application of the concessionary tax in Zhuhai, the Guangdong Province.

* *English name is for identification purpose only.*

9. PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit for the year have been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**1,234**	1,339
Other staff:		
– salaries and other allowances	**66,478**	54,490
– retirement benefits scheme contributions (excluding directors of the Company)	**5,587**	5,243
Total staff costs	**73,299**	61,072
Amortisation of intangible assets	**3,420**	1,572
Amortisation of prepaid lease payments	**312**	312
Auditors' remuneration	**1,184**	1,066
Net exchange loss (gain)	**99**	(997)
Cost of inventories recognised as an expense	**202,762**	174,902
Depreciation of property, plant and equipment	**14,274**	11,780
(Gain) loss on disposal of property, plant and equipment	**(35)**	242
Minimum lease payment paid under operating lease rentals in respect of rented premises	**3,287**	2,888
Research and development expenses (included in administrative and other expenses)	**28,709**	25,387

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2017 (2016: nil), nor has any dividend been proposed since the end of the reporting period (2016: nil).

11. EARNINGS PER SHARE

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

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share	**163,706**	7,279
Effect of dilutive potential ordinary shares:		
– interest expense on the convertible notes	**14,081**	–
– exchange gain arising from the convertible notes	**(2,493)**	–
– changes in fair values of the derivative components of the convertible notes	**(8,612)**	–
Earnings for the purpose of diluted earnings per share	**166,682**	7,279

Number of shares

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**925,056**	925,056
Effect of dilutive potential ordinary shares:		
– convertible notes	**84,034**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,009,090**	925,056

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

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
Available-for-sale financial assets comprise:	***RMB'000***	*RMB'000*
Investments:		
– Equity securities listed in the PRC	**134,543**	3,717
– Unlisted equity securities	**24,609**	11,111
	159,152	14,828

13. TRADE AND BILLS RECEIVABLES

	2017 *RMB'000*	2016 *RMB'000*
Trade receivables	**386,728**	280,029
Less: allowance for impairment loss of trade receivables	**(54,497)**	(63,622)
	332,231	216,407
Bills receivables	**863**	11,958
Total trade and bills receivables	**333,094**	228,365

The bills receivables as at 31 December 2017 were fallen within the aged group of 0-90 days, 91-180 days and 181-365 days with approximately RMB263,000 (2016: RMB2,958,000), RMB300,000 (2016: RMB9,000,000) and RMB300,000 (2016: nil) respectively, based on the dates of delivery of goods.

Included in the balances of trade receivables as at 31 December 2017 were retention receivables of approximately RMB39,081,000 (2016: RMB45,674,000) of which approximately RMB33,608,000 (2016: RMB40,126,000) and RMB5,473,000 (2016: RMB5,548,000) are aged 1 – 2 years and 2 – 3 years respectively.

The Group does not hold any collateral over these balances.

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

	2017 *RMB'000*	2016 *RMB'000*
0 – 90 days	**151,787**	81,572
91 – 180 days	**26,626**	34,094
181 – 365 days	**86,798**	34,737
1 – 2 years	**50,527**	55,188
2 – 3 years	**10,379**	8,462
Over 3 years	**6,114**	2,354
	332,231	216,407

The Group allows an average credit period of 90 days (2016: 90 days) to its trade customers. For certain customers with installment payments, initial payments are requested upon signing of sales contracts, while remaining payments are requested after installation and testing. Retention money will be fallen due from the end of the product quality assurance period. For the trade receivables from the state-owned enterprises, they 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 of the Company 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 receivable balance as at 31 December 2017 were approximately RMB51,783,000 and RMB79,897,000 (2016: RMB21,288,000 and RMB53,464,000), representing 13.4% and 20.6% (2016: 7.3% and 18.3%) of the total trade and bills receivables before allowance for impairment loss of trade receivables, which were due from the Group's largest and top five customers, respectively.

Included in the Group's trade receivable balances were debtors with aggregate carrying amounts of approximately RMB181,151,000 (2016: RMB134,835,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

	2017	2016
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**27,001**	33,208
91 – 180 days	**21,636**	9,560
181 – 365 days	**78,136**	39,699
1 – 2 years	**41,251**	43,788
2 – 3 years	**9,108**	6,815
Over 3 years	**4,019**	1,765
	181,151	134,835
Neither past due nor impaired	**151,080**	81,572
	332,231	216,407

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

	2017	2016
	RMB'000	*RMB'000*
1 January	**63,622**	76,528
Allowance for impairment loss recognised in respect of trade receivables	**7,294**	17,854
Reversal of impairment loss recognised in respect of trade receivables	**(13,164)**	(30,760)
Elimination of impairment loss on disposal of subsidiaries	**(3,255)**	–
31 December	**54,497**	63,622

As at 31 December 2017, included in the allowance for impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB54,497,000 (2016: RMB63,622,000) 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 the 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:

	2017	2016
	RMB'000	*RMB'000*
0 – 90 days	**356**	–
91 – 180 days	**–**	–
181 – 365 days	**3,781**	2,175
	4,137	2,175

15. TRADE AND BILLS PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**88,997**	58,576
Bills payables	**12,196**	5,392
	101,193	63,968

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

	2017	2016
	RMB'000	*RMB'000*
0 – 90 days	**73,017**	50,059
91 – 180 days	**5,541**	9,198
181 – 365 days	**14,980**	4,711
1 – 2 years	**7,655**	–
	101,193	63,968

16. CAPITAL COMMITMENTS

	2017	2016
	RMB'000	*RMB'000*
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of property, plant and equipment	**46,271**	45,136
– Establishment of associates	**9,947**	9,800
– Capital contributions to non-wholly owned subsidiaries	**7,810**	10,700
	64,028	65,636

17. EVENTS AFTER THE REPORTING PERIOD

(i) Award of charging service concession rights in Shaoguan City, Guangdong Province, the PRC

On 8 January 2018, Zhuhai Yilian New Energy Motor Co., Ltd.* (珠海驛聯新能源汽車有限公司 "Zhuhai Yilian"), with two independent third parties, were awarded the charging service concession rights in relation to the construction of electric vehicles public charging facilities in Shaoguan City, Guandong Province, the PRC. The project will be considered as one of the BOT arrangements of the Group.

