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China Titans Energy Technology Group Co., Limited
中國泰坦能源技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

– Revenue decreased by approximately 17.59% to RMB270,204,000 as compared to last year.

– Loss for the year attributable to owners of the Company amounted to approximately RMB40,168,000 as compared to profit of approximately RMB163,706,000 in 2017.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2018.

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 2018 together with comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***RMB'000***	2017 *RMB'000*
Revenue	*4*	**270,204**	327,861
Cost of revenue		**(187,973)**	(214,714)
Gross profit		**82,231**	113,147
Other revenue and income	*6*	**30,416**	20,019
Selling and distribution expenses		**(50,814)**	(48,438)
Administrative and other expenses		**(78,879)**	(65,773)
Other gains and losses	*7*	**(9,006)**	3,967
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 available-for-sale financial asset classified as held for sale		**–**	62,652
Share of results of associates		**(4,977)**	(4,742)
Finance costs	*8*	**(11,074)**	(16,695)
(Loss) profit before tax		**(42,103)**	200,311
Income tax expenses	*9*	**(1,601)**	(41,145)
(Loss) profit for the year	*10*	**(43,704)**	159,166

	Note	2018 RMB'000	2017 RMB'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial asset		**–**	(8,176)
Income tax relating to items that may be reclassified subsequently		**–**	1,226
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 items that reclassified on disposal		**–**	34,044
		–	(109,080)
Items that will not be reclassified subsequently to profit or loss:			
Net fair value loss on financial assets at fair value through other comprehensive income		**(1,960)**	–
Income tax relating to items that will not be reclassified subsequently to profit or loss		**(132)**	–
		(2,092)	–
Other comprehensive expense for the year, net of income tax		**(2,092)**	(109,080)
Total comprehensive (expense) income for the year		**(45,796)**	50,086
(Loss) profit for the year attributable to:			
– Owners of the Company		**(40,168)**	163,706
– Non-controlling interests		**(3,536)**	(4,540)
		(43,704)	159,166
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		**(42,260)**	54,626
– Non-controlling interests		**(3,536)**	(4,540)
		(45,796)	50,086
(LOSS) EARNINGS PER SHARE	*12*		
Basic (RMB)		**(4.34 cents)**	17.70 cents
Diluted (RMB)		**(4.34 cents)**	16.52 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**125,951**	56,837
Prepaid lease payments		**7,989**	8,301
Goodwill		**–**	449
Prepayment for the construction of property, plant and equipment		**23,533**	13,000
Intangible assets		**41,712**	32,085
Interests in associates		**6,290**	8,332
Available-for-sale financial assets	*13*	**–**	159,152
Financial asset at fair value through other comprehensive income	*13*	**22,649**	–
Financial asset at fair value through profit or loss	*13*	**17,242**	–
Finance lease receivable		**615**	–
Deferred tax assets		**9,493**	7,523
		255,474	285,679
Current assets			
Inventories		**80,814**	76,717
Trade and bills receivables	*14*	**238,024**	333,094
Contract assets		**42,817**	–
Loan receivables		**150,228**	19,904
Prepayments, deposits and other receivables		**92,128**	138,076
Prepaid lease payments		**312**	312
Amounts due from associates	*15*	**1,232**	4,137
Held for trading investment		**–**	9,248
Finance lease receivable		**107**	–
Redemption option derivative of the convertible notes		**–**	165
Restricted bank balances		**38,451**	61,433
Short-term bank deposits		**24,000**	73,000
Bank balances and cash		**59,955**	60,133
		728,068	776,219

	Note	2018 RMB'000	2017 RMB'000
Current liabilities			
Trade and bills payables	*16*	**83,490**	101,193
Contract liabilities		**7,691**	–
Receipts in advance		**–**	6,791
Accruals and other payables		**5,757**	29,963
Amounts due to associates		**698**	185
Tax payable		**510**	25,590
Conversion option derivative of the convertible notes		**–**	175
Convertible notes		**–**	83,567
Bank and other borrowings		**180,944**	134,945
		279,090	382,409
Net current assets		**448,978**	393,810
Total assets less current liabilities		**704,452**	679,489
Non-current liabilities			
Deferred tax liabilities		**17,959**	18,604
Bank and other borrowings		**94,480**	3,450
		112,439	22,054
Net assets		**592,013**	657,435
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**562,775**	622,599
Equity attributable to owners of the Company		**570,862**	630,686
Non-controlling interests		**21,151**	26,749
Total equity		**592,013**	657,435

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 addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" to the annual report.

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, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The impacts of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to 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.

Impact on the consolidated financial statements for the adoption of the new accounting standards

As explained below, HKFRS 15 and HKFRS 9 are adopted without restating comparative information. The related reclassifications and the adjustments are therefore not reflected in consolidated statement of financial position as at 31 December 2017, but are recognised in the opening balance on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	Carrying amount originally reported at 31 December 2017	**Impact on adoption of HKFRS 15**	**Impact on adoption of HKFRS 9**	**Carrying amount as restated at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Available-for-sale financial assets	159,152	–	(159,152)	–
Financial assets at fair value through profit or loss ("FVTPL")	–	–	134,543	134,543
Financial assets at fair value through other comprehensive income ("FVTOCI")	–	–	24,609	24,609
Trade and bills receivables	333,094	(39,081)	(19,200)	274,813
Contract assets	–	39,081	(1,411)	37,670
Loan receivables	19,904	–	(53)	19,851
Deferred tax assets	7,523	–	3,100	10,623
Total	519,673	–	(17,564)	502,109
Liabilities				
Receipts in advance	6,791	(6,791)	–	–
Contract liabilities	–	6,791	–	6,791
Total	6,791	–	–	6,791
Equity				
Retained profit	232,528	–	(24,514)	208,014
Investments revaluation reserve	(6,950)	–	6,950	–
	225,578	–	(17,564)	208,014

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profit and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The impact of transition of HKFRS 15 was insignificant on the retained profit at 1 January 2018.

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 January 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amount previously reported at 31 December 2017**	**Impact on adoption of HKFRS 15 – Reclassification**	**Carrying amount as restated at 1 January 2018***
		RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	*(a)*	333,094	(39,081)	294,013
Contract assets	*(a)*	–	39,081	39,081
Receipts in advance	*(b)*	6,791	(6,791)	–
Contract liabilities	*(b)*	–	6,791	6,791

Notes:

(a) Retention Receivables

As at 1 January 2018, the "retention receivables", included in trade and bills receivables, of approximately RMB39,081,000 was reclassified to contract assets.

(b) Receipts in advance from customers

As at 1 January 2018, the "receipts in advance" of approximately RMB6,791,000 represents sales of electric products contracts was reclassified to contract liabilities.

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following tables summarise the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 31 December 2018, by comparing the amounts reported under HKAS 11, HKAS 18 and related interpretations that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group's operating, investing and financing cash flows.

Impact on the consolidated statement of financial position at 31 December 2018:

	As reported	**Impact of adopting HKFRS 15**	**Amounts excluding impacts of adopting HKFRS 15**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets	42,817	(42,817)	–
Trade and bills receivables	238,024	42,817	280,841
Contract liabilities	7,691	(7,691)	–
Receipt in advance	–	7,691	7,691

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained profits as at 1 January 2018.

(i) Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

Equity investments previously classified as available-for-sale investments carried at fair value:

The Group had elected to present in other comprehensive income for the fair value changes in respect of the Group's unlisted equity instruments amounting to approximately RMB24,609,000 as they are held for medium or long-term strategic purpose, and reclassified them to financial assets at FVTOCI. On initial application of HKFRS 9, the fair value gains and losses relating to these equity investments continue to be recognised in the investments revaluation reserve but they will not be reclassified to profit or loss when they are derecognised.

