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 2011

FINANCIAL HIGHLIGHTS

– Turnover from continuing operations decreased by 6.52% to RMB268,660,000 as compared to the last year.

– Profit for the year and total comprehensive income attributable to owners of the Company decreased by 43.78% to RMB33,872,000 as compared to that of last year.

– Proposed final dividend of HK$1 cent per share.

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** ***RMB'000***	2010 *RMB'000* (Restated)
CONTINUING OPERATIONS			
Turnover	*(4)*	**268,660**	287,403
Cost of sales		**(146,707)**	(132,160)
Gross profit		**121,953**	155,243
Other revenue	*(6)*	**20,869**	8,295
Fair value change on convertible loan note		**–**	(3,956)
Selling and distribution expenses		**(33,385)**	(21,362)
Administrative and other expenses		**(55,574)**	(39,694)
Share of results of associates		**1,740**	(770)
Other expenses		**(157)**	(13,844)
Finance costs	*(7)*	**(3,783)**	(5,312)
Profit before taxation		**51,663**	78,600
Income tax expense	*(8)*	**(18,591)**	(14,606)
Profit for the year from continuing operations		**33,072**	63,994
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	*(9)*	**–**	82
Profit and total comprehensive income for the year	*(10)*	**33,072**	64,076
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**33,872**	60,253
Non-controlling interests		**(800)**	3,823
		33,072	64,076
Earnings per share	*(12)*		
From continuing and discontinued operations			
Basic *(RMB)*		**4.08 cents**	8.26 cents
Diluted *(RMB)*		**4.06 cents**	8.24 cents
From continuing operations			
Basic *(RMB)*		**4.08 cents**	8.25 cents
Diluted *(RMB)*		**4.06 cents**	8.23 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**21,681**	15,260
Deposits for acquisition of plant and equipment		**23,216**	6,843
Prepaid lease payments		**12,817**	–
Intangible assets		**1,324**	1,702
Interests in associates		**14,624**	20,983
Available-for-sale financial assets		**8,198**	–
		81,860	44,788
Current assets			
Inventories		**61,471**	35,354
Trade and bills receivables	*(13)*	**268,089**	254,946
Prepayments, deposits and other receivables		**37,439**	21,310
Prepaid lease payments		**288**	–
Amounts due from associates		**91,873**	48,826
Restricted bank balances		**10,081**	11,441
Short-term bank deposits		**101,000**	65,000
Bank balances and cash		**62,761**	151,615
		633,002	588,492
Current liabilities			
Trade and bills payables	*(14)*	**90,941**	63,270
Receipts in advance		**6,990**	4,600
Accruals and other payables		**56,478**	51,195
Dividend payables		**–**	142
Tax payable		**20,477**	20,053
Bank and other borrowings		**54,773**	40,000
		229,659	179,260
Net current assets		**403,343**	409,232
Total assets less current liabilities		**485,203**	454,020

	Notes	2011 RMB'000	2010 RMB'000
Non-current liabilities			
Deferred income		**1,308**	–
Deferred tax liabilities		**10,194**	–
		11,502	–
Net assets		**473,701**	454,020
Capital and reserves			
Share capital		**7,311**	7,311
Reserves		**464,075**	440,660
Equity attributable to owners of the Company		**471,386**	447,971
Non-controlling interests		**2,315**	6,049
Total equity		**473,701**	454,020

Notes:

1. GENERAL

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of the registered office is P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Island. The address of the principal place of business and headquarters in the PRC is Titans Science and Technology Park, No. 60 Shihua Road West, Zhuhai, Guangdong Province, the PRC. The address of the principal place of business in Hong Kong is Room 09-10, 41/F, China Resources Building, 26 Harbour, Wanchai, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 May 2010.

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

The Company's principal activity is investment holding.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Under a corporate reorganisation (the "Corporate Reorganisation") in preparation for the listing of the Company's shares in the Stock Exchange, the Company became the holding company of the companies comprising the Group on 8 May 2010. Details of the Corporate Reorganisation were set out in the prospectus dated 18 May 2010 issued by the Company (the "Prospectus").

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 December 2010 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 December 2010, or since the respective dates of incorporation of the relevant entity, where there is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2010 had been prepared to present the assets and liabilities of the companies now comprising the Group as at 31 December 2010 as if the current group structure had been in existence at that date.

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

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Amendments to Hong Kong Accounting Standards ("HKAS") 32	Classification of Rights Issues
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The directors of the Company anticipate that the application of new and revised HKFRSs has had no material impact on the Group's performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and revised standards, amendments and interpretations in issue but not yet effective

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

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] *Effective for annual periods beginning on or after 1 July 2011.*

[2] *Effective for annual periods beginning on or after 1 January 2012.*

[3] *Effective for annual periods beginning on or after 1 July 2012.*

[4] *Effective for annual periods beginning on or after 1 January 2013.*

[5] *Effective for annual periods beginning on or after 1 January 2014.*

[6] *Effective for annual periods beginning on or after 1 January 2015.*

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosure regarding transfers of financial assets in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these fives standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

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

5. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the executive directors that are used to make strategic decisions.

The Group currently organises its operations into five reportable segments, namely direct current power system ("DC Power System"), distribution of plug and switch system ("PASS") products and other segments which are power monitoring and management equipment, charging equipment for electric vehicles, wind and solar power generating balancing control products and high power light-emitting diode ("LED") lighting products. They represent six major lines of products sold by the Group. The principal activities of the reportable segments are as follows:

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

The operation of LED products was discontinued with effect from 1 November 2011 *(see note 9 for details)*.