Details are set out in the Company's announcement dated 9 January 2018. Upon the approval of these consolidated financial statements at the report date, the abovementioned project has not been commenced.

(ii) Extension of the maturity date of the convertible notes and provision of financial assistance

On 28 February 2018, the Company and the convertible noteholder entered into a deed of variation, pursuant to which the maturity date has been extended from 1 March 2018 to 1 June 2018, with all other principal terms remained unchanged.

On the same date, Titans Power Electronics and the holding company of the convertible noteholder entered into a loan agreement pursuant to which Titans Power Electronics agreed to lend to the holding company of the convertible noteholder with the loan amount of RMB80,860,000 with a fixed interest rate of 4.75% per annum. The maturity date of the loan was 2 June 2018.

Details are set out in the announcement in the Company's announcements dated 28 February 2018 and 12 March 2018.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2017.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 25 May 2018. 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 Monday, 21 May 2018 to Friday, 25 May 2018, 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 Friday, 18 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2017, the Group recorded revenue of approximately RMB327,861,000, representing an increase of approximately 13.33% over that of last year. Revenue was mainly derived from the Group's principal businesses including various products such as direct current power system products (the "DC Power System products" or "electrical DC products"), charging equipment for electric vehicles, construction under build-operate-transfer ("BOT") arrangements and charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the years ended 31 December 2016 and 2017:

	For the year ended 31 December			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**97,065**	**29.61**	83,282	28.79
Charging equipment for electric vehicles	**211,521**	**64.51**	174,523	60.32
Construction under BOT arrangements	**6,835**	**2.08**	26,692	9.23
Charging services for electric vehicles	**10,414**	**3.18**	2,552	0.88
Others	**2,026**	**0.62**	2,249	0.78
Total	**327,861**	**100**	289,298	100

In 2017, the Group recorded the profit attributable to owners of the Company and total comprehensive income attributable to owners of the Company of approximately RMB163,706,000 and RMB54,626,000, respectively, representing an increase of approximately RMB156,427,000 and a decrease of approximately RMB54,783,000 over the profit of approximately RMB7,279,000 and RMB109,409,000 of the corresponding period last year.

Compared with 2016, the Group's profit significantly increased, mainly due to: (1) the increase in revenue of key products compared with last year; (2) the significant increase in revenue from charging services for electric vehicles; and (3) the significant increase in gain on disposal of available-for-sale financial asset classified as held for sale during the year.

Electrical DC products

During the reporting period, the Group's revenue of the electrical DC products was approximately RMB97,065,000, representing an increase of approximately 16.55% over 2016. The Directors consider that the increase in revenue during the period was mainly attributed to a relatively rapid growth in small power systems, a new product launched by the Company for the automated distribution network market. The Directors consider that despite the mature electrical products market, the market will be further consolidated and record a steady growth with the expansion of automated distribution networks.

Charging equipment for electric vehicles

During the reporting period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB211,521,000, representing an increase of approximately 21.20% over 2016. The Directors consider that the growth of revenue during the period was in line with our expectations. Driven by the national policy of vigorously promoting new energy vehicles, there will be a growing demand for charging equipment for electric vehicles in the market. The Group will continue to step up efforts in the R&D and production of charging equipment for electric vehicles to further expand its market share.

Construction under BOT arrangements

During the reporting period, the Group has undertaken an additional construction project of BOT charging stations in Guangdong Province in the PRC, and has recorded revenue of approximately RMB6,835,000 from construction under BOT arrangements during the period, representing a year-on-year decrease of approximately RMB19,857,000 from approximately RMB26,692,000. The decline in revenue from the construction under BOT arrangements was mainly attributed to the fact that this type of business was a newly added business and accordingly the Group pursued the prudency investment principle in selection of projects. The Directors believe that the market of charging station network construction is huge. The Group will continue to accumulate experience in investment and seek the appropriate profit-making models for the long-term development of the Group based on its strengths. Coupling this with the efforts in the R&D and production of charging equipment, the Group will be well poised to enter the relevant segment and make the best of various advantages and resources to scale up construction, so as to deliver greater economic benefit for the Group and expand its market share.

Charging services for electric vehicles

During the reporting period, the Group recorded revenue from charging services fees for electric vehicles of approximately RMB10,414,000 (2016: RMB2,552,000). The Directors are of the view that the charging services fees for electric vehicles had a significant growth of 3.08 times during the period, which met the expectation of the Group that the launch of our "Dual Drive" development strategy will create benefits for the Group. The Group will continue to scale up the investment in the operation of charging infrastructure for electric vehicles, thus increasing the proportion of the revenue from charging services for electric vehicles in the total revenue.

Others

During the reporting period, the Group's revenue of other business amounted to approximately RMB2,026,000 (2016: RMB2,249,000), being revenue from sales and lease business for electric vehicles, representing a decrease of approximately 9.92%.

Sales and lease business for electric vehicles is a related business arising from the Group's commencement of the charging services for electric vehicles. The revenue recorded a mild year-on-year decrease. The Directors consider that this business will gradually grow with the gradual expansion of the application of new-energy vehicles.