For the listed equity investments amounting to approximately RMB134,543,000 carried at fair value, the Group has not elected the option for designation at FVTOCI and reclassified them to financial assets at FVTPL. Upon initial application of HKFRS 9, investments revaluation reserve relating to these financial assets amounting to approximately RMB6,950,000 was transferred to retained profit at 1 January 2018.

Note (iii) below tabulates the change in classification and measurement of the Group's financial assets and financial liabilities upon application of HKFRS 9.

(ii) Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL model. As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and other items subject to ECL for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement HKFRS 9.

As at 1 January 2018, an additional allowance on the Group's trade and bills receivables, contract assets and loan receivables with an aggregate amount of approximately RMB20,664,000 has been recognised, thereby reducing the opening retained profit of approximately RMB17,564,000, after net of their related deferred tax impact of approximately RMB3,100,000.

(iii) Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and financial liabilities and reconciles the carrying amounts of financial assets and financial liabilities under HKAS 39 to the carrying amounts under HKFRS 9 on 1 January 2018.

	Carrying amount at 31 December 2017 (HKAS 39)	**Adoption of HKFRS 9 – Reclassification**	**Adoption of HKFRS 9 – Remeasurement**	**Carrying amount at 1 January 2018 (HKFRS 9)***
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost / loan and receivable				
– Trade and bills receivables	333,094	–	(19,200)	313,894
– Deposits and other receivables	48,329	–	–	48,329
– Loan receivables	19,904	–	(53)	19,851
– Amounts due from associates	4,137	–	–	4,137
– Restricted bank balances	61,433	–	–	61,433
– Bank and cash	60,133	–	–	60,133
– Short term bank deposits	73,000	–	–	73,000
Available-for-sale financial assets				
– Listed equity securities	134,543	(134,543)	–	–
– Unlisted equity securities	24,609	(24,609)	–	–
Financial assets at FVTPL				
– Listed equity securities	–	134,543	–	134,543
– Redemption option derivative of the convertible notes	165	–	–	165
– Investment fund classified as held for trading investment	9,248	–	–	9,248
Financial assets at FVTOCI				
– Unlisted equity securities	–	24,609	–	24,609

All the financial liabilities that are within the scope of HKFRS 9 and continued to be classified and measured on the same basis as they were under HKAS 39.

* The amounts in this column are before the adjustments from the application of HKFRS 15.

The table below summarises the impact of transition of HKFRS 9 on retained profits and other components of equity at 1 January 2018.

	Investments revaluation reserve *RMB'000*	**Retained profits** *RMB'000*
Balance at 31 December 2017 as originally stated	**(6,950)**	232,528
Transferred from investments revaluation reserve relating to retained earnings as the financial assets now measured at FVTPL	**6,950**	(6,950)
Recognition of additional expected credit losses		
– Trade receivables	**–**	(19,200)
– Contract assets	**–**	(1,411)
– Loan receivables	**–**	(53)
Income tax relating to additional expected credit losses	**–**	3,100
Total change as a result of adoption of HKFRS 9 on 1 January 2018	**6,950**	(24,514)
Balance at 1 January 2018	**–**	208,014

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of HKFRS 9.

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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment*,* while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 and the related interpretations when it becomes effective.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately RMB2,096,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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 certain financial instruments that are measured at fair values at the end of each reporting period.

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 build-operate-transfer ("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:

	2018	2017*
	RMB'000	*RMB'000*
Revenue from contract with customers within the scope of HKFRS 15 for the year ended 31 December 2018		
Disaggregated by major products or services lines		
Sales of electric products	**233,067**	308,586
Construction revenue under BOT arrangements	**16,874**	6,835
Provision of charging services for electric vehicles	**17,793**	10,414
Sales of electric vehicles	**53**	48
	267,787	325,883
Revenue from other source		
Rental income from operating leases of electric vehicles	**2,417**	1,978
	270,204	327,861

* The amounts for the year ended 31 December 2017 were recognised under HKAS 18, HKAS 11 and related interpretation.

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2018				
Segments	**DC Power System**	**Charging Equipment**	**Charging Services and Construction**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service					
Sales of electric products	120,687	112,380	–	–	233,067
Construction revenue under BOT arrangements	–	–	16,874	–	16,874
Provision of charging services for electric vehicles	–	–	17,793	–	17,793
Sales of electric vehicles	–	–	–	53	53
Revenue from contracts with customers	120,687	112,380	34,667	53	267,787
Lease of electric vehicles	–	–	–	2,417	2,417
Total	120,687	112,380	34,667	2,470	270,204

Disaggregation of revenue by timing of recognition

	2018
	RMB'000
Timing of revenue recognition	
At a point in time	**250,913**
Over time	**16,874**
Total revenue from contracts with customers	**267,787**

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 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

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 2018

	DC Power System *RMB'000*	**Charging Equipment** *RMB'000*	**Charging Services and Construction** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue	**120,687**	**112,380**	**34,667**	**2,470**	**270,204**
Segment profit (loss)	**28,695**	**39,194**	**10,103**	**(578)**	**77,414**
Unallocated other revenue					**30,416**
Other gains and losses					**(9,520)**
Share of results of associates					**(4,977)**
Unallocated expenses					**(124,362)**
Finance costs					**(11,074)**
Loss before tax					**(42,103)**

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
Other gains and losses					(1,903)
Realisation on fair value gain on the disposal of asset classified as held for sale					136,174
Gain on disposal of available-for-sale financial asset classified as held for sale					62,652
Share of results of associates					(4,742)
Unallocated expenses					(99,396)
Finance costs					(16,695)
Profit before tax					200,311

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

Segment assets and liabilities

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

Segment assets

	2018	2017
	RMB'000	*RMB'000*
DC Power System	**204,569**	183,396
Charging Equipment	**345,960**	364,543
Charging Services and Construction	**74,482**	60,610
Others	**5,782**	8,172
Total segment assets	**630,793**	616,721
Unallocated	**352,749**	445,177
Consolidated assets	**983,542**	1,061,898

Segment liabilities

	2018	2017
	RMB'000	*RMB'000*
DC Power System	**27,174**	32,090
Charging Equipment	**59,384**	70,311
Charging Services and Construction	**4,812**	5,036
Others	**509**	732
Total segment liabilities	**91,879**	108,169
Unallocated	**299,650**	296,294
Consolidated liabilities	**391,529**	404,463

Geographical information

All revenue from external customers of the Group is derived from and all non-current assets of the Group are located in the PRC.

Information about major customers

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

	2018	2017
	RMB'000	*RMB'000*
Customer A[1]	**N/A[2]**	57,537
Customer B[1]	**40,267**	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

	2018	2017
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**9,066**	11,620
Interest income on loan receivables	**5,858**	105
Interest income on amounts due from directors	**328**	–
Bank interest income	**1,051**	1,209
Gain on disposal of property, plant and equipment	**–**	35
Government grants *(note (b))*	**14,078**	5,796
Dividend from held for trading investment	**–**	841
Dividend from available-for-sale financial assets classified as held for sales	**–**	155
Rental income	**35**	71
Other income	**–**	187
	30,416	20,019

Notes:

(a) VAT refunds represent the refund of VAT in respect of 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 People's Republic of China ("中華人民共和國科學技術部") regarding the research and development on technology innovation and promotion of electric vehicles, of which there are no unfulfilled conditions or contingencies relating to those subsidies and recognised upon receipts during the years ended 31 December 2018 and 2017.

7. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Impairment loss recognised in respect of goodwill	**(449)**	–
Impairment loss recognised in respect of trade receivables	**(1,803)**	(7,294)
Impairment loss recognised in respect of contract assets	**(2,772)**	–
Impairment loss recognised in respect of loan receivables	**(1,133)**	–
Reversal of impairment loss recognised in respect of trade receivables	**5,538**	13,164
Fair value gain on financial assets at FVTPL	**7,663**	–
Fair value change of held for trading investment	**–**	(752)
Gain on disposal of available-for-sale financial asset	**–**	2,222
Loss on disposal of financial assets at FVTPL	**(18,582)**	–
Gain on partial disposal of an associate	**1,869**	–
Net loss on disposal of subsidiaries	**–**	(11,985)
Gain on deemed disposal of a subsidiary	**651**	–
Fair value change on derivative components and gain on redemption of convertible notes	**12**	8,612
	(9,006)	3,967

8. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Effective interest expense on the convertible notes	**3,870**	14,081
Interest on:		
Bank borrowings	**4,526**	2,109
Other borrowings	**5,263**	1,313
Amounts due to directors	**333**	–
	13,992	17,503
Less: amounts capitalised *(note)*	**(2,918)**	(808)
	11,074	16,695

Note: Borrowing costs capitalised during the years ended 31 December 2018 and 2017 arose as general borrowing pool and are calculated by applying a capitalisation rate of 6.22% (2017: 10.26%) per annum.

9. INCOME TAX EXPENSES

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**510**	31,397
Deferred tax	**1,091**	9,748
	1,601	41,145

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 applicable tax rate of certain PRC subsidiaries is 25% (2017: 25%).

Zhuhai Titans Technology Co., Ltd.* (珠海泰坦科技股份有限公司) ("Titans Technology") was recognised as an approved high technology enterprise and therefore is entitled to a tax concession period of applicable in EIT rate of 15% from 2017 to 2019.

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 25% (2017: 15% as a result of the successful application of the concessionary tax in Zhuhai, Guangdong province).

* English name is for identification purpose only.

10. (LOSS) PROFIT FOR THE YEAR

	2018	2017
	RMB'000	*RMB'000*
(Loss) profit for the year have been arrived at after charging:		
Staff costs		
Directors' emoluments	**1,243**	1,234
Other staff:		
– salaries and other allowances	**55,010**	66,478
– retirement benefits scheme contributions (excluding directors)	**5,281**	5,587
Total staff costs	**61,534**	73,299
Amortisation of intangible assets	**4,299**	3,420
Amortisation of prepaid lease payments	**312**	312
Auditors' remuneration	**1,345**	1,184
Net exchange loss	**5,276**	99
Cost of inventories recognised as an expense	**161,013**	202,762
Depreciation of property, plant and equipment	**9,220**	14,274
Loss on disposal of property, plant and equipment	**61**	–
Minimum lease payment paid under operating lease rentals in respect of rented premises	**3,792**	3,287
Research and development expenses (included in administrative and other expenses) *(note)*	**24,557**	28,709

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

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2018 (2017: nil), nor has any dividend been proposed since the end of the reporting period (2017: nil).

12. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(40,168)**	163,706
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)
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(40,168)**	166,682

Number of shares

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) 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 (loss) earnings per share	**925,056**	1,009,090

For the year ended 31 December 2017, the weighted average number of ordinary shares for the purpose of diluted earnings per share has been adjusted for the convertible notes issued on 2016.

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS/FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**31/12/2018** **RMB'000**	1/1/2018 RMB'000	31/12/2017 RMB'000
Financial asset at FVTPL comprises:				
– Investment fund in the PRC		**–**	9,248	9,248
– Equity security listed in the PRC	*(a)*	**17,242**	134,543	–
		17,242	143,791	9,248
Financial assets at FVTOCI comprises:				
– Unlisted equity securities	*(b)*	**22,649**	24,609	–
Available-for-sale financial assets comprise:				
– Equity securities listed in the PRC	*(a)*	**–**	–	134,543
– Unlisted equity securities	*(b)*	**–**	–	24,609
		–	–	159,152

Notes:

(a) As at 31 December 2018, the fair value of investments in listed equity securities, represent the Group's investment in Sichuan Haote Precision Equipment Limited* (四川豪特精工裝備股份有限公司) ("Haote Precision") and Wuxi Lead Intelligent Equipment Co., Ltd* (無錫先導智能裝備股份有限公司) ("Lead Intelligent"), a company listed in PRC, amounting to approximately RMB17,242,000 and nil (1/1/2018: RMB9,579,000 and RMB124,964,000) respectively.

During the year ended 31 December 2018, the Group has disposed an equity investment at FVTPL in Lead Intelligent with an aggregate amount of consideration of approximately RMB106,382,000. As at 31 December 2017, the fair value of such investment is approximately RMB124,964,000. Loss on disposal of financial asset at FVTPL of approximately RMB18,582,000 has been recognised.

(b) As at 31 December 2017, the above unlisted equity securities represented the investments in unlisted equity securities issued by the private entity in Hong Kong and the United States. They were measured at fair value at the end of the reporting period. The investment was reclassified to financial assets at FVTOCI upon adoption of HKFRS 9 on 1 January 2018.

As at 31 December 2018, the fair value of unlisted equity interests in Hong Kong and the United Sates, represented Juline (China) Energy Tech. Group Co., Ltd ("Juline (China)") and Aquion Energy LLC ("Aquion Energy"), amounting to approximately RMB8,236,000 and RMB14,413,000 (1/1/2018: RMB11,000,000 and RMB13,609,000) respectively.

During the year ended 31 December 2017, the Group entered into a sale and purchase agreement with an independent third party to the Group for the disposal of 5% equity interest in Beijing Shui Mu Hua Tong Technology Company Ltd.* (北京水木華通科技有限公司), for a cash consideration of approximately RMB13,333,000. The disposal was completed on 12 July 2017, resulting a gain on disposal of an available-for-sale financial asset of approximately RMB2,222,000.

As at 31 December 2017, the listed shares in Lead Intelligent were pledged for the bank borrowing of RMB33,000,000.

* *English name is for identification purpose only*

14. TRADE AND BILLS RECEIVABLES

	31/12/2018	1/1/2018	31/12/2017
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	**306,416**	347,647	386,728
Less: allowance for impairment loss of trade receivables	**(69,962)**	(73,697)	(54,497)
	236,454	273,950	332,231
Bills receivables	**1,570**	863	863
Total trade and bills receivables	**238,024**	274,813	333,904

The bills receivables as at 31 December 2018 were fallen within the aged group of 0-90 days, 91-180 days and 181-365 days with approximately RMB248,000 (2017: RMB263,000), RMB1,322,000 (2017: RMB300,000) and nil (2017: RMB300,000) respectively, based on the dates of delivery of goods which approximately the respective revenue recognition dates.

Included in the balances of trade receivables as at 31 December 2017 were retention receivables of approximately RMB39,081,000 of which approximately RMB33,608,000 and RMB5,473,000 are aged 1–2 years and 2–3 years respectively. As at 1 January 2018, the retention receivables of approximately RMB39,081,000 was reclassified to contract assets upon adoption of HKFRS 15.

At 31 December 2018, the carrying amount of the trade receivables which have been pledged as security for the borrowing, is approximately HK$70,106,000 (2017: nil).

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.