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

Year ended 31 December 2011

	Continuing operations					Discontinued operation	
	DC Power System	PASS products	Power Monitoring	Charging Equipment	Wind and Solar Power	LED products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**114,477**	**3,585**	**28,497**	**122,101**	**–**	**–**	**268,660**
Segment results	**38,229**	**470**	**9,387**	**45,692**	**–**	**–**	**93,778**
Other revenue							**15,659**
Share of results of associates							**1,740**
Unallocated head office and corporate expenses							**(59,514)**
Profit before taxation							**51,663**

Year ended 31 December 2010

	Continuing operations					Discontinued operation	
	DC Power System	PASS products	Power Monitoring	Charging Equipment	Wind and Solar Power	LED products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	129,030	9,797	26,960	83,727	37,889	1,045	288,448
Segment results	51,956	1,646	13,855	38,720	19,721	97	125,995
Other revenue							2,556
Share of results of associates							(770)
Fair value change on convertible loan note							(3,956)
Unallocated head office and corporate expenses							(45,128)
Profit before taxation							78,697

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

Segment results represent the profit earned by each segment without allocation of central administrative cost, directors' emoluments, share of results of associates, fair value change on convertible loan note and finance costs. This is the measure reported to the chief executive officer for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	**2011**	2010
	RMB'000	*RMB'000*
Continuing operations:		
DC Power System	**173,929**	139,969
PASS Products	**33,830**	19,648
Power Monitoring	**33,034**	27,512
Charging Equipment	**146,059**	91,300
Wind and Solar Power	**–**	32,934
Total segment assets	**386,852**	311,363
Assets relating to discontinued operation	**1,306**	3,427
Unallocated	**326,704**	318,490
Consolidated assets	**714,862**	633,280

Segment liabilities	**2011**	2010
	RMB'000	*RMB'000*
Continuing operations:		
DC Power System	**41,729**	18,506
PASS Products	**1,306**	289
Power Monitoring	**10,388**	5,631
Charging Equipment	**45,816**	38,020
Wind and Solar Power	**–**	5,424
Total segment liabilities	**99,239**	67,870
Liabilities relating to discontinued operation	**–**	–
Unallocated	**141,922**	111,390
Consolidated liabilities	**241,161**	179,260

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

- all assets are allocated to reportable segments other than deposits for acquisition of plant and equipment, available-for-sale financial assets, amounts due from associates, interests in associates, prepayments, deposits and other receivables, restricted bank balances, short-term bank deposits and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than dividend payables, accruals and other payables, tax payable, bank and other borrowings and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

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

For the year ended 31 December 2011

	Continuing operations					Discontinued operation	
	DC Power System	**PASS products**	**Power Monitoring**	**Charging Equipment**	**Wind and Solar Power**	**LED products**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Additions to non-current assets	**5,077**	**13,120**	**1,264**	**5,414**	**–**	**–**	**24,875**
Depreciation and amortisation	**1,951**	**360**	**610**	**1,863**	**–**	**–**	**4,784**

For the year ended 31 December 2010

	Continuing operations					Discontinued operation	
	DC Power System	PASS products	Power Monitoring	Charging Equipment	Wind and Solar Power	LED products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to non-current assets	1,420	95	58	1,530	1,753	93	4,949
Depreciation and amortisation	1,241	195	206	638	288	8	2,576
Allowance for trade receivables	1,325	490	859	277	–	10	2,961

Note:

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

Geographical information

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

Major customers

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

	2011	2010
	RMB'000	*RMB'000*
Customer A[1]	**57,462**	34,682
Customer B[1]	**39,268**	N/A[2]

[1] Revenue mainly from Charging Equipment

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

6. OTHER REVENUE

	2011	2010
	RMB'000	*RMB'000*
Continuing operations		
Value added tax ("VAT") refunds *(Note a)*	**5,210**	5,739
Interest income	**1,974**	1,559
Gain on deemed disposal of a subsidiary	**–**	509
Deemed gain on deregistration of a subsidiary	**78**	–
Gain on deemed disposal of partial interest in an associate	**–**	77
Gain on deemed disposal of interests in associates	**114**	–
Consultancy service income	**688**	109
Government grants *(Note b)*	**12,201**	103
Reversal of allowance for other receivables	**–**	87
Rental income *(Note c)*	**47**	50
Repairs and maintenance services provided	**307**	35
Other income	**250**	27
	20,869	8,295

Notes:

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

(b) Government grants represent the subsidies received from Zhuhai Finance Bureau (「珠海市財政局」), Department of Finance of Guangdong Province (「廣東省財政廳」) and The Ministry of Science and Technology of the People's Republic of China (「中華人民共和國科學技術部」) regarding the research and development on technology innovation of which there are no unfulfilled conditions or contingencies relating to those subsidies during the year. For the year ended 31 December 2010, the subsidy received from Zhuhai People's Government (「珠海市人民政府」) regarding Titans Technology was one of the top ten civil enterprises of Zhuhai city (「珠海市十大民營企業」) during the year.

(c) Rental income is net of outgoings of RMB31,000 for the year ended 31 December 2011 (2010: RMB22,000).

7. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Continuing operations		
Interest on:		
Bank and other borrowings wholly repayable within five years	**1,465**	2,551
Advance from staff	**–**	6
Factoring cost on trade receivables	**2,318**	2,755
	3,783	5,312

8. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Current tax:		
PRC Corporate Income Tax	**8,397**	14,606
Deferred tax		
Current year	**10,194**	–
	18,591	14,606

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.

The relevant tax rate for the Group's subsidiaries in the PRC was 25% for the year ended 31 December 2011 (2010: 25%).

Zhuhai Titans Automatic Technology Company Limited ("Titans Automatic"), Zhuhai Titans Technology Co., Ltd. ("Titans Technology") and Zhuhai Titans New Energy Systems Co., Ltd. ("Zhuhai Clear") were established in Zhuhai, the special economic zone, the income tax rates applicable to them was 15% pursuant to the relevant PRC laws in 2007, Titans Technology and Zhuhai Clear were recognised as High and New Technology Enterprises by Department of Science and Technology of Guangdong Province in 2008 and the income tax rate applicable to them is 15% for the year ended 31 December 2011 (2010:15%).

Starting from May 2008, Titans Automatic in the PRC is exempted from the PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Provision for PRC income tax has been made based on 50% reduction in Titans Automatic for the years ended 31 December 2011 and 2010.