The Group's major operating activities in 2017:

The preceding year 2017 was still a year of rapid growth for the new-energy vehicle industry. In China, the production and sales of electric vehicles were 794,000 units and 777,000 units, representing a year-on-year growth of 53.8% and 53.3%, respectively. Among them, the production and sales of pure electric vehicles were 667,000 units and 652,000 units, representing a year-on-year growth of 59.8% and 59.6%, respectively. The Chinese government aims to (1) strengthen top-level design by issuing policy documents including the "Medium and Long-term Development Plan for the Automobile Industry" (《汽車產業中長期發展規劃》) and the "Parallel Administrative Measures for Passenger Vehicle Corporate Average Fuel Consumption and New Energy Vehicle Credits" (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》) so as to establish a long-term mechanism to facilitate the marketoriented development of energy-saving and new-energy vehicles; (2) promote the application of new-energy vehicles by continuously improving policies on financial and taxation supports and introducing "Surcharge for Purchase of New Energy Vehicles" (新能源汽車車輛購置稅) and "Subsequent Preferential Tax Treatment for Vehicles and Vessels" (車船稅優惠後續政策), promoting "oil to electricity" of vehicles in civil airports as well as accelerating various tasks such as the promotion of application of new-energy vehicles in transportation industry.

The Company's principal business is closely linked with the development of new-energy vehicles and its charging infrastructure. Coupling with the growth of new-energy vehicles, the charging infrastructure market emerges steadily. As new-energy vehicle is an emerging industry encouraged and strongly supported by the State, there is a growing number of new competitors entering into the market, leading to intensifying competitions.

During the reporting period, the Group recorded revenue of approximately RMB327,861,000, representing an increase of approximately 13.33% over that of the corresponding period last year. Profit attributable to owners of the Company amounted to approximately RMB163,706,000, an increase of approximately RMB156,427,000 as compared to that of the corresponding period of last year. The main operating updates in 2017 are as follows:

I Equipment Research and Development, Manufacturing and Sales

(1) Electrical DC products

In terms of marketing, we changed the previous single agency model and strengthened the Company's direct sales and after-sales maintenance services, and achieved satisfactory results. In terms of product reserve, in the beginning of 2017, the Group predicted that ancillary small power system for distribution network (i.e. integrated cabinet below 100AH) will usher in rapid development in line with the massive construction of automated distribution network. Accordingly, the Group made early planning to procure relevant products for inventory replenishment, which later catered to the market demands in the second half of 2017. During the period, this segment recorded revenue of approximately RMB97,065,000, representing an increase of 16.55% over that of the corresponding period last year. The Group is convinced that the sales of electrical DC products will recognize stable and sustained growth in the next few years.

(2) Charging equipment for electric vehicles

Leveraging on its 12 years of extensive charging technology and abundant practical experience, the Group recorded revenue of approximately RMB211,521,000 from charging equipment for electric vehicles, representing a year-on-year increase of 21.20%. The Group is firmly optimistic about the future development of charging equipment products, and mainly carried out the following tasks in 2017:

1. In terms of market presence, the Group continued to consolidate existing markets and explore new markets with its leading technology, strong integrated service capability and good after-sales service support. During the reporting period, the Group won the contracts in the bidding of State Grid at a total amount of approximately RMB30.84 million, accounting for 3.14% of the total tender volume of State Grid. Meanwhile, leveraging on its brand and competitive strength, the Group was awarded various charging station projects, the constructions of which were led by local governments during the reporting period. These operating activities proved that the brand awareness and reputation of Titans in the charging equipment industry was recognized by the mainstream investment institutions in the society, laying a solid foundation for the Group's further rapid growth.

2. Proactive development of EPC (Engineering Procurement Construction) businesses

   As most of the investment projects in the market were currently undertaken by local investment institutions, this type of customers inclined to adopt EPC business model. In 2017, the Group actively conducted EPC businesses riding on our strong capability in one-stop system solution and integrated services. The development of this type of business will enhance the Group's operating results.

3. Acceleration of industry layout

   For early preparation, the Group acquired of 45% equity interest in Shandong Huidian New Energy Technology Co., Ltd* (山東匯電新能源科技有限公司) ("Shandong Huidian") in September 2017, a company which will serve as the Group's production base in the central and eastern regions of China, better reaching the demands for charging equipment in periphery areas.

4. Emerging advantages of new products and new systems

The "Integrated Intelligent Charging Island" (一體化智能充電島) launched by the Group can dynamically adjust output current with the technologies of intelligent charging power distribution and flexible charging to facilitate charging at optimal current and voltage and accurately match with the charging demand of different kinds of electric vehicles. With the distribution of output power ranging from 30 to 400kw, the product can maximize the utilization rate of core charging equipment to achieve intelligent distribution, high efficiency and energy saving. The product supports a wide range of energy accesses such as photovoltaic and wind energy, and features with intelligent power scheduling and flexible charging by regulating gride power quality via energy storage units, which received praise from customers and became the most outstanding products during the reporting period.

5. Strengthening engineering maintenance services and fostering new profit growth drivers

During the reporting period, the Group launched the Equipment Operation and Maintenance Platform (EOMP), which gained unanimous recognition of users and enhanced the Group's competitive edge in charging equipment products. The platform is equipped with functions of real-time monitoring over the charging pile based on Geographic Information System (GIS), by means of intelligent operation and maintenance monitor center, and such that it can perform monitoring over charging stations/piles through hierarchical visualization methods, intelligent alarming and diagnosis, remote upgrade of equipment, management of spare parts and spare devices, malfunction reporting, regular inspection, statistical analysis and comprehensive inquiry. The operation and maintenance platform combines the mobile operating system of charging station network construction and charging operation management platform, providing users with round-the-clock charging butler service.

6. Enhancing supply chain management and improving capability of delivery performance

Since the actual delivery of intelligent charging equipment products involves a higher degree of personalized requirement or customization, the Group mainly adopts the production model of "limiting production to market capacity". During the reporting period, the Group focused on optimizing supply chain management, which shortened the product delivery cycle and enhanced the capability of delivery performance.

(3) Charging equipment for industrial electric vehicles

In July 2017, the Group acquired of 40% equity interest in Guangdong Titans Intelligent Power Co., Ltd* (廣東泰坦智能動力有限公司) ("Guangdong Titans") (formerly known as "Guangdong Shengneng Zhineng Technology Company Limited* (廣東盛能智能科技有限公司)") at a cash consideration of RMB2,000,000. Guangdong Titans is mainly engaged in the provision of high-efficient and stable charger with high power and background data service to industrial electric vehicle users of AGV (Automated Guided Vehicles), forklifts and warehousing logistics vehicles. With the equity investment, the Group can better expand its charging technology into different industries and optimize its product mix.