	2018	2017
	RMB'000	*RMB'000*
0 – 90 days	**87,901**	151,787
91 – 180 days	**18,884**	26,626
181 – 365 days	**56,748**	86,798
1 – 2 years	**62,682**	50,527
2 – 3 years	**9,857**	10,379
Over 3 years	**382**	6,114
	236,454	332,231

15. 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:

	2018	2017
	RMB'000	*RMB'000*
0 – 90 days	**135**	356
91 – 180 days	**226**	–
181 – 365 days	**871**	3,781
	1,232	4,137

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

	2017
	RMB'000
Duration of past due	
91 – 180 days	945
181 – 365 days	2,836
	3,781
Neither past due nor impaired	356
	4,137

The Group allows an average credit period of 90 days (2017: 90 days) to its associates for balances which are trading in nature.

16. TRADE AND BILLS PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**72,453**	88,997
Bills payables	**11,037**	12,196
	83,490	101,193

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

	2018	2017
	RMB'000	*RMB'000*
0 – 90 days	**55,367**	73,017
91 – 180 days	**9,552**	5,541
181 – 365 days	**12,918**	14,980
1 – 2 years	**2,978**	7,655
Over 2 years	**2,675**	–
	83,490	101,193

The average credit period on purchases of goods is 90 days (2017: 90 days). The Group has financial risk management policy in place to ensure that all payables are settled within the credit timeframe.

17. CAPITAL COMMITMENTS

	2018	2017
	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	**50,190**	46,271
– Establishment of associates	**3,500**	5,000
	53,690	51,271

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2018 (the "Reporting Period"), the Group recorded revenue of approximately RMB270,204,000, representing a decrease of approximately 17.59% 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 2017 and 2018:

	For the year ended 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**120,687**	**44.67**	97,065	29.61
Charging equipment for electric vehicles	**112,380**	**41.59**	211,521	64.51
Construction under BOT arrangements	**16,874**	**6.24**	6,835	2.08
Charging services for electric vehicles	**17,793**	**6.59**	10,414	3.18
Others	**2,470**	**0.91**	2,026	0.62
Total	**270,204**	**100**	327,861	100

In 2018, the Group recorded the loss attributable to owners of the Company and total comprehensive expense attributable to owners of the Company of approximately RMB40,209,000 and RMB42,301,000, respectively, representing a decrease of approximately RMB203,915,000 and approximately RMB96,927,000 over the profit of approximately RMB163,706,000 and RMB54,626,000 of the corresponding period last year.

Compared with 2017, the Group's loss significantly increased, mainly due to: (1) the decrease in revenue of key products compared with last year; (2) the significant increase in loss on disposal of available-for-sale financial asset during the year; (3) the significant increase in agency fees in relation to the disposal of available-for-sale financial assets during the year.

Electrical DC products

During the Reporting Period, the Group's revenue of the electrical DC products was approximately RMB120,687,000, representing an increase of approximately 24.34% over 2017. The Directors consider that the increase in revenue during the Reporting Period was mainly attributed to factors such as a relatively rapid growth in small power systems, a new product launched by the Company for the automated distribution network market and the adjustment of sales strategy. 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 RMB112,380,000, representing a decrease of approximately 46.87% over 2017. The Directors consider that the market competition in respect of the sales of charging equipment for electric vehicles during the Reporting Period was more intensive than expected. Currently, given the low standardization of charging equipment products and the ever-changing demand of the users, the Group is falling behind in regard of its sales strategy adjustment, resulting in a relatively significant decrease in turnover during the Reporting Period. The Group remains optimistic about the development prospect of the charging facilities for new energy vehicles, and will strive to expand its market share by establishing and gradually optimizing the complete business chain covering "planning, design, construction, equipment supply and intelligent services".

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 RMB16,874,000 from construction under BOT arrangements during the Reporting Period, representing a year-on-year increase of approximately RMB10,039,000 from approximately RMB6,835,000. The increase in revenue from the construction under BOT arrangements was mainly attributed to the fact that the Group adopted a more flexible investment strategy. 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 into 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 RMB17,793,000 (2017: approximately RMB10,414,000). The Directors are of the view that the charging services fees for electric vehicles had a growth of 70.86% during the Reporting 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 RMB2,470,000 (2017: approximately RMB2,026,000), being revenue from sales and lease business for electric vehicles, representing an increase of approximately 21.92%.

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 increase. 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 2018:

In the face of immense downward pressure on the economy and tight financial market conditions, the industry in which the Group operates performed well as a whole in 2018. According to the statistics from China Association of Automobile Manufacturers, in 2018, the production and sales of domestic new energy vehicles were 1,270,000 units and 1,256,000 units respectively, representing an increase of 59.95% and 61.65% as compared to the corresponding period last year. Among which, the production and sales of pure electric vehicles amounted to 986,000 units and 984,000 units respectively, representing a growth of 47.83% and 50.92% as compared to the corresponding period last year. This suggests that the steady development of new energy vehicles will continue to be overwhelming. In terms of charging infrastructure, as shown in the data published by the China Electric Vehicle Charging Infrastructure Promotion Alliance (the "EVCIPA"), there were 808,000 units of charging facilities nationwide as of December 2018, which included 348,000 units of new charging facilities, representing an increase of 35.9% as compared to the corresponding period last year. In particular, the number of public charging facilities reached 331,000 units, up 103,000 units or 18.7% over last year.

Despite increasing overall demand in the industry, a disorderly market with rising competitors has led to more intense competition and a challenging business environment. As a result, the Group had a difficult year in 2018. During the Reporting Period, the Group maintained growth in its original principal businesses, namely power DC power supply and charging operation business. However, the sales of charging equipment decreased significantly due to effect of factors such as intensifying market competition and failure of the Group's sales policy to promptly keep up with the complex and changing external environment. The main operating updates are as follows:

I. In terms of equipment research and development, manufacturing and sales

1. Electrical DC products

During the Reporting Period, the segment recorded revenue of approximately RMB120,687,000, representing an increase of 24.34% as compared to the corresponding period last year. The sales of electrical DC products were in line with Directors' expectation, which was attributable to sales model and product mix optimization and more stringent product quality control.

In terms of market development, the Group adopted the dual sales mode of "direct sales + agency sales" to offer quality comprehensive services to customers in a more effective manner. Through market segmentation and sales model optimization, it secured customers faster and more precisely to provide customized high-quality plans.

The Group has maintained its edges in research and development and innovation. On one hand, it devoted great efforts to promote the upgrade of existing products and improve functionality and process performance. On the other hand, it optimized the product mix by marketing a number of new products. For example, it applied the stabilized voltage power supply, the intelligent failure-prevention devices for power transmission cables and other new products in the Guiyang Rail Transit Line 2 Project, the New Beijing Airport Project and the environmental power plant of Shenzhen Energy Environmental Co. Ltd. and other projects, which delivered satisfactory performance.

2. *Charging equipment for electric vehicles*

During the Reporting Period, the revenue from this segment amounted to RMB112,380,000, representing a year-on-year decrease of 46.87%. This was mainly due to more intense market competition and inefficient adjustment of sales strategy. Although the revenue was in decline, the Company strengthened its capabilities and actively enhanced the intelligent charging services with technologies such as mobile internet, internet of things and big data to cater for users' needs and improve customer experience. This has facilitated the healthy development of the charging infrastructure industry. The Group is strongly optimistic about the outlook of the sector and believes that it will return to healthy market competition after a period of adjustment.