The taxation for the years can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Profit before taxation from continuing operations	**51,663**	78,600
Tax at the applicable income tax rate of 15%	**7,865**	11,789
Tax effect of expenses not deductible for tax purpose	**2,397**	4,272
Tax effect of income not taxable for tax purpose	**(1,818)**	(861)
Tax effect of share of results of associates	**(261)**	115
Tax effect of tax losses not recognised	**1,411**	150
Effect of tax exemption granted	**–**	(274)
Other temporary differences not recognised	**–**	(120)
PRC withholding income tax	**10,194**	–
Utilisation of tax losses previously not recognised	**–**	(465)
Effect of difference tax rate of subsidiaries	**(1,197)**	–
Taxation for the year relating to continuing operations	**18,591**	14,606

9. DISCONTINUED OPERATION

Pursuant to a resolution passed on 1 November 2011, the directors decided to cease the operation of LED products with immediate effect. The comparative profit and cash flows from discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

The profit for the year from the discontinued operation is analysed as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit of LED products operation for the year	**–**	82

The results of the LED products operation for the period from 1 January 2011 to 31 October 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period from 1 January 2011 to 31 October 2011	**Year ended 31 December 2010**
	RMB'000	*RMB'000*
Revenue	–	1,045
Cost of sales	–	(820)
Selling and distribution expenses	–	(128)
Profit before tax	–	97
Income tax expense	–	(15)
Profit for the period/year	–	82

Profit for the year from discontinued operation include the following:

Depreciation of property, plant and equipment	–	8

During the year ended 31 December 2011, the discontinued operation contributed no effect to the Group's net operating cash flows.

10. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Profit for the year from continuing operations have been arrived at after charging:		
Staff costs		
Directors' emoluments	**1,983**	2,091
Other staff		
– share based payments for other staff	**6,922**	3,960
– salaries and other allowances	**24,130**	16,097
– retirement benefits scheme contributions (excluding directors)	**3,822**	1,774
Total staff costs	**36,857**	23,922
Depreciation of property, plant and equipment	**4,212**	2,199
Amortisation of prepaid lease payments	**194**	–
Amortisation of intangible assets	**378**	377
Auditor's remuneration	**840**	717
Research and development costs	**16,369**	13,362
Operating lease rentals in respect of rented premises	**1,070**	1,486
Loss on disposal of property, plant and equipment	**284**	70
Loss on deemed disposal of an associate	**15**	–
Allowance for trade receivables (included in administrative expenses)	**–**	2,961
Reversal of allowance for inventories (included in cost of sales)	**–**	(128)
Cost of inventories recognised as an expense	**146,707**	133,108

11. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2011 Interim – HK3 cents	**20,425**	–

The final dividend of HK1 cent in respect of the year ended 31 December 2011 (2010: nil) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

12. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**33,872**	60,253
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**830,000,000**	729,082,959
Effect of dilutive potential ordinary shares:		
Share options	**3,497,673**	2,289,268
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**833,497,673**	731,372,227

From continuing operations

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

	2011	2010
	RMB'000	*RMB'000*
Earnings figures are calculated as follow:		
Profit for the year attributable to owners of the Company	**33,872**	60,253
Less: Profit for the year from discontinued operation	**–**	(82)
	33,872	60,171

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

13. TRADE AND BILLS RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**279,770**	265,077
Less: allowance for trade receivables	**(13,431)**	(13,431)
	266,339	251,646
Bills receivables	**1,750**	3,300
Total trade and bills receivables	**268,089**	254,946

Included in the balances of trade receivables as at 31 December 2011 were retention receivables of approximately RMB36,538,000 (2010: RMB37,757,000).

The following is an aged analysis of trade receivables net of allowance for trade receivables at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
0 – 90 days	**101,099**	128,489
91 – 180 days	**20,145**	17,234
181 – 365 days	**53,787**	55,876
1 – 2 years	**76,426**	39,081
2 – 3 years	**11,732**	10,966
Over 3 years	**3,150**	–
	266,339	251,646

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

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

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

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

As at 31 December 2011, included in the Group's trade receivable balances were receivables with aggregate carrying amounts of approximately RMB165,240,000 (2010: RMB123,157,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	2011	2010
	RMB'000	*RMB'000*
Duration of past due		
0 – 90 days	**20,146**	17,234
91 – 180 days	**13,447**	13,969
181 – 365 days	**59,447**	51,677
1 – 2 years	**60,252**	32,052
2 – 3 years	**9,586**	8,225
Over 3 years	**2,362**	–
	165,240	123,157
Neither past due nor impaired	**101,099**	128,489
	266,339	251,646

Movement in the allowance for trade receivables:

	2011	2010
	RMB'000	*RMB'000*
Balance at beginning of the year	**13,431**	11,150
Deemed disposal of a subsidiary	**–**	(680)
Allowance for trade receivables	**–**	2,961
Balance at end of the year	**13,431**	13,431

As at 31 December 2011, included in the allowance for trade receivables are individually impaired trade receivables with aggregate balances of approximately RMB13,431,000 (2010: RMB13,431,000) which have been placed in severe financial difficulties. The Group does not hold any collateral over these balances.

During the year, the Group has not factored any accounts receivables (2010: RMB49,546,000) to a bank.

Pursuant to an agreement, Titans Technology pledged trade receivables of approximately RMB50,000,000 (2010: RMB11,509,000) for credit facilities of RMB50,000,000 (2010: RMB38,400,000) granted to Titans Technology from a bank.

14. TRADE AND BILLS PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**70,226**	51,941
Bills payables	**20,715**	11,329
Total trade and bills payables	**90,941**	63,270

The following is an aged analysis of trade payables at the reporting date:

	2011	2010
	RMB'000	*RMB'000*
0 – 90 days	**57,043**	47,537
91 – 180 days	**4,511**	2,344
181 – 365 days	**7,022**	452
1 – 2 years	**952**	1,608
Over 2 years	**698**	–
	70,226	51,941

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

FINAL DIVIDEND

The Board has recommended a final dividend of HK$1 cent per share (2010: nil) for the year ended 31 December 2011. The proposed final dividend is subject to approval by the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting of the Company (the "Annual General Meeting") and expected to be paid on or before 15 June 2012. Only Shareholders whose name appear on the register of members of the Company on 1 June 2012 are entitled to the final dividend.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of Shareholders to the aforesaid proposed final dividend, the register of members of the Company will be closed from 31 May 2012 to 1 June 2012, both days inclusive, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 30 May 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2011, the Group recorded a turnover from continuing operations of RMB268,660,000, a decrease of 6.52% over RMB287,403,000 of last year. We believe the decrease in turnover as compared with that of last year is mainly due to delays in proposed government related projects and vigorous competition from other manufacturers. The Company's overall performance was below expected target. The table below shows the turnover of our different groups of product for the two years ended 31 December 2010 and 2011.