(4) Photovoltaic energy storage equipment

The Group's integrated photovoltaic energy system adopts three-tier structure. Through hierarchical monitoring, centralised management, alternating and parallel operation, instant switch, individual units and non-interruption, the Group has built its strength with safe, reliable and stable system as well as flexible networking. Recently, the system was used in two projects in Zhuhai, Guangdong, the PRC and Tampa, Florida, the United States. Meanwhile, the system can offer flexible ports for charging station access. Subsequently, the Group will launch the "Integrated Photovoltaics, Energy Storage and Charging" system for appropriate projects. With mature preparation for related technologies, the Group believes the "Integrated Photovoltaics, Energy Storage and Charging" system will become a competitive product in the future.

II Investment, Construction and Operation

(1) Charging Infrastructure

During the reporting period, the revenue from charging services fees increased by three times as compared to that of 2016, reaching over RMB10,000,000. This demonstrates that the strategy of "efficiency focusing, risk controlling and rhythm mastering" (重效益、控風險、把節奏) previously implemented by the Group for charging infrastructure construction has achieved positive results.

Proactively analysing and summarising the successful experience and inadequacy of its original Build-Operate-Transfer ("BOT") projects, the Group made new investments, by way of BOT, in the Bus Charging Station BOT Project in Foshan City, Guangdong Province during the reporting period. The charging station has been put into operation in the end of 2017 and started providing charging services for Foshan Yueyun public buses and Foshan public buses. The completion of the charging station has greatly facilitated the green public transportation in Foshan.

Since 2016, the Group has commenced its own investment operation of charging infrastructure for electric vehicles, and has now developed a standardised investment operation system. During the reporting period, the Group further improved "Regulation on the Development of Yilian Charging Project" (《驛聯充電項目建設規範》). The regulation mainly covers six aspects: project development budget, technological support and proposal design, process requirements regarding the engineering constructions of charging piles, standards for inspection of the engineering constructions of charging piles, file management requirements of charging pile engineering and manual of charging pile installation. By continuously improving our self-regulations, we have better secured the subsequent investment projects.

(2) Car Sharing

During the reporting period, the Group carried out a periodic-lease project in relation to electric vehicle sharing in Zhuhai City, Guangdong Province, namely "Safe Travel". At present, more than 10 vehicle sharing and leasing stations have been set up at the key traffic points such as hotels, supermarkets, governments, cultural and sports centres, ports and industrial areas. The project has not only promoted the development of local new energy vehicles, but also provided a liberal, economical and comfortable means of transportation for residents and travelers. Most importantly, it is conducive to environmental protection. The car sharing under "Safe Travel" has already become a mobile scene in the beautiful streets of Zhuhai.

The Group's Business Focuses and Related Plans for 2018:

At the First Session of the Thirteenth National People's Congress held on 5 March 2018, Premier Li Keqiang stated in the Work Report of the Government: Promoting the development of new energy vehicles will be one of the five focused efforts for 2018. New energy vehicle forms an integral part of the manufacturing system as well as a power nation according to its generally symbolic reference. The "Dual Measures on the Administration of the Average Fuel Consumption of Passenger Vehicle Companies and New Energy Vehicle Credit Scheme " and the tax incentive policies on the purchase of new energy vehicles announced by the Ministry of Industry and Information Technology ("MIIT") have been extended for three more years to 2020. These signs demonstrate the irreversible development trend of new energy vehicle and the critical point of the automobile reform in China currently.

China remains as the country that has the globally highest sales and ownership of electric vehicles for three consecutive years. Charging infrastructure is the key driver of the development of new energy vehicle industry. Being firmly optimistic about the smart charging infrastructure business, the Group will continue to seize market opportunities and keep abreast of technological updates with the application of energy reserves, promoting the rapid and sound development of electric vehicle charging industry as the industry pioneer and leader. Specific tasks for 2018 are planned as follows:

I. In terms of R&D, manufacture and sales

(1) New technologies and new products

The Group firmly believes that science and technology are the primary productivity, thus constantly maintaining a steady resource input for the R&D for new technologies and products. The principal research topics for 2018 comprise: (1) to improve high power charging equipment or charging equipment of voltage level of approximately 1,000V, to better fulfil the fast charging demands by different vehicle models; (2) to integrate the photovoltaics, energy storage and charging functions into the charging equipment; (3) to optimize and improve the integrated products of charging islands to launch the version 2.0 charging products; (4) to launch highly-protective DC integrated devices that better accommodate the users' needs under poor environmental conditions; and (5) to enhance the R&D for the technology of power quality monitoring and control to master various areas such as the core monitoring and control technology.

(2) Control the costs and enhance cost-effectiveness

Given the increasingly fierce market competition, the Group has to continue to put sufficient resources into the cost control of products apart from maintaining its leading position in certain key product-related technologies constantly. In 2018, the Group will provide products and services with high price-performance ratio so as to enhance the competitive edges of products. Aiming to curb the operating cost and control the operation risks of the Company, the Group will strengthen the safety management of inventory, establish and launch a standardized system for materials, and control the costs through various approaches such as more stringent management on suppliers, quality monitoring and control on production processes and reduction of scrap rate.

(3) Value the markets and customers

Pursuing the marketing concept of "Putting customers first", the Group focuses its efforts to explore markets and adopt the marketing mode integrating direct sales with agency sales. Being active at the frontlines and directly engaged with the end customers throughout the year, our personnel can provide feedback of customer needs to various internal units or departments swiftly and precisely, thus ensuring the aligned upgrade and development of the Company with the market. Meanwhile, the Group is able to provide various one-stop product solutions to customers leveraging the mutual benefits shared and synergy among various business segments, which increased our market competitiveness to better expand the market. In particular, the Group expects to continue to consolidate and thus increase the market share in State Grid and China Southern Power Grid respectively, so as to continue to develop the EPC business vigorously.