With the view to addressing users' concern on all fronts prior to, during and after sales, the Group adopted the "five-dimensional service system" encompassing the planning system, the supply of equipment, mobile operation, the operation and maintenance system and the operating platform as the five dimensions. This approach has won customers' recognition. For the engineering procurement construction of charging facilities, capitalized on 13 years of extensive experience in electric vehicle charging technology and project execution, the Group has established strong capabilities in offering one-stop system solution and comprehensive services, thereby garnering prominent competitive strengths in the industry. During the Reporting Period, the Group commenced the operation of various EPC projects, such as the Shiji Headquarters Charging Stations (the largest new energy electric vehicle charging station in Panyu District, Guangzhou), the Bus Charging Station Project at the headquarters in Conghua District, Guangzhou, the Jinbao Charging Station Project (the first intelligent electric vehicle charging station that integrates photovoltaic power, storage and charging in Maoming that combines photovoltaic power and power storage), as well as the overall electric vehicle charging network project covering government, schools, residential communities and industrial parks in Hefei.

II. In terms of investment, construction and operation

During the Reporting Period, the revenue from charging service fees went up by 70.86% year-on-year to RMB17,793,000, thus becoming a stable and sustained source of income for the Group. Through relevant market survey and analysis, the Group considered its own circumstances and took a more prudent and cautious approach in the selection of new investment operation projects and the expansion of existing ones. Based on the principle of selecting the best projects out of the best, it launched charging operation projects with clear demand and ensured the healthy and orderly growth of charging facilities operation. Main tasks during the Reporting Period are as follows:

1. Collaboration with vehicle operators for higher utilization efficiency of charging stations

In addition to offering customized services to major customers, the Group also joined hands with vehicle operators to promote utilization efficiency of charging stations through refined management and market-oriented operation. During the Reporting Period, the utilization efficiency of single charging piles in the charging station at Beijing Aerospace City Bridge No.2 was nearly 40%, which was much higher than the industry average. Meanwhile, the bus charging station at Foshan No.3 Middle School provided charging services for buses in the daytime and opened to the public at night, which effectively boosted its utilization rate and profitability.

2. Steady development of BOT projects

Learning from its experience in BOT projects, the Group understands that such projects are one of the important means to invest in and operate electrical vehicle charging infrastructure. Therefore, it has actively explored and developed BOT projects to further strengthen its competitiveness in the charging operation market. During the Reporting Period, the Group commenced the Changang West Bus Depot Charging Station Project, which is a charging station BOT project in Foshan, Guangdong Province. The station can meet the charging needs of 104 electric buses and the Group has recorded construction revenue of approximately RMB16.87 million from the BOT arrangement. The project signifies a further step towards the construction of a charging network in the Guangdong-Hong Kong-Macao Greater Bay Area.

3. *Expansion to on-campus charging stations*

Given the relatively concentrated needs for power charging in higher education institutions in Beijing, the Group started to make plans for on-campus charging stations during the year and pioneered the development of charging facilities in these school districts. This not only improved the campus environment, but also facilitated the rapid growth of new energy vehicles through the demonstration effect of users at schools.

4. *Station upgrade and remodeling to increase customers' demand*

The Group took active measures to offer more comprehensive charging support services to customers at stations, in a bid to enhance their consumption experience, satisfaction and loyalty. It also encouraged the use of charging services through station upgrade and remodeling. For instance, the charging station at Southland Olympic Park, Guangzhou, had an installed capacity of 769KW and daily charging capacity of up to 3082KW.

III. In terms of basic coverage

1. *Enriching talent training to upgrade human capital*

In pursuit of corporate development goals and a better training system, the Group particularly stepped up efforts to strengthen internal and external training and implemented a point system for training management, so as to ensure effective training and improve the quality of talents.

2. *Establishment of internal entrepreneurship platform*

In order to inspire operational viability, strengthen staff's internal management capability and foster a positive relationship for mutual growth, during the Reporting Period, Zhuhai Titans Technology Co., Ltd.* (珠海泰坦科技股份有限公司) ("Titans Technology"), a subsidiary of the Group, set up an internal entrepreneurship platform that creates mutual value and shared benefits between the company and employees, so that they could achieve win-win results.

3. *Building of R&D and manufacturing base*

During the Reporting Period, the Group topped out and started the interior fit-out works for the R&D and manufacturing base in Zhuhai Hi-tech Zone. Adopting the green construction model that integrates photovoltaic power, storage and charging, the new base will be put into use in the second half of 2019. The launch of this modern base will provide the Group with a more reliable and safe workplace for research, development, production and operation, where the R&D function and manufacturing function are placed together in an attempt to achieve higher efficiency and support sustainable development.

The Group's Business Focuses and Related Plans for 2019

Industry Structure and Trends:

At a press conference of the Ministry of Industry and Information Technology (MIIT), an MIIT official predicted that the new energy vehicles market would further expand in 2019, with a production and sales volume exceeding 1.5 million. Meanwhile, at the Report on Development of Electric Vehicle Charging Infrastructure and Construction of Monitoring Platform in the PRC, the EVCIPA forecasted the number of public charging piles and public charging parks to grow by 118,000 and 10,700 respectively in 2019.

Previously, various automobile companies have launched new energy vehicle development plans. For example, Geely aims to achieve a portfolio with more than 90% being new energy vehicles by 2020; BAIC Group plans to cease the sales of fossil fuel vehicles by 2025; Mercedes-Benz targets to electrify the entire product offering by 2022; and Volkswagen sets its goals for full electrification and phase out of fossil fuel vehicles by 2030. The banning of sales of fossil fuel vehicles will no doubt speed up the development of new energy vehicles.

As the source of power supply for new energy vehicles, charging infrastructure will be under fast construction and development, which will lay a solid foundation for the industry. The Group is strongly optimistic for the prospects of new energy vehicle charging facilities and adheres to the dual-drive strategy of "Equipment + Operation". Specific tasks for 2019 are planned as follows:

I. In terms of equipment manufacturing

1. The restructuring of user requirements is underway due to the lack of a universal standard for charging facilities. In view of this, the first task of the Group is to maintain and enhance the leading position of its product series and comprehensive service capabilities in 2019. It will have to keep abreast of the demand from market and customers (in particular non-grid customers) to establish and progressively optimize the complete business chain covering "planning, design, construction, the supply of equipment and intelligent services".

2. The Group will continue to maintain a leading position in terms of technology with focuses on three aspects regarding technology development: (1) introduction of products integrating photovoltaic power, storage and charging to the market in 2018 and further improvement of its product series and standardization in 2019; (2) introduction of water-cooled charging modules and initiation of silicon carbide charging module research and development to resolve the problem of charging implementation adapted to the environment; (3) introduction of intelligent charging project management and engineering service system for charging facilities.

3. In view of the non-standardized and engineered product features of charging facilities, the Group should maintain a leading position in supply chain management by (1) standardizing products and services; (2) shortening the supply chain and enhancing the efficiency of product and service delivery to achieve a faster and better delivery than competitors; (3) further expanding the production capacity.

4. Through capital means such as mergers and acquisitions, we will integrate the superior resources from upstream and downstream and thus rapidly expanding the scale of the enterprise.

II. Charging investment and operations

1. In 2018, with the promulgation of “Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” as a key area for promoting new energy industry, rapid and stable investment opportunities will definitely burst out for charging and energy storage businesses in 2019 and the Group will seize the opportunity to focus its investment and operation of charging and energy storage in the Greater Bay Area.

2. Attracting strategic investors, exploring joint ventures and cooperation in station construction will complement the shortcomings of the Company by virtue of capital and market resources.

3. Maintaining its leading position in resource integration ability by (1) cooperating with OEMs and vehicle operators in tracking the latest battery technology, providing the most reasonable charging solution to build an effective charging network; (2) cooperating with local governments in top-level design with spread implementation to maintain its leading role as the local charging facility operator and service provider; (3) cooperating with property and parking lot resources in building a charging network to achieve mutual benefit for both property and charging business.