	For the year ended 31 December			
	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Continuing operations				
Electrical DC products	**114,477**	**42.61**	129,030	44.73
Power grid monitoring and management products	**28,497**	**10.61**	26,960	9.34
Charging equipment for electric vehicles	**122,101**	**45.45**	83,727	29.03
Wind and solar power generation balancing control systems	**–**	**–**	37,889	13.14
PASS products	**3,585**	**1.33**	9,797	3.40
Turnover from continuing operations	**268,660**	**100.00**	287,403	99.64
Discontinued operation				
High-power LED lighting equipment	**–**	**–**	1,045	0.36
Total	**268,660**	**100.00**	288,448	100.00

We recorded a profit and total comprehensive income of RMB33,072,000 in 2011, representing a decrease of 48.39% over that of last year.

In 2011, we recorded a substantial decrease in profit and total comprehensive income as compared with that of last year. It was mainly due to various factors such as the increase in price of some of our raw materials, substantial increase of various staff-related expenses and costs, increase in research and development expenses, marketing expenses and a one-off provision for deferred tax liabilities in anticipation of the proposed dividend from the Group's subsidiaries in the PRC for the year ended 31 December 2011.

Electrical DC products

During this reporting period, the Group's sales of its traditional products, namely electrical DC products was RMB114,477,000, representing a decrease of 11.28% as compared with that of 2010. The Directors consider that the decrease in the revenue of electrical DC products in 2011 was mainly due to the slow down in government investment in certain industries which typically require such products such as the railway industry, and the change in bidding manner for national grid system that led to intensifying market competition.

Power grid monitoring and management products

During this reporting period, the revenue from the sales of the Group's power grid monitoring and management products was RMB28,497,000, representing a slight increase of 5.7% as compared to that of 2010. The Directors consider that currently this business maintains a steady status from achieving steady sales of these products to certain provincial and municipal power grid companies.

Charging equipment for electric vehicles

During this reporting period, the revenue from the sales of the Group's charging equipment for electric vehicles was RMB122,101,000, representing an increase of 45.83% as compared to that of 2010. The Directors consider that the rapid growth of the charging equipment for electric vehicles is attributable to the national support policies on new energy vehicles, and the robust investments from the government and grid companies in electric vehicle charging station. After operating for several years, the Group's charging equipment for electric vehicles has achieved a better market position and reputation. Following the provision of equipments by the Group for key projects like the Olympic Games, World Expo and Asian Games, the Group supplied relevant equipments to renowned charging stations in the PRC in 2011. Furthermore, in the first half of 2011 the Group had successfully launched the sales of the battery formation, capacity grading and testing equipment that we developed, which had contributed to the growth of our electric vehicles charging business.

Wind and solar power generation balancing control products

During this reporting period, the Group did not record any revenue from the wind and solar power generation balancing control products as the Group had not put substantial resources in the sales of such products in view of the limited market opportunities in 2011. However, the Group had contributed greater investments in the research and development of these products for improving its competitiveness to meet market demands in 2011.

PASS products

During this reporting period, the revenue of the Group's PASS products was RMB3,585,000, representing a decrease of 63.41% as compared to that of 2010. The Directors consider that as the sales of these products currently is not the principal business of the Group, we will implement a reasonable market strategy based on market demand and our own resource condition.

High-power light-emitting diode ("LED") lighting products

During this reporting period, the Group did not record any revenue from the high-power LED lighting products. As disclosed by the Group in its annual report for the year of 2010, the high-power LED lighting products market faced an intensifying competition, and customers in this segment lacked synergy effect with the Group as opposed to other long term and stable customers of the Group in other segments, and the gross profit margin of such products are relatively lower than other products of the Group. Based on the above factors, the Group decided to cease the operation of this business in November 2011. The Directors consider this is in line with the operating strategy of the Group.

Below are other major operating and management activities of the Group in 2011.

1. The Group continued to increase its investment in research and development activities in 2011. The research and development expenses of the Group increased to RMB16,369,000 in 2011 from RMB13,362,000 in 2010. Such increase in expenses were due to recruiting senior research personnel, increase in equipment research and development materials, and increase in the scope of cooperation with domestic colleges and research institutions. In 2011, the research and development of the Group achieved a better progress. During the reporting period, the Group registered a total of 10 technology patents with 7 computer software copyrights, and also had 5 technology patents under application. At the same time, two technology development projects for electric vehicles charging of the Group were enlisted in the National 863 Plan for 2011 as host and co-host capacities respectively. In addition, a project for electric vehicles of the Group was enlisted in first batch of special projects for the strategic emerging industries development of Guangdong Province.

2. The Group continued to increase its investment in sales and marketing in 2011 which mainly included the employment of additional marketing sales personnel and market technology supporting personnel, and specialized offices were established in Beijing, Shandong and Henan. For marketing, the Group mainly invested in marketing its new products, in particular charging equipment for electric vehicles. In 2011, sales of charging equipment for electric vehicles of the Group achieved a rapid growth, and the products of the Group have been extensively applied in various key projects in the PRC. In the industry, especially in power grid companies, our products have obtained good market image and positioning.