II. In terms of investment, construction and operation

(1) Concession rights

At the beginning of 2018, Zhuhai Yilian, a subsidiary of the Group, was granted with the concession rights to the construction of the public charging infrastructure of electric vehicles in the urban area of Shaoguan, Guangdong Province with a term of 20 years (2018-2037). The concession rights form an integral part of the Group's strategic layout for investment operation. In the opinion of Directors, concession rights at city level will be our future development direction. The Group will proactively summarise experience, striving for obtaining concession rights to charging infrastructure in more cities.

(2) Establishment of charging network

Following Beijing, Baoding, Shaoguan, Changsha, Zhangjiakou, Guangzhou and Foshan, in January 2018, the Group invested in operators of charging infrastructure for electric vehicles in three cities, namely Weifang, Qingdao and Shijiazhuang, so as to enter into the charging infrastructure construction and operation industry in these market, which is beneficial for the Group's further expansion of its charging infrastructure network.

(3) Periodic-lease APP

The Group has released "Safe Travel Version 2.0", a periodic-lease APP. Based on the functions of version 1.0, the version 2.0 adds unique features, namely car booking, car model selection and service package. As such, users can make car bookings up to seven days in advance via the APP. This would further improve the convenience of the APP usage and enhance customer experience.

III. In terms of basic coverage

(1) Human resources and training

In 2018, the Group's human resources plan will focus on, inter alia, value enhancement, organizational optimisation, goal realization, cadre recruitment and career path, in order to effectively improve the efficiency of human resources. In respect of trainings, major efforts will be put on enhancing "training relevance" and "training effectiveness". Specifically, the training will focus on enhancing the competence of cadres, the qualification level and skills of professional and technical personnel as well as on-job skills of operational personnel. For training channel and method, the models of "outdoor + indoor", "lecture + training", "theory + practice" and "sharing + discussion" will be adopted to closely link training with problem-solving, in order to ensure the timeliness of training and the relevance to jobs.

(2) New R&D and manufacturing base

The Group's new R&D and manufacturing base will be completed and put into operation in 2018. Currently, the Group's R&D office is approximately 40 kilometers away from the production and manufacturing premise. Upon the new base is put into operation, the R&D office will be combined with the production and manufacturing premise, which shall effectively improve the management efficiency and enhance the corporate value. The new R&D and manufacturing base also employs green building model of "photovoltaic + energy storage + charging", which better demonstrates the exemplary role of new energy companies.

(3) Capital operation to provide financial protection for business development

Based on the market condition and the actual needs for the strategic development of our own business, we will make use of the capital market platform when appropriate to optimize the capital structure, with an aim to promote the sustainable development of the Company.

The Group has always respected and adhered to power and electrons technology. We have upheld the mission of "making electricity more valuable" and have been working hard for the business development in relation to green energy, energy saving and energy storage. In 2018, the Group will continue to expand electricity uses, improve energy applications, widen energy sources and optimize power quality, thereby creating a new era.

Financial Review

Revenue

Our revenue increased from RMB289,298,000 for the year ended 31 December 2016 to RMB327,861,000 for the year ended 31 December 2017, representing an increase of approximately 13.33%. The increase in revenue of the Group was mainly due to the fact that driven by the national new energy policy during the period, the revenue of electrical DC products and charging equipment for electric vehicles, both being the Group's key products, and the revenue from charging services for electric vehicles recorded varying degrees of growth, among which revenue of charging equipment for electric vehicles increased by 21.20% and charging services fees for electric vehicles significantly increased by 3.08 times.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 10.32% from RMB194,623,000 for the year ended 31 December 2016 to RMB214,714,000 for the year ended 31 December 2017. Increase in cost of sales was in line with the increase in revenue.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2016 and 2017:

	For the year ended 31 December 2017			For the year ended 31 December 2016		
	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	**22,665**	**20.03**	**23.35**	19,885	21.00	23.88
Charging equipment for electric vehicles	**83,202**	**73.54**	**39.34**	64,169	67.78	36.77
Construction under BOT arrangements	**1,919**	**1.70**	**28.07**	9,338	9.86	34.98
Charging services for electric vehicles	**4,786**	**4.23**	**45.96**	677	0.72	26.53
Others	**575**	**0.50**	**28.38**	606	0.64	26.95
Total/average	**113,147**	**100**	**34.51**	94,675	100	32.73

Our gross profit increased by approximately 19.51% from RMB94,675,000 for the year ended 31 December 2016 to RMB113,147,000 for the year ended 31 December 2017. Our gross profit margin increased from approximately 32.73% for the year ended 31 December 2016 to approximately 34.51% for the year ended 31 December 2017. The slight increase in gross profit margin as compared to that of the corresponding period of last year was primarily due to the increase in sales of charging equipment for electric vehicles with higher gross profit margin during the period.

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, increased by approximately 48.14% from RMB13,514,000 for the year ended 31 December 2016 to RMB20,019,000 for the year ended 31 December 2017.

The increase in other revenue of the Group was attributable to the combined effect of, amongst others, the increase in VAT tax refunds of approximately RMB2,401,000 and the increase in government grants of approximately RMB3,767,000 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, decreased by approximately 6.9% from RMB52,027,000 for the year ended 31 December 2016 to RMB48,438,000 for the year ended 31 December 2017. Our selling and distribution expenses as a percentage of revenue decreased from approximately 17.98% for the year ended 31 December 2016 to approximately 14.77% for the year ended 31 December 2017. The decrease in the Group's selling and distribution expenses was mainly due to the following integrated factors during the reporting period.