4. Adhering to the major operation principle of “efficiency focusing, risk controlling and rhythm mastering” by (1) emphasizing project profitability and cash recovery ability to effectively avoid the occurrence of barren piles and vehicles; (2) laying stress on the risk prevention regarding the technological operation of vehicle models and batteries; (3) controlling the investment rhythm and proportional allocation between “centralized exclusive charging project” and “public charging facility” so as to maximize the efficiency of capital utilization.

5. Maintaining its leading strengths of refined management in investment and operation with the management principle of “dual core for doubling efficiency” by (1) optimizing power utilization efficiency with the least input, the fastest service provision and the lowest consumption to achieve the leading power utilization efficiency in terms of equipment; (2) enhancing the facility utilization efficiency in terms of users by virtue of enhancing vehicle and user adhesiveness to better improve the utilization efficiency of charging facilities.

III. Fundamental management

1. Through integration of business chains, optimization of business management procedures and organizational structure, the Company will strive to effectively control and reduce the management costs in 2019.

2. Through adjustment to sales policy, reduction of the proportion of fixed costs in sales expenses and increasing the proportion of sales personnel's performance bonus and bonus, the Company will strive to effectively control and reduce sales expenses in 2019.

3. Through optimizing the Group's financial structure, exploring diversified financing models and rationally arranging financing plans, the Company will improve its financing capabilities and reduce the risks of financial costs to the Group's operations.

In 2019, the external environment will return to growth. The Group will emphasize on solving internal problems and actively respond to complex and volatile situations. We believe that we, by management optimization, increasing income and reducing expenditures, will realize a substantial enhancement in our performance in 2019.

FINANCIAL REVIEW

Revenue

Our revenue decreased from RMB327,861,000 for the year ended 31 December 2017 to RMB270,204,000 for the year ended 31 December 2018, representing a decrease of approximately 17.59%. The decrease in revenue of the Group was mainly due to the fact that the revenue from charging equipment for electric vehicles, one of the Group's key products, was affected by combined factors of the increasingly competitive market and the adjustment of sales strategy and recorded a relatively substantial decrease during the Reporting Period. And the revenue of electrical DC products, another key product of the Group, and charging services for electric vehicles and construction under BOT arrangements increased in varying degrees, among which the growth of the revenue from electrical DC products was 24.34% while revenue from charging services fees for electric vehicles increased by 70.86% and revenue from construction under BOT arrangements significantly increased by 2.47 times.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, decreased by approximately 12.45% from RMB214,714,000 for the year ended 31 December 2017 to RMB187,973,000 for the year ended 31 December 2018. The decrease in cost of sales was main attributable to the decrease in revenue during the Reporting Period.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2017 and 2018:

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Gross Profit	**Percentage of total gross profit**	**Gross profit margin**	Gross Profit	Percentage of total gross profit	Gross profit margin
	RMB'000	***%***	***%***	*RMB'000*	*%*	*%*
Electrical DC products	**30,218**	**36.75**	**25.04**	22,665	20.03	23.35
Charging equipment for electric vehicles	**41,135**	**50.02**	**36.60**	83,202	73.54	39.34
Construction under BOT arrangements	**5,976**	**7.27**	**35.41**	1,919	1.70	28.07
Charging services for electric vehicles	**4,737**	**5.76**	**26.62**	4,786	4.23	45.96
Others	**165**	**0.02**	**6.69**	575	0.50	28.38
Total/average	**82,231**	**100**	**30.43**	113,147	100	34.51

Our gross profit decreased by approximately 27.32% from RMB113,147,000 for the year ended 31 December 2017 to RMB82,231,000 for the year ended 31 December 2018. Our gross profit margin decreased from approximately 34.51% for the year ended 31 December 2017 to approximately 30.43% for the year ended 31 December 2018. The decrease in gross profit margin as compared to that of the corresponding period of last year was primarily due to the intensified market competition in respect of the sales of charging equipment for electric vehicles, resulting in the adjustment of the product pricing by the Company during the Reporting Period.

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, increased by approximately 51.94% from RMB20,019,000 for the year ended 31 December 2017 to RMB30,416,000 for the year ended 31 December 2018.

The increase in other revenue of the Group was attributable to the combined effect of, amongst others, the increase in loan interest income of approximately RMB5,753,000 and the increase in government grants of approximately RMB8,282,000 during the year.

Selling and distribution expenses

Our selling and distribution expenses, which mainly comprised the relevant expenses in sales and after-sales services, salaries of sales personnel, benefits and travelling expenses, and office expenses, entertainment expenses and other expenses, increased by approximately 4.91% from RMB48,438,000 for the year ended 31 December 2017 to RMB50,814,000 for the year ended 31 December 2018. Our selling and distribution expenses as a percentage of revenue increased from approximately 14.77% for the year ended 31 December 2017 to approximately 18.81% for the year ended 31 December 2018. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the Reporting Period: (1) sales-related expenses such as salaries, travelling and entertainment expenses increased by approximately RMB2,529,000; (2) sales-related expenses such as office and advertising expenses increased by approximately RMB1,438,000; (3) sales-related fees such as bid-winning services fees increased by approximately RMB600,000; (4) sales-related expenses such as transportation, installing and testing expenses decreased by approximately RMB1,763,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses decreased by approximately RMB428,000.

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 19.93% from RMB65,773,000 for the year ended 31 December 2017 to RMB78,879,000 for the year ended 31 December 2018. Our administrative and other expenses as a percentage of revenue increased from approximately 20.06% for the year ended 31 December 2017 to approximately 29.19% for the year ended 31 December 2018. The increase of approximately RMB13,106,000 in our administrative and other expenses during the Reporting Period was mainly due to the following integrated factors: (1) expenses such as benefits, travelling and entertainment expenses relating to management increased by approximately RMB581,000; (2) bank charges and payment to lawyers and professional individuals increased by approximately RMB13,411,000; (3) rental, transportation and other taxes increased by approximately RMB346,000; (4) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management increased by approximately RMB1,225,000; (5) asset handling fees increased by approximately RMB61,000; (6) expenses such as salaries, research and development and depreciation expenses relating to management decreased by approximately RMB7,423,000; (7) amortization and other sundry expenses decreased by approximately RMB272,000; and (8) exchange losses increased by approximately RMB5,177,000.

Allowance for impairment loss recognised in respect of trade receivables

For the year ended 31 December 2018, individually impaired trade receivables of approximately RMB1,803,000 (2017: RMB7,294,000) was included in provision for trade receivables. The decrease in allowance for impairment loss of trade receivables of approximately RMB5,491,000 was mainly due to the effectiveness of the establishment of the trade receivables collection department.

Share of results of associates

As at 31 December 2018, the Group owned 35% (as at 31 December 2017: 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 RMB924,000.

As at 31 December 2018, the Group owned 20% (as at 31 December 2017: 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 Reporting Period was approximately RMB8,000.

As at 31 December 2018, the Group indirectly held 18.4% (as at 31 December 2017: 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 Reporting Period was approximately RMB3,830,000.

As at 31 December 2018, the Group owned 49% (as at 31 December 2017: 49%) equity interest in Qingdao Jiaoyun Titans New Energy Vehicle Leasing Service Co., Ltd* (青島交運泰坦新能源汽車租賃服務有限公司) ("Jiaoyun Titans"). Jiaoyun Titans is mainly engaged in the construction of charging network for electric vehicles business and lease business for electric vehicles. Jiaoyun Titans was accounted for as the Group's associate, and the Group's share of loss from Jiaoyun Titans for the Reporting Period was approximately RMB46,000.