3. The Group continued to increase its investment in its production capacity. In the first half of 2011, we leased a plant with an area of 9,110 square meters in Zhuhai City High-tech Enterprise Zone and commenced operations at this plant in May 2011. Our production capacity requirements in the next 2 to 3 years are guaranteed accordingly. At the same time, we are still planning to acquire a piece of land in Hengqin New Area, Zhuhai（珠海橫琴新區）to construct our headquarters and research and development base. In view of high current land premium in Hengqin New Area, the Group will scale down the acquisition of land areas in this region, and plan to seek other lands with lower premium in Zhuhai City or other provinces or cities for the purpose of construction its industrial base.

4. The Group further strengthened its internal operation management in 2011. The Group's Office Automation System was officially launched in the first half of 2011, and at the same time, we implemented the Product Life Cycle Management System which emphasizes on research and development, and the Customer Relationship Management System for sales management in the second half of 2011. In October 2011, the Group started the comprehensive budgeting management work. In addition, the Group also implemented some management activities like process streamlining and project management.

Prospects

Looking forward into 2012, despite the austerity control pressure directing the overall domestic economic situation in the PRC, the Directors believe that the investments in domestic power systems will remain steady in 2012 and the government will also continue to intensify their investment efforts in new energy, energy-saving and environment protection and gradually implement a series of measures encouraging investments. Taking the State Grid Corporation of China (國家電網公司) as an example, it will invest more than RMB300 billion in 2012, which is basically in line with 2011. At the same time, it will invest nearly RMB20 billion in establishing the charging stations and facilities for electric vehicles during the "Twelfth Five-Year Period". It will establish more than 600 charging stations in the following three years.

Despite the significant decrease in the Group's net profit in 2011, the Directors remain optimistic about the market situation faced by the Group in 2012. Though facing intensified competition, the market position of the Group's traditional DC power products remains strong. The momentum on new product development also remains strong. Through the continuous investment in research and development, the advancement and sophistication of products technology are further enhanced. Also, with the Group's continuous effort in 2011, the Group maintains its competitiveness in product positioning and sales channel, which enables us to offer our products at competitive prices. The above factors will lay a solid foundation for the healthy development of the Group in 2012.

In view of the change in the bidding process for national grid system for our DC power products in 2012, the Group will place more efforts to adjust the sales modes of products and at the same time, further improve product structure, lower its costs and endeavour to advance steadily to improve the market competitiveness of products. It will continue to increase the investment in the research and development and marketing of new products such as electric vehicles charging equipment. The Group will attain a leading position in both technology and market through measures in improving product categories and raise product technological standard on the basis of stabilizing current market share. At the same time, the Group will accelerate market promotion of the formation and capacity grading of power battery and testing products.

In 2012, the Group will strengthen its internal management and strictly control all kinds of expenses to improve the Group's profitability. Major management measures include stringent implementation of the overall budgeting management system and improvements in internal monitoring and auditing system, etc.

The Directors expect that, with the above measures, the Group targets to achieve a steady growth in its forthcoming results in 2012.

Financial Review

Comparison of our results for the years ended 31 December 2011 and 2010

Turnover

Our turnover from continuing operations decreased from RMB287,403,000 for the year ended 31 December 2010 to RMB268,660,000 for the year ended 31 December 2011, representing a decrease of 6.52%. As mentioned above, the decrease in turnover was mainly due to delay in proposed government related projects and vigorous competition from other manufacturers. The Company's overall operating results were below expected target.

Cost of sales

Our cost of sales, which mainly included material costs, direct labour costs and manufacturing expenses, increased by 11.01% from RMB132,160,000 for the year ended 31 December 2010 to RMB146,707,000 for the year ended 31 December 2011. The increase was primarily attributable to the increase of certain raw material costs and manufacturing expenses. Material costs were the principal component of our cost of sales.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2010 and 2011:

	For the year ended 31 December					
	2011			2010		
	Gross profit *RMB'000*	**Percentage of total gross profit** *%*	**Gross profit margin** *%*	Gross profit *RMB'000*	Percentage of total gross profit *%*	Gross profit margin *%*
Continuing operations						
Electrical DC products	**47,243**	**38.74**	**41.27**	61,968	39.92	48.03
Power grid monitoring and management products	**12,928**	**10.60**	**45.37**	17,146	11.04	63.60
Charging equipment for electric vehicles	**60,866**	**49.91**	**49.85**	48,940	31.52	58.45
Wind and solar power generation balancing control systems	**–**	**–**	**–**	24,347	15.68	64.26
PASS products	**916**	**0.75**	**25.55**	2,842	1.83	29.10
Total from continuing operations	**121,953**	**100.00**	**45.39**	155,243	100.00	54.02

Our gross profit from continuing operations decreased by 21.44% from RMB155,243,000 for the year ended 31 December 2010 to RMB121,953,000 for the year ended 31 December 2011. Our gross profit margin decreased from 54.02% for the year ended 31 December 2010 to 45.39% for the year ended 31 December 2011. The decrease of our gross profit margin was mainly due to the reduction of selling price to accommodate market competition in the reporting period as well as the impact from the increase of certain raw material costs and manufacturing expenses.

Other revenue

Our other revenue, which mainly included VAT refunds, government subsidies and interest income, increased by 151.59% from RMB8,295,000 for the year ended 31 December 2010 to RMB20,869,000 for the year ended 31 December 2011.

The increase in other revenue of the Group was mainly attributable to the government subsidies received from The Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部), Department of Finance of Guangdong Province (廣東省財政廳) and Zhuhai Finance Bureau (珠海市財政局) respectively during the reporting period. The subsidy income of RMB12,201,000 can be recognised by nature of government subsidies during the reporting period, representing an increase of RMB12,098,000 when compared to RMB103,000 in 2010.

Selling and distribution expenses

Our selling and distribution expenses, which mainly included salaries of sales personnel, marketing related travelling expenses and entertainment expense, increased by 56.28% from RMB21,362,000 for the year ended 31 December 2010 to RMB33,385,000 for the year ended 31 December 2011. Our selling and distribution expenses as a percentage of turnover increased from 7.43% for the year ended 31 December 2010 to 12.43% for the year ended 31 December 2011. The increase of our selling and distribution expenses was main due to the increase in number of staff during the reporting period, in which staff-related wages and benefits increased by RMB5,101,000, office and travelling expenses increased by RMB5,909,000 and other costs such as transportation cost increased by RMB1,102,000.