The decrease in selling and distribution expenses were mainly due to (1) expenses such as the sales-related remuneration and benefits increased by approximately RMB4,153,000; (2) sales-related fees such as travelling and entertainment expenses increased by approximately RMB575,000; (3) sales-related expenses such as installation and testing and depreciation increased by approximately RMB340,000; (4) sales-related expenses such as transportation, office, advertising and tendering service fee decreased by approximately RMB7,783,000; (5) sales-related expenses such as amortization and other miscellaneous expenses decreased by approximately RMB874,000.

Administrative and other expenses

Our administrative and other expenses, which mainly comprised, inter alia, management and back office staff costs, research and development expenses, travelling expenses and entertainment expenses, and foreign exchange gain and loss etc., increased by approximately 5.47% from RMB62,363,000 for the year ended 31 December 2016 to RMB65,773,000 for the year ended 31 December 2017. Our administrative and other expenses as a percentage of revenue decreased from approximately 21.56% for the year ended 31 December 2016 to approximately 20.06% for the year ended 31 December 2017. The increase of approximately RMB3,410,000 in our administrative and other expenses during the reporting period was mainly due to the following integrated factors:

(1) salaries and staff welfare relating to management increased by approximately RMB3,374,000; (2) bank charges and payment to lawyers and professional individuals increased by approximately RMB248,000; (3) expenses including entertainment, rental, transportation and utilities increased by approximately RMB523,000; (4) research and development cost and amortisation of intangible assets increased by approximately RMB3,491,000; (5) travelling and office fee relating to management, maintenance and subscription fee decrease by approximately RMB2,572,000; (6) depreciation and other miscellaneous expenses decreased by approximately RMB1,753,000; (7) foreign exchange loss increased by approximately RMB99,000 as a result of the difference between the exchange rate on 31 December 2017 for the convertible notes issued on 29 February 2016 with a principal amount of HK$100,000,000, which were converted into RMB with the then exchange rate.

Allowance for Impairment loss recognised in respect of trade receivables

For the year ended 31 December 2017, individually impaired trade receivables of approximately, RMB7,294,000 (2016: RMB17,854,000) was included in provision for trade receivables. The decrease in allowance for impairment loss of trade receivables of approximately RMB10,560,000 was mainly due to the effectiveness of the establishment of the trade receivables collection department.

Share of results of associates

As at 31 December 2017, the Group owned 35% (as at 31 December 2016: 35%) equity interest in Beijing Pangda Yilian New-energy Technology Co., Limited* (北京龐大驛聯新能源科技有限公司) ("Pangda Yilian"). Pangda Yilian was accounted for as the Group's associate, and the Group's share of loss from Pangda Yilian for the reporting period was approximately RMB3,050,000.

As at 31 December 2017, the Group owned 20% (as at 31 December 2016: 20%) equity in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森資訊技術有限公司) ("Beijing Aimeisen"), which principally 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 2017 was approximately RMB23,000.

As at 31 December 2017, the Group indirectly held 26.4% (as at 31 December 2016: 26.4%) equity interest in Changsha Xiandao Technology Development Co., Ltd.* (長沙先導快線科技發展有限公司) ("Changsha Xiandao"), which is principally engaged in the sale of electric vehicles as well as the construction and operation of charging facilities. Changsha Xiandao was accounted for as the Group's associate, and the Group's share of loss from Changsha Xiandao for the year ended 31 December 2017 was approximately RMB1,611,000.

As at 31 December 2017, the group indirectly held 49% (as at 31 December 2016: 49%) equity interest in Qingdao Jiaoyun Titans New Energy Vehicles Leasing Service Co., Ltd.* (青島交運泰坦新能源汽車服務有限公司) ("Qingdao Jiaoyun"), which is principally engaged in the construction of charging equipment network for electric vehicles business. Qingdao Jiaoyun was accounted for as the Group's associate, and the Group's share of loss from Qingdao Jiaoyun during the reporting period was approximately RMB58,000.

Disposal of available-for-sale financial assets

As of 31 December 2017, the Group owned nil (as at 31 December 2016: 10%) equity interest in Zhuhai Titans New Power Electronics Company Limited* (珠海泰坦新動力電子有限公司) ("Titans New Power"). On 5 January 2017, the Group entered into a sale and purchase agreement with Wuxi Lead Intelligent Equipment Co., Ltd* (無錫先導智能裝備股份有限公司) ("Lead Intelligent"), pursuant to which, Titans Power Electronics has conditionally agreed to dispose of, and Lead Intelligent has conditionally agreed to purchase, 10% equity interests of Titans New Power, at a provisional consideration of RMB135,000,000 (equivalent to approximately HK$149,850,000). Based on the consideration adjustment mechanism under the sale and purchase agreement, the final consideration for disposal of 10% equity interests of Titans New Power by the Group was determined at RMB135,000,000 (equivalent to the provisional consideration), and shall be settled by Lead Intelligent by cash and the issuance of consideration shares. Details are set out in the announcement dated 6 January 2017 and the supplemental announcement dated 9 January 2017 of the Company. This transaction was completed on 12 October 2017, and the fair value gain on available-for-sale financial asset classified as held for sale stated at fair value for the year ended 31 December 2017 of approximately RMB136,174,000 and gain on disposal of assets classified as held for sale of approximately RMB62,652,000 was stated in the consolidated statement of profit or loss and other comprehensive income for the year.

On 12 July 2017, the Group disposed of the 5% equity interest in Beijing Shui Mu Hua Tong Technology Company Ltd.* (北京水木華通科技有限公司) to Hubei Changjiang Weilai New Energy Industrial Development Fund Partnership (LLP)* (湖北長江蔚來新能源產業發展基金合夥企業(有限合夥)) in a cash consideration of RMB13,333,000. A gain of approximately RMB2,222,000 was recorded for this transaction in the current year.

Finance costs

Our finance costs increased by approximately 31.88% from RMB12,659,000 for the year ended 31 December 2016 to RMB16,695,000 for the year ended 31 December 2017. Our finance costs as a percentage of revenue increased from approximately 4.38% for the year ended 31 December 2016 to approximately 5.09% for the year ended 31 December 2017. The increase in our finance costs was mainly due to the increase in average borrowing costs of bank and other borrowings.