As at 31 December 2018, the Group owned 10% (as at 31 December 2017: Nil) equity interest in Tongren City Green Travelling New Energy Transportation Operation Co., Limited (銅仁市綠色出行新能源交通營運有限公司) ("Tongren Green Travelling"). Tongren Green Travelling is principally engaged in the construction of charging network for electric vehicles and lease business for electric vehicles. Tongren Green Travelling was accounted for as the Group's associate, and the Group's share of loss from Tongren Green Travelling during the Reporting Period was approximately RMB60,000.

During the Reporting Period, the Group owned 20% (as at 31 December 2017: Nil) equity interest in Qingdao Titans Yilian New Energy Technology Co., Limited* (青島泰坦驛聯新能源科技有限公司) ("Qingdao Titans"). Qingdao Titans is principally engaged in the construction of charging network for electric vehicles business, as well as the sale, lease and maintenance of electric vehicles. Qingdao Titans was accounted for as the Group's associate, and the Group's share of profit from Qingdao Titans during the Reporting Period was approximately RMB2,000.

During the Reporting Period, the Group owned 36% (as at 31 December 2017: 51%) equity interest in Guangdong Titans Intelligent Power Co., Ltd* (廣東泰坦智能動力有限公司) ("Guangdong Titans"). Guangdong Titans is principally engaged in the research and development, sales and manufacturing of charging equipment for Automated Guided Vehicles ("AGV"). During the Reporting Period, the Group's shares held in Guangdong Titans was diluted due to the introduction of a new shareholder by Guangdong Titans. Guangdong Titans was accounted for as the Group's associate, and the Group's share of loss from Guangdong Titans during the Reporting Period was approximately RMB111,000.

Finance costs

Our finance costs decreased by approximately 33.67% from RMB16,695,000 for the year ended 31 December 2017 to RMB11,074,000 for the year ended 31 December 2018. Our finance costs as a percentage of revenue decreased from approximately 5.09% for the year ended 31 December 2017 to approximately 4.10% for the year ended 31 December 2018. The decrease in our finance costs was mainly due to the decrease in effective interest expense on the convertible notes.

Income tax expense

Our income tax expense was RMB1,601,000 for the year ended 31 December 2018 whereas income tax expense was RMB41,145,000 for the year ended 31 December 2017. The effective tax rate (being the ratio of our tax expense to our loss/profit before tax) for the year ended 31 December 2018 was 3.80% (2017: 20.54%).

Loss attributable to non-controlling interests

For the year ended 31 December 2018, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB3,536,000, as compared with a loss of approximately RMB4,540,000 for the year ended 31 December 2017. This amount represents the attributable loss in the non-wholly owned subsidiaries of the Company.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2018 was RMB40,168,000 whilst profit for the year ended 31 December 2017 was RMB163,706,000, representing a decrease of RMB203,874,000.

The significant increase in loss attributable to owners of the Company was mainly due to: (1) the decrease in revenue of key products compared with last year; (2) the significant increase in loss on disposal of available-for-sale financial assets during the year; and (3) the significant increase in agency fees in relation to the disposal of available-for-sale financial assets during the year.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2018 was approximately RMB42,260,000 whilst total comprehensive income for the year ended 31 December 2017 was approximately RMB54,626,000, representing a decrease of approximately RMB96,886,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2017 and 2018:

	Year ended 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**8,985**	**11.12**	8,640	11.26
Work-in-progress	**11,709**	**14.49**	11,275	14.70
Finished goods	**60,120**	**74,39**	56,802	74.04
	80,814	**100**	76,717	100.00

The Group's inventory balances increased from RMB76,717,000 as at 31 December 2017 to RMB80,814,000 as at 31 December 2018.

Our average inventory turnover days increased from approximately 148 days for the year ended 31 December 2017 to approximately 153 days for the year ended 31 December 2018, which was due to the higher decrease in revenue in charging facilities for electric vehicles during the Reporting Period.

The Group has not made any general or special provision for the inventory as at 31 December 2018.

Analysis on Trade and Bills Receivables

As at 31 December 2017 and 2018, our trade and bills receivables (net of allowance) amounted to RMB333,094,000 (comprising trade receivables of RMB332,231,000 and bills receivables of RMB863,000) and RMB238,024,000 (comprising trade receivables of RMB236,454,000 and bills receivables of RMB1,570,000) respectively. The decrease in trade and bills receivables was mainly due to the decrease in revenue and the Company's enhanced management of trade receivable in 2018.

The table below sets forth the ageing analysis of our trade receivables by due date as of 31 December 2017 and 2018:

	Year ended 31 December 2018		Year ended 31 December 2017	
	Net amount		Net amount	
	RMB'000	*%*	*RMB'000*	*%*
0 to 90 days	**87,901**	**37.17**	151,787	45.69
91 days to 180 days	**18,884**	**7.99**	26,626	8.01
181 days to 365 days	**56,748**	**24**	86,798	26.13
Over 1 year to 2 years	**62,682**	**26.51**	50,527	15.21
Over 2 years to 3 years	**9,857**	**4.17**	10,379	3.12
Over 3 years	**382**	**0.16**	6,114	1.84
Total	**236,454**	**100**	332,231	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 2018, we made an impairment loss on trade receivables of approximately RMB1,803,000 (2017: approximately RMB7,294,000).

Analysis on Trade and Bills Payables

As at 31 December 2017 and 2018, our trade and bills payables amounted to approximately RMB101,193,000 (comprising trade payables of approximately RMB88,997,000 and bills payables of approximately RMB12,196,000) and approximately RMB83,490,000 (comprising trade payables of approximately RMB72,453,000 and bills payables of approximately RMB11,037,000) respectively. The decrease in trade and bills payables was mainly due to the relatively significant decrease in revenue in 2018. For the years ended 31 December 2017 and 2018, our trade and bills payable turnover days were approximately 120 days and approximately 162 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2017 and 2018:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**55,367**	73,017
91 days to 180 days	**9,552**	5,541
181 days to 365 days	**12,918**	14,980
1 year to 2 years	**2,978**	7,655
Over 2 years	**2,675**	–
	83,490	101,193

Debts

The following table sets out our indebtedness as at 31 December 2017 and 2018.

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	RMB'000	**Interest rates**	*RMB'000*	Interest rates
Current				
Bank borrowings	**109,000**	**0.4% to 6.96%**	133,000	0.4% to 6.53%
Convertible notes	**–**	**–**	83,567	4.35%
Other borrowings	**28,991**	**5%–10%**	1,945	5.75%
Non-current				
Bank borrowings	**42,953**	**6.64%**	–	–
Other borrowings	**94,481**	**7%–14.44%**	3,450	5.75%
	275,425		221,962	

As at 31 December 2018, total bank borrowings and other borrowings amounted to RMB275,425,000 (as at 31 December 2017: RMB221,962,000), among which RMB179,481,000 were secured loans (as at 31 December 2017: RMB138,395,000) and the remaining balance of RMB95,944,000 were unsecured loans (as at 31 December 2017: nil). Bank borrowings as at 31 December 2018 were subject to the floating interest rates ranging from 0.4% to 6.96% per annum (as at 31 December 2017: from 0.4% to 6.53% per annum).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 December 2018. The capital of the Group only comprises ordinary shares.

As at 31 December 2018, the total equity of the Group amounted to RMB592,013,000 (as at 31 December 2017: RMB657,435,000), the Group's current assets were RMB728,068,000 (as at 31 December 2017: RMB776,219,000) and current liabilities were RMB279,090,000 (as at 31 December 2017: RMB382,409,000). As at 31 December 2018, the Group had short-term bank deposits, bank balances and cash of RMB83,955,000 (as at 31 December 2017: RMB133,133,000), excluding restricted bank balances of RMB38,451,000 (as at 31 December 2017: RMB61,433,000). Our total assets less our total liabilities equals to our net assets, which was RMB592,013,000 as at 31 December 2018 (as at 31 December 2017: RMB657,435,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2018, the Group had aggregate amount of outstanding bank borrowings and other borrowings of RMB275,425,000 (as at 31 December 2017: RMB221,962,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was 28.05% as at 31 December 2018.