Administrative and other expenses

Our administrative and other expenses, which mainly included management and back office staff cost, management travelling and entertainment expenses, office expenses and research and development expenses, increased by 40.01% from RMB39,694,000 for the year ended 31 December 2010 to RMB55,574,000 for the year ended 31 December 2011. Our administrative and other expenses as a percentage of turnover increased from 13.81% for the year ended 31 December 2010 to 20.69% for the year ended 31 December 2011. The increase in administrative and other expenses was mainly due to the increase in staff number as well as increase in research and development activities during the reporting period. During the year 2011, our research and development expenses also increased by RMB3,007,000 from RMB13,362,000 to RMB16,369,000, representing an increase of 22.50%.

Share of results of associates

During the year ended 31 December 2011, the Group owned two associates in Beijing, namely 北京華商三優新能源科技有限公司 (Beijing Hua Shang Clear New Energy Technology Co., Ltd.*) ("Beijing Hua Shang") and 北京優科利爾能源設備有限公司 (Beijing New Clear Energy Equipment Co., Ltd.*) ("Beijing New Clear"), and one associate in Henan, namely 河南龍源新能源裝備有限公司 (Henan Longyuan New Energy Equipment Co., Ltd.*) ("Henan Longyuan"), which engaged in marketing and sales of charging equipment for electric vehicles and power grid monitoring and management products. On 22 December 2011 and 5 May 2011, the Group's equity interest in Beijing New Clear and Henan Longyuan was diluted from 20% to 12% and from 26% to 10.4% respectively as a result of a capital expansion and injection of new capital by other investors in the registered capital of Beijing New Clear and Henan Longyuan. As at 31 December 2011, the Group still owned a 45% interest in Beijing Hua Shang. The above mentioned three companies were accounted as the Group's associates, and the Group's share of profit and loss from those companies according to the equity interest in them increased from a loss of RMB770,000 for the year ended 31 December 2010 to a gain of RMB1,740,000 for the year ended 31 December 2011.

Other expenses

During the year ended 31 December 2011, we incurred an exchange loss under other expenses at RMB157,000.

Finance costs

Our finance costs decreased by 28.78% from RMB5,312,000 for the year ended 31 December 2010 to RMB3,783,000 for the year ended 31 December 2011. Our finance costs as a percentage of turnover decreased from 1.85% for the year ended 31 December 2010 to 1.41% for the year ended 31 December 2011. The decrease in our finance costs was mainly due to an decrease in our average bank borrowings during the reporting period.

Income tax expense

Our income tax expense increased by 27.28% from RMB14,606,000 for the year ended 31 December 2010 to RMB18,591,000 for the year ended 31 December 2011. The effective tax rates (being the ratio of our tax expenses to our profit before tax) for the year ended 31 December 2010 and 2011 were 18.58% and 35.99% respectively. The increase in effective tax rate was due to the one-off provision of deferred tax liabilities and the increase of non-deductible expenses items.

Profit/Loss attributable to non-controlling interests

For the year ended 31 December 2011, loss attributable to non-controlling interests of our non-wholly owned subsidiaries was RMB800,000, compared to a profit of RMB3,823,000 for the year ended 31 December 2010. This amount represents their share of loss/profit in our non-wholly owned subsidiaries.

Profit attributable to owners of the Company

Our profit for the year and total comprehensive income for the year attributable to owners of the Company decreased by 43.78% from RMB60,253,000 for the year ended 31 December 2010 to RMB33,872,000 for the year ended 31 December 2011. Net profit margin with respect to profit for the year and total comprehensive income for the year attributable to owners of the Company decreased from 20.96% for the year ended 31 December 2010 to 12.61% for the year ended 31 December 2011.

Inventory Analysis

The table below sets out information on our inventory for the years ended 31 December 2010 and 2011:

	Year ended 31 December			
	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Materials	**25,355**	**41.25**	13,752	38.90
Work-in-progress	**2,563**	**4.17**	12,183	34.46
Finished goods	**33,553**	**54.58**	9,419	26.64
	61,471	**100.00**	35,354	100.00

Our Group's inventory balances increased from RMB35,354,000 as at 31 December 2010 to RMB61,471,000 as at 31 December 2011.

Our average inventory turnover days increased from approximately 65 days for the year ended 31 December 2010 to approximately 121 days for the year ended 31 December 2011. In anticipation of a better market environment in 2012, the Group increased its inventory in terms of materials and finished goods in 2011 in order to enhance timely delivery of the Group.

We have not made any general or special provision for the inventory as at 31 December 2011.

Analysis on Trade and Bills Receivables

As at 31 December 2010 and 2011, our trade and bills receivables (net of allowance) amounted to RMB254,946,000 (comprising trade receivables of RMB251,646,000 and discounted bills receivables of RMB3,300,000) and RMB268,089,000 (comprising trade receivables of RMB266,339,000 and bills receivables of RMB1,750,000) respectively. The increase in trade and bills receivables was mainly due to certain customers requiring longer credit terms in view of the market condition in 2011.

The table below sets forth the ageing analysis of our trade receivables as of 31 December 2010 and 2011:

	Year ended 31 December							
	2011				2010			
	Gross amount	**Allowance for bad debt**	**Net amount**		Gross amount	Allowance for bad debt	Net amount	
	RMB'000	***RMB'000***	***RMB'000***	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Within 90 days	**101,099**	**–**	**101,099**	**37.96**	129,539	1,050	128,489	51.06
91 days to 180 days	**20,145**	**–**	**20,145**	**7.56**	18,026	792	17,234	6.85
181 days to 365 days	**53,795**	**8**	**53,787**	**20.19**	57,013	1,137	55,876	22.20
Over 1 year to 2 years	**81,513**	**5,087**	**76,426**	**28.70**	40,103	1,022	39,081	15.53
Over 2 years to 3 years	**15,211**	**3,479**	**11,732**	**4.40**	14,269	3,303	10,966	4.36
Over 3 years	**8,007**	**4,857**	**3,150**	**1.18**	6,127	6,127	–	–
Total	**279,770**	**13,431**	**266,339**	**100.00**	265,077	13,431	251,646	100.00

Our trade and bills receivables' turnover days for the years ended 31 December 2010 and 2011 were approximately 258 days and approximately 304 days respectively.