Income tax expense

Our income tax expense was RMB41,145,000 for the year ended 31 December 2017 whereas income tax expense was RMB5,998,000 for the year ended 31 December 2016. The effective tax rate (being the ratio of our tax expense to our profit before tax) for the year ended 31 December 2017 was 20.5% (2016: 54.8%).

Loss attributable to non-controlling interests

For the year ended 31 December 2017, loss attributable to non-controlling interests of the non-wholly owned subsidiaries of the Company was approximately RMB4,540,000, as compared with a loss of approximately RMB2,324,000 for the year ended 31 December 2016. This amount represents the attributable loss in the non-wholly owned subsidiaries of the Company.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2017 was RMB163,706,000 whilst profit for the year ended 31 December 2016 was RMB7,279,000, representing an increase of RMB156,427,000. Net profit margin attributable to owners of the Company was 49.93% (2016: 2.52%).

The significant increase in profit attributable to owners of the Company was mainly due to: (1) the increase in revenue of key products compared with last year; (2) the significant increase in revenue from charging services for electric vehicles; and (3) the significant increase in gain on disposal of available-for-sale financial asset classified as held for sale during the year.

Total comprehensive income attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB54,626,000 whilst total comprehensive income for the year ended 31 December 2016 was approximately RMB109,409,000, representing a decrease of approximately RMB54,783,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2016 and 2017:

	Year ended 31 December			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**8,640**	**11.26**	9,735	9.94
Work-in-progress	**11,275**	**14.70**	13,120	13.40
Finished goods	**56,802**	**74.04**	75,038	76.66
	76,717	**100.00**	97,893	100.00

The Group's inventory balances decreased from RMB97,893,000 as at 31 December 2016 to RMB76,717,000 as at 31 December 2017.

Our average inventory turnover days decreased from approximately 176 days for the year ended 31 December 2016 to approximately 148 days for the year ended 31 December 2017, which was due to the enhancement of inventory management during the period.

The Group has not made any general or special provision for the inventory as at 31 December 2017.

Analysis on Trade and Bills Receivables

As at 31 December 2016 and 2017, our trade and bills receivables (net of allowance) amounted to RMB228,365,000 (comprising trade receivables of RMB216,407,000 and bills receivables of RMB11,958,000) and RMB333,094,000 (comprising trade receivables of RMB332,231,000 and bills receivables of RMB863,000) respectively. The increase in trade and bills receivables was mainly due to the relatively significant increase in revenue in the second half of 2017.

The table below sets forth the ageing analysis of our trade receivables by due date as of 31 December 2016 and 2017:

	Year ended 31 December 2017				Year ended 31 December 2016			
	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	**151,080**	**–**	**151,080**	**45.47**	81,572	–	81,572	37.69
0 – 90 days	**27,001**	**–**	**27,001**	**8.13**	33,208	–	33,208	15.35
91 days to 180 days	**21,636**	**–**	**21,636**	**6.51**	9,560	–	9,560	4.42
181 days to 365 days	**78,136**	**–**	**78,136**	**23.52**	39,699	–	39,699	18.34
Over 1 year to 2 years	**45,565**	**(4,314)**	**41,251**	**12.42**	54,586	(10,798)	43,788	20.23
Over 2 years to 3 years	**23,433**	**(14,325)**	**9,108**	**2.74**	15,158	(8,343)	6,815	3.15
Over 3 years	**39,877**	**(35,858)**	**4,019**	**1.21**	46,246	(44,481)	1,765	0.82
Total	**386,728**	**(54,497)**	**332,231**	**100**	280,029	(63,622)	216,407	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 in the contract 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 2017, we made an impairment loss on trade receivables of approximately RMB7,294,000, (2016: approximately RMB17,854,000).

Analysis on Trade and Bills Payables

As at 31 December 2016 and 2017, our trade and bills payables amounted to approximately RMB63,968,000 (comprising trade payables of approximately RMB58,576,000 and bills payables of approximately RMB5,392,000) and approximately RMB101,193,000 (comprising trade payables of approximately RMB88,997,000 and bills payables of approximately RMB12,196,000) respectively. The increase in trade and bills payables was mainly due to the relatively significant increase in revenue in the second half of 2017. For the years ended 31 December 2016 and 2017, our trade and bills payable turnover days were approximately 195 days and approximately 140 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2016 and 2017:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 90 days	**73,017**	50,059
91 days to 180 days	**5,541**	9,198
181 days to 365 days	**14,980**	4,711
Over 1 year to 2 years	**7,655**	–
	101,193	63,968

Debts

All of our debts are classified as short-term liabilities which are payable within 12 months from the respective end of the reporting period. The following table sets out our indebtedness as at 31 December 2016 and 2017. All of our indebtedness were denominated in Renminbi.

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	RMB'000	**Interest rates**	*RMB'000*	Interest rates
Current				
Bank borrowings	**133,000**	**0.4% to 6.53%**	149,850	0.32% to 4.67%
Convertible notes	**83,567**	**4.35%**	–	–
Other borrowing	**1,945**	**5.75%**	–	–
Non-current				
Convertible notes	**–**	**–**	75,412	4.35%
Other borrowing	**3,450**	**5.75%**	–	–
	221,962		225,262	

As at 31 December 2017, total bank borrowings, other borrowings and convertible notes amounted to RMB221,962,000 (as at 31 December 2016: RMB225,262,000), among which RMB138,395,000 were secured loans (as at 31 December 2016: RMB149,850,000). Bank borrowings and convertible notes as at 31 December 2017 were subject to the floating interest rates ranging from 0.4% to 6.53% per annum (as at 31 December 2016: from 0.32% to 4.67% per annum).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2017, the total equity of the Group amounted to RMB657,435,000 (as at 31 December 2016: RMB585,042,000), the Group's current assets were RMB776,219,000 (as at 31 December 2016: RMB857,346,000) and current liabilities were RMB382,409,000 (as at 31 December 2016: RMB263,517,000). As at 31 December 2017, the Group had short-term bank deposits, bank balances and cash of RMB133,133,000 (as at 31 December 2016: RMB143,844,000), excluding restricted bank balances of RMB61,433,000 (as at 31 December 2016: RMB148,548,000). Our total assets less our total liabilities equals to our net assets, which was RMB657,435,000 as at 31 December 2017 (as at 31 December 2016: RMB585,042,000).