SIGNIFICANT INVESTMENTS

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, Zhuhai Titans Power Electronics Company Limited* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics") has conditionally agreed to dispose of, and Lead Intelligent has conditionally agreed to purchase, 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"), 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 interest of Titans New Power by the Group was determined at RMB135,000,000 (which was 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.

Lead Intelligent distributed to all shareholders an additional 9.968631 bonus share per 10 existing shares held by them according to the 2017 profit distribution plan on 28 March 2018. Therefore, the number of Lead Intelligent shares held by the Group increased from 2,193,500 shares to 4,380,119 shares.

As of 31 December 2018, the Group has completed the disposal of all 4,380,119 shares held by it in Lead Intelligent.

Save as disclosed above, the Group did not hold any significant investment during the year ended 31 December 2018.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2018, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2018 and at the date of this announcement, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB53,690,000 (as at 31 December 2017: approximately RMB51,271,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2018 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 RMB1,761,000 as at 31 December 2018 (as at 31 December 2017: approximately RMB2,209,000) were pledged to secure the bank borrowings and other facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2018, the Group had 523 employees in total (as at 31 December 2017: 534 employees). The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

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

SHARE OPTION SCHEME

The Company adopted the share option scheme on 8 May 2010 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives to the eligible persons (including but not limited to employees, officers, agents, consultants or representatives of any members of the Group (including the executive or non-executive directors of any members of the Group)) for their contributions to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group.

Details of the Share Option Scheme is set out in the section headed "Share Option Scheme" in the annual report of the Company.

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 (the "Shares"), 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 RMB5,276,000 (2017: exchange loss of RMB99,000). 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 2018. As at 31 December 2018, 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 flows. 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 2018.

Our accounts department projects monthly cash receipts and plans for cash payments based on the information provided by our marketing management and supporting 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 conditions 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.

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE

On 21 September 2018, Titans Power Electronics, a wholly-owned subsidiary of the Company entered into a loan agreement (the "2018 September Loan Agreement") with Shenzhen City Xinchengcan Investment Company Limited* (深圳市新城燦投資有限公司) (the "Borrower"), pursuant to which Titans Power Electronics has agreed to lend to the Borrower an amount of RMB89,610,000 for an initial term of six months from the date of the 2018 September Loan Agreement.

As one or more of the applicable percentage ratios in respect of the 2018 September Loan Agreement is more than 5% but less than 25%, the transaction contemplated under the 2018 September Loan Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Details of the provision of financial assistance has been set out in the announcement of the Company dated 21 September 2018.

MATERIAL LITIGATION AND ARBITRATION PROCEEDINGS

The Group has no material litigation or arbitration proceedings during the year ended 31 December 2018.

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 agreed to issued, 84,096,000 Shares at the share subscription price of HK$1.19 per subscription Share (the "Share Subscription"). Such issuance was completed on 22 October 2015. For more details, please refer to the announcements of the Company dated 12 October 2015 and 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.

The closing price of the Shares as at 12 October 2015 was HK$1.40.

On 28 February 2018, the Company and the Subscriber entered into the deed of variation, pursuant to which it is agreed that the maturity date of the outstanding convertible notes would be extended from 1 March 2018 to 1 June 2018.

On 1 June 2018, the Company and the Subscriber entered into the second deed of variation, pursuant to which it is agreed that the maturity date of the outstanding convertible notes would be extended from 1 June 2018 to 1 October 2018.

On 21 September 2018, the Company has redeemed in full the convertible notes by paying the total amount of HK$102,638,888.90, being the aggregate principal amount of the convertible notes outstanding together with all accrued and outstanding interest, to the Subscriber (the "Redemption"). Following the Redemption, the convertible notes was cancelled and the Company was discharged from all of its obligations under and in respect of the convertible notes.

For more details, please refer to the announcements of the Company dated 12 October 2015, 13 October 2015, 12 January 2016, 29 February 2016, 28 February 2018, 12 March 2018, 1 June 2018 and 21 September 2018.

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 of the Company as a whole.

Use of Proceeds from 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 approximately HK$100,074,240, equivalent to approximately RMB81,988,000, and HK$99,500,000, equivalent to approximately RMB81,518,000, respectively. The net issue price per subscription share based on the above net proceeds is approximately HK$1.183.

(2) In Respect of the Issue of Convertible Notes

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 issue of the 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 on energy reserves etc. of the Group.

	As of 31 December 2018				
Proposed use of proceeds	**Intended amount to be used from Share Subscription**	**Intended amount to be used from issue of the convertible notes**	**Total Intended amount to be used**	**Actual amount used**	**Unused amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)
Investment for construction and operation of charging facilities for electric vehicles	32,607	33,606	66,213	66,213	–
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	3,773	12,781
	81,518	84,016	165,534	152,753	12,781

On 21 September 2018, the Company redeemed the convertible notes in full by paying the total amount of HK$102,638,888.90, being the aggregate principal amount of the convertible notes outstanding (i.e. HK$100,000,000) together with all accrued and outstanding interest, to the Subscriber.

For more details on the Redemption, please refer to the announcement of the Company dated 21 September 2018.

Discloseable Transaction in relation to Provision of Financial Assistance

On 28 February 2018, Titans Power Electronics, a wholly-owned subsidiary of the Company, and Zhongshan Broad-Ocean Motor Co., Limited ("Broad-Ocean Motor") entered into a loan agreement, pursuant to which Titans Power Electronics has agreed to lend to Broad-Ocean Motor with an amount of RMB80,860,000 (equivalent to approximately HK$100,000,000) (the "Loan") for a period from 28 February 2018 to 2 June 2018 (the "Loan Agreement").

As the Subscriber and Broad-Ocean Motor are of the same group, the Company and Broad-Ocean Motor have reached the Loan Agreement with the simultaneous arrangement that the Subscriber would enter into the deed of variation to extend the maturity date of the outstanding convertible notes.

On 1 June 2018, Titans Power Electronics and Broad-Ocean Motor entered into a loan extension agreement, pursuant to which Titans Power Electronics and Broad-Ocean Motor agreed to extend the loan maturity date from 2 June 2018 to 1 October 2018 (the "Loan Extension Agreement") with the simultaneous arrangement that the Subscriber would enter into the second deed of variation to extend the maturity date of the outstanding convertible notes.

As one or more of the applicable percentage ratios under Rule 14.07 to the Listing Rules in respect of the Loan Agreement and Loan Extension Agreement are more than 5% but less than 25%, the transactions contemplated under the Loan Agreement and the Loan Extension Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the Loan Agreement and Loan Extension Agreement have been set out in the announcements of the Company dated 28 February 2018, 12 March 2018 and 1 June 2018.

On 21 September 2018, Broad-Ocean Motor has repaid in full the principal amount of the Loan together with all accrued and outstanding interest in connection with the Loan Agreement to the Group (the "Repayment").

For more details on the Repayment, please refer to the announcement of the Company dated 21 September 2018.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 24 May 2019. 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

In order to ascertain the entitlement to attend and vote at the AGM, which is proposed to be held on Friday, 24 May 2019, the register of members of the Company will be closed from Monday, 20 May 2019 to Friday, 24 May 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 May 2019.

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 2018 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 2018.

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 2018.

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 as well as risk management 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 2018.

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 2018 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 2018 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, 29 March 2019

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*