Our electrical DC product series, our key products, are 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 prices pursuant to the terms of the sales contracts. In respect of the sale of our electrical DC products, we may require the payment of a deposit of approximately 10% of the total contract sum to be paid after signing of the contract, 80% of the contract sum may become payable by the customer after our products have been delivered and satisfactorily installed and tested. It is normally stipulated that the balance of 10% will be withheld, being retention money as a form of product performance surety, and be paid by the customer to us 12 to 18 months after the on-site installation and testing.

We may grant a credit period in the range of 30 days to 90 days from the above installment payment due dates (including the payments of deposit, the payments due after testing and the payments of retention money). We consider that the time lag between the payment terms under our sales contracts and our accounting revenue recognition policy is a major reason for our relatively long trade and bills receivables turnover days.

We consider that the long trade receivables turnover days is also partly due to delays in the timetable of some of the customers' projects and/or that there are occasions where the products of the Group may only be considered finally tested by the customers upon completion of the other parts or even the whole project by the customers or their contractors.

For the year end 31 December 2011, we made no additional specific provision as allowance for doubtful trade receivables (2010: RMB2,961,000). Up to 26 March 2012, about 9.5% of the trade and bill receivables outstanding as at 31 December 2011 have been settled.

Analysis on Trade and Bill Payables

As at 31 December 2010 and 2011, our trade and bills payables amounted to RMB63,270,000 (comprising trade payables of RMB51,941,000 and bills payables of RMB11,329,000) and RMB90,941,000 (comprising trade payables of RMB70,226,000 and bills payables of RMB20,715,000) respectively. The increase in trade and bills payables from 31 December 2010 to 31 December 2011 was mainly due to increase in raw materials purchase during the reporting period. For the two years ended 31 December 2010 and 2011, our trade and bills payable turnover days were approximately 143 days and approximately 164 days respectively.

The table below sets forth ageing analysis of our trade payables as of 31 December 2010 and 2011:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**57,043**	47,537
91 days to 180 days	**4,511**	2,344
181 days to 365 days	**7,022**	452
Over 1 year to 2 years	**952**	1,608
Over 2 years to 3 years	**698**	–
	70,226	51,941

Debts

All our debts were classified as short-term liabilities payable within 12 months from the respective balance sheet dates. The following table sets out our indebtedness as at 31 December 2010 and 2011. All our indebtedness were denominated in Renminbi.

	Year ended 31 December			
	2011		2010	
	RMB'000	***Applicable/ effective interest rates***	*RMB'000*	*Applicable/ effective interest rates*
Bank and other borrowings	**54,773**	**4.86% to 7.87%**	40,000	4.52% to 7%
	54,773		40,000	

As at 31 December 2011, total bank and other borrowings amounted to approximately RMB54,773,000 (as at 31 December 2010: approximately RMB40,000,000), among which secured loans amounted to RMB35,000,000 (as at 31 December 2010: approximately RMB10,000,000), and unsecured borrowings amounted to RMB19,773,000 (as at 31 December 2010: approximately RMB30,000,000). Bank loans as at 31 December 2011 were subject to variable interest rates ranging from 4.86% to 7.87% per annum (as at 31 December 2010: ranging from 4.52% to 7% per annum).

As at 31 December 2011, the Group's gearing ratio (total indebtedness divided by total assets) was 7.66% (2010: 6.32%).

Liquidity, Financial Resources ad Capital Structure

As at 31 December 2011, the total equity of the Group amounted to RMB473,701,000 (2010: RMB454,020,000), the Group's current assets were RMB633,002,000 (2010: RMB588,492,000) and current liabilities were RMB229,659,000 (2010: RMB179,260,000). As at 31 December 2011, the Group had short-term bank deposits, bank balances and cash of RMB163,761,000, excluding restricted bank balances of RMB10,081,000. Our total assets less our total liabilities equal our net assets, which was RMB473,701,000 as at 31 December 2011.

The Group finances its operations with internally generated cash flows, bank loans and proceeds raised as part of the listing of the shares of the Company (the "Shares") on the Stock Exchange on 28 May 2010 (the "Listing"). As at 31 December 2011, the Group had outstanding bank borrowings of RMB54,773,000 (as at 31 December 2010: RMB40,000,000).

Material Acquisition and Disposal of Subsidiaries and Associates

In April 2011 and June 2011, the Group made a total capital contribution of US$3,000,000 (using the foreign exchange rate as at the registered date, RMB19,573,000) to 江陰泰坦高壓電氣有限公司 (Jiangyin Titans High Voltage Electric Co., Ltd.*) ("Jiangyin Titans"). As at 31 December 2011, the Group's shareholding interests in Jiangyin Titans increased from 51% to 90.04%.

In November 2011, 珠海泰坦自動化技術有限公司 (Zhuhai Titans Automatic Technology Company Limited*) ("Titans Automatic"), a subsidiary of the Group, acquired the remaining 20% interests of 珠海泰坦新能源系統有限公司 (Zhuhai Titans New Energy System Co., Ltd.*) ("Zhuhai New Energy") from an independent third party at a consideration of RMB600,000 which was determined with reference to the relevant portion of the registered capital in Zhuhai New Energy paid up by the independent third party. As at 31 December 2011, Titans Automatic owned the 100% equity interests in Zhuhai New Energy.

For the year ended 31 December 2011, the Group owned two associates in Beijing, namely Beijing Hua Shang and Beijing New Clear, and one associate in Henan, namely Henan Longyuan, respectively to engage in the marketing and sales of products like charging equipment for electric vehicles and power grid monitoring and management products. On 22 December 2011 and 5 May 2011, the Group's equity interest in Beijing New Clear and Henan Longyuan diluted from 20% to 12% and from 26% to 10.4% respectively as a result of a capital expansion and injection of new capital by other investors in the registered capital of Beijing New Clear and Henan Longyuan. As at 31 December 2011, the Group still owned 45% interests in Beijing Hua Shang.