The Group finances its operations with internally generated cash flow and bank borrowings as well as convertible notes issued on 29 February 2016 with principal amount of HK$100,000,000. As at 31 December 2017, the Group had outstanding bank borrowings, other borrowing and convertible notes of RMB221,962,000 (as at 31 December 2016: RMB225,262,000).

Disposal of subsidiaries

On 27 May 2017, the Group disposed of its entire equity interest in Jieneng Electrical Appliance Investment (Beijing) New-energy Technology Co., Ltd.* (潔能電投(北京)新能源科技有限公司) to an independent third party for a cash consideration of RMB1. A gain on disposal of approximately RMB347,000 was recorded for this transaction during the current year.

On 7 December 2017, the Group disposed of its entire equity interest in Henan Hongzheng Electric Technology Co., Ltd* (河南弘正電氣科技有限公司) to an independent third party for a cash consideration of RMB18,000,000. A loss on disposal of approximately RMB3,085,000 was recorded for this transaction during the current year.

On 19 December 2017, the Group disposed of its entire equity interest in Auhui Titans Liancheng Energy Technology Co., Ltd.* (安徽泰坦聯成能源技術有限公司) to an independent third party for a cash consideration of RMB13,600,000. A loss on disposal of approximately RMB9,247,000 was recorded for this transaction during the current year.

Acquisition of subsidiaries

On 14 July 2017, Titans Power Electronics, a wholly owned subsidiary of the Group, completed the acquisition of 40% equity interests of Titans Intelligent for a cash consideration of RMB2,000,000 from an independent third party. Titans Intelligent is principally engaged in the R&D, sales and production of charging equipment for automated guided vehicles ("AGV").

On 15 September 2017, Titans Technology, a wholly owned subsidiary of the Company, completed the acquisition of 45% equity interests of Shandong Huidian from an independent party, for a cash consideration of RMB14,999,000. Shandong Huidian is principally engaged in the design, production and sales of charging equipment for electric vehicles. Goodwill arising from the acquisition amounted to approximately RMB449,000.

Contingent Liabilities

As at 31 December 2017 and at the date of this announcement, the Group had no material contingent liability.

Capital Commitments

As at 31 December 2017, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB64,028,000 (as at 31 December 2016: approximately RMB65,636,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2017 and the date of this announcement, the Group does not have other capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment.

Pledge of Assets

The Group's leasehold land and buildings of carrying amount of approximately RMB2,209,000 as at 31 December 2017 (as at 31 December 2016: approximately RMB2,902,000) were pledged to secure the bank borrowings and other facilities.

Employees and Remuneration

As at 31 December 2017, the Group had 534 employees in total (as at 31 December 2016: 490 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 loss of RMB99,000 (2016: exchange gain of RMB997,000). Such foreign exchange loss arose as a result of the difference between the exchange rate for accounting purpose on the date of transaction and the exchange rate as at 31 December 2017 as well as the difference between the exchange rate on 19 February 2016 when the convertible notes with principal amount of HK$100,000,000 were converted into RMB and the exchange rate on 31 December 2017 upon conversion. As at 31 December 2017, 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 2017.

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 assessments on 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 2017.

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). All the net proceeds raised from the listing have been fully applied for the intended purposes.

SHARE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

Share Subscription

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

Issue of Convertible Notes

On 12 October 2015, the Company and the Subscriber entered into a subscription agreement on convertible notes, pursuant to which the Company agreed to issue, and the Subscriber has subscribed for, the convertible notes in the principal amount of not more than HK$100,000,000. Based on the initial conversion price of HK$1.19, a maximum number of 84,033,613 conversion shares will be allotted and issued upon full conversion of the convertible notes. The issue of convertible notes with aggregate principal amount of HK$100,000,000 was completed on 29 February 2016. During the year ended 31 December 2017, there is no conversion of convertible notes into shares in the Company. For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016 and 29 February 2016.

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

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

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

(1) *In Respect of the Share Subscription*

The gross proceeds and the net proceeds (after deduction of related expenses payable by the Company) of the share subscription 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 was approximately HK$99,727,000, equivalent to approximately RMB84,246,000 and approximately RMB84,016,000, respectively and the net price per conversion share was approximately HK$1.187.

40% of the above net proceeds from Share Subscription and Convertible Notes 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 such as energy reserves of the Group.

Intended use of proceeds	Intended amount to be used from Share Subscription	Intended amount to be used from Convertible Notes	Intended amount to be used	Actual amount used
	As of 31 December 2017			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment for construction and operation of charging facilities for electric vehicles	**32,607**	**33,606**	**66,213**	**50,058**
Enhancement of the liquidity of Titans Technology	**40,759**	**42,008**	**82,767**	**82,767**
Investment for research and development of new technologies on energy reserves	**8,152**	**8,402**	**16,554**	**1,772**
	81,518	**84,016**	**165,534**	**134,597**

The unused balance of the proceeds from Share Subscription and issue of convertibles notes amounted to approximately RMB30,937,000, and it was deposited with banks in the PRC and Hong Kong as of 31 December 2017.

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 2017 and there have been no material deviations from the Code Provision.

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 as its model code regarding directors' securities transactions. Having made specific enquiry of all Directors, all the Directors confirm that they had complied with the required standards of the Model Code during the year ended 31 December 2017.

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 2017.

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 2017.

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 2017 have been agreed by the Company's auditor, 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 HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual 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 2017 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, 27 March 2018

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

* *For identification purpose only*