On 29 December 2011, the Group deregistered a subsidiary – 石家莊國富泰坦新能源有限公司 (Shijiazhuang Guofu Titans New Energy Co., Ltd.*) with a deemed gain on deregistration of RMB78,000.

Save from the above, as at 31 December 2011, the Group had no other material acquisition or disposal of its subsidiaries and associates.

Establishment of a new subsidiary in Hong Kong

In October 2011, the Group purchased a shell company in Hong Kong, namely Grace Technology Development Limited ("Grace Technology"), as its new subsidiary, with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. One share of Grace Technology is held by Titans (BVI) Limited, representing its entire issued share capital. The purpose of establishing Grace Technology is investment holding and engaging in import and export trading. As at 31 December 2011, Grace Technology was incorporated into the group structure.

Contingent Liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Capital Commitments

As at 31 December 2011, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment of RMB27,406,000. The Group had no capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment as at 31 December 2011.

Pledge of Assets

The Group's leasehold land and buildings of carrying values of approximately RMB6,863,000 (2010: RMB7,676,000) as at 31 December 2011 were pledged to secure bank borrowings and facilities.

Pursuant to an agreement, 珠海泰坦科技股份有限公司 (Zhuhai Titans Technology Co., Ltd.*) ("Titans Technology") pledged trade receivables of approximately RMB50,000,000 (2010: RMB11,509,000) for credit facilities of RMB50,000,000 (2010: RMB38,400,000) granted to Titans Technology from a bank.

Pursuant to an agreement entered into between Titans Technology and 珠海市中小企業信用擔保有限公司 on 10 March 2010, Titans Technology pledged the leasehold land and buildings of carrying values of approximately RMB281,000 (2011: nil) and RMB500,000 (2011: nil) refundable deposits as securities for its guarantee given to 珠海市中小企業信用擔保有限公司 for credit facilities of RMB5,000,000 granted to Titans Technology as at 31 December 2010.

EMPLOYEES AND REMUNERATION

As at 31 December 2011, the Group employed about 504 employees. The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

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

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

SHARE OPTION SCHEME

A Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted on 8 May 2010 to motivate staff members to contribute to the success of the Group and to help retain high calibre staff. Options carrying rights to subscribe for a total of 23,920,000 Shares at an exercise price of HK$0.59 per Share were granted to certain employees of the Group, including the two executive Directors, under the Pre-IPO Share Option Scheme on 8 May 2010.

A share option scheme (the "Share Option Scheme") was adopted on 8 May 2010 to provide incentives to eligible persons (including employees, officers, agents, consultants or representatives of any member of the Group (including any executive or non-executive director of any member of the Group)) for their contribution to the Company and to enable the Company to recruit and retain high calibre employees.

For the year ended 31 December 2011, under the Pre-IPO Share Option Scheme, 200,000 share options lapsed due to the departure of one employee. As at the date of this Announcement, there are 23,720,000 outstanding share options under the Pre-IPO Share Option Scheme.

On 17 February 2011, the Company granted 19,430,000 share options to certain employees and a substantial shareholder of the Company under the Share Option Scheme to subscribe for a total of 19,430,000 Shares in the share capital of the Company at an exercise price of HK$1.10 per Share.

As at 31 December 2011, 180,000 share options lapsed due to the departure of an employee. Up to the date of this Announcement, an additional 300,000 share options lapsed due to the departure of another employee. As at the date of this Announcement, 18,950,000 share options remained outstanding under the Share Option Scheme.

As at 31 December 2011, apart from the aforesaid granted share options, no other options were granted by the Company under the Share Option Scheme.

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 results are expressed in Renminbi, whereas the dividends on 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 approximately RMB157,000 (2010: loss of approximately RMB5,790,000). As at 31 December 2011, the Group did not have significant foreign exchange hedges. Such foreign exchange book loss arose as a result of a change in the historical exchange rate when the transaction occurred and the exchange rate.

The Group adopted a conservative approach towards its treasury policies. Our treasury function mainly involves the management of our cash flow. Cash is mainly deposited in banks in Renminbi for our working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the year ended 31 December 2011.

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

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

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group has no major litigation or arbitration during the year ended 31 December 2011.

USE OF PROCEEDS

The net proceeds raised from the Listing were approximately HK$243,600,000 (approximately RMB214,588,000).

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

Proposed use of proceeds	**Proposed amount to be used**	**Actual amount used up to 31 December 2011**
	RMB'000	*RMB'000*
Support and enhance manufacturing capacity and acquire new production facility	66,737	18,127
Further establish and consolidate the Group's position in the market	80,470	53,266
Support and strengthen the Group's product research and development capability	19,742	18,696
Support and enhance the Group's marketing ability	28,755	3,283
Working capital	18,884	21,000
	214,588	114,372

The unused balanced of approximately RMB100,000,000 was kept as bank deposits in the PRC.

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

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

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2011 except where stated and explained below.

Prior to 28 March 2011, no individual had been appointed as a chief executive officer. On 28 March 2011, Mr. An Wei, one of the Directors, was appointed as the chief executive officer. Mr. Li Xin Qing, another Director, continues to be the Chairman of the Board. Since then, the roles and duties of the Chairman and chief executive officer of the Company have been separately undertaken by different officers, which is in compliance with the requirements as set out in Code Provision A.2.1.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules regarding securities transactions by Directors. Having made specific enquiries with all Directors, all the Directors confirm that they have complied with the provisions of the Model Code regarding Directors' securities transactions for the year ended 31 December 2011 and up to the date of this Announcement.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management and the Group's external auditors, SHINEWING (HK) CPA Limited, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of connected transactions and the consolidated financial statements as at 31 December 2011.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting will be held on 25 May 2012. This results announcement is published on the Company's website (http://www.titans.com.cn) and the Stock Exchange's website (http://www.hkexnews.hk). The notice of the Annual General Meeting will be despatched to 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, 28 March 2012

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

* *For identification purpose only*