ANNUAL REPORT 2015

Incorporated in the Cayman Islands with limited liability

Stock Code：2188

China Titans Energy Technology Group Co., Limited

中國泰坦能源技術集團有限公司*

*For identification purpose only

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CORPORATE INFORMATION

Directors	Executive Directors Mr. Li Xin Qing *(Chairman)* Mr. An Wei *(Chief Executive Officer)* Independent non-executive Directors Mr. Li Wan Jun Mr. Zhang Bo Mr. Pang Zhan
Audit Committee	Mr. Li Wan Jun *(Committee Chairman)* Mr. Zhang Bo Mr. Pang Zhan
Remuneration Committee	Mr. Zhang Bo *(Committee Chairman)* Mr. Li Wan Jun Mr. Pang Zhan
Nomination Committee	Mr. Li Xin Qing *(Committee Chairman)* Mr. Zhang Bo Mr. Pang Zhan
Authorised Representatives	Mr. Li Xin Qing Ms. Li Oi Lai
Company Secretary	Ms. Li Oi Lai
Auditor	SHINEWING (HK) CPA Limited
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

CORPORATE INFORMATION

Principal Place of Business and Address of Headquarters in the PRC	Titans Science and Technology Park No. 60 Shihua Road West Zhuhai Guangdong Province The PRC
Principal Place of Business in Hong Kong	18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Legal Adviser	*As to Hong Kong law:* P. C. Woo & Co. 12th Floor, Prince's Building 10 Chater Road Central Hong Kong
Principal Banker	Bank of Communications Zhuhai Jida Sub-branch 1/F, Zhong Dian Tech Building Jida Jiuzhou Road The PRC
Stock Code	2188
Website	www.titans.com.cn

FINANCIAL HIGHLIGHTS

OPERATING FIGURES FOR THE PAST FIVE YEARS

For the year ended 31 December	**2015 RMB'000**	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Revenue	**195,902**	178,517	175,933*	238,670	268,660
Gross profit	**71,785**	60,090	48,036*	98,862	121,953
(Loss) Profit for the year attributable to owners of the Company	**(26,061)**	(43,831)	(33,811)	11,795	33,872
Total comprehensive (expense) income for the year attributable to owners of the Company	**(25,205)**	(43,621)	(33,136)	10,054	33,872
(Loss) Earnings per share					
Basic	**RMB(0.030)**	RMB(0.052)	RMB(0.041)	RMB0.014	RMB0.041
Diluted	**RMB(0.030)**	RMB(0.052)	RMB(0.041)	RMB0.014	RMB0.041

* From continuing operations

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PAST FIVE YEARS

As at 31 December	**2015 RMB'000**	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Total assets	**731,576**	618,402	666,922	802,769	714,862
Non-current assets	**57,038**	75,333	103,311	93,822	81,860
Current assets	**674,538**	543,069	563,611	708,947	633,002
Total liabilities	**253,789**	206,865	218,537	301,320	241,161
Current liabilities	**244,470**	197,609	209,155	290,308	229,659
Net current assets	**430,068**	345,460	354,456	418,639	403,343
Net assets	**477,787**	411,537	448,385	501,449	473,701

FINANCIAL HIGHLIGHTS

FINANCIAL INDICATORS FOR THE PAST FIVE YEARS

For the year ended 31 December	2015	2014	2013	2012	2011
Inventory turnover [(1)] (days)	**228**	203	164	144	120
Trade and bills receivables turnover [(2)] (days)	**483**	477	500	367	304
Trade and bills payables turnover [(3)] (days)	**208**	201	208	207	164
Current ratio [(4)] (times)	**2.76**	2.75	2.69	2.44	2.76
Gearing ratio [(5)] (%)	**17.32**	15.36	14.92	11.21	7.66
Return on equity [(6)] (%)	**(5.58)**	(10.70)	(7.54)	2.45	7.19

Notes:

(1) Inventory turnover equals the average of inventories at the beginning and the ending of the year divided by cost of sales, and multiplied by 365.

(2) Trade and bills receivables turnover equals the average of trade and bills receivables at the beginning and the ending of the year divided by revenue and 1+17% value added tax (as trade and bills receivables include the value added tax receivables from customers), and multiplied by 365.

(3) Trade and bills payable turnover equals the average of trade and bills payables at the beginning and ending of the year divided by cost of sales and 1+17% value added tax (as trade and bills payables include the value added tax payable to suppliers), and multiplied by 365.

(4) Current ratio is current assets divided by current liabilities.

(5) Gearing ratio equals the borrowings divided by total assets, and multiplied by 100%.

(6) Return on equity is (loss) profit attributable to owners of the Company divided by equity attributable to owners of the Company, and multiplied by 100%.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (中國泰坦能源技術集團有限公司*) (the "Company") and its subsidiaries (collectively the "Group"), I hereby present the annual report for 2015 of the Group.

In 2015, the overall growth of the Chinese macro economy slowed down. However, it was a special year for new energy vehicle industry. The PRC government introduced a series of supporting policies to the industry, including exemption of purchase tax on new energy vehicles, bank procurement by party and government organizations, allowance on charging infrastructures, as well as other related policies. Besides, local government also launched localized policies in respect of new energy vehicles based on its own situation. Promotion effort for new energy vehicles increased both from central and local government level. In 2015, China surpassed the United State and became the largest sales market for electric vehicles.

In 2015, the Group captured opportunities in the market, adjusted resources allocation and focused on the research and development, manufacturing and sales of electric vehicles charging equipment under the limited internal resources of our Group, while at the same time carrying out the construction investment and operation services for electric vehicles charging network. Although it resulted in the decline of sales of electrical DC products, our Group achieved an annual revenue of RMB195,902,000, increased by approximately 9.74% on a year-on-year basis. Loss attributable to owners of the Company decreased from RMB43,831,000 in the same period last year to RMB26,061,000, improved by approximately 40.54%.

In 2015, our Group participated in the bidding events held by the State Grid Corporation and won the bid for an amount of approximately RMB82 million, was among the best of non-state grid companies. Our Group also made achievements in participating in bidding for non-grid corporate projects and won the bid for large charging station projects in Foshan, Shanghai, Qingdao, Shenzhen and other cities. The brand of "Titans" has won more extensive recognition from the market. Apart from strongly promoting our Group's products and implementing a series of measures for expanding goods supply capacities, the construction investment and operation business for electric vehicles charging network conducted during the reporting year of our Group has achieved initial success, and the research and development of technology relating to energy storage and newest battery has also made stage progress.

Although the operating results in 2015 did not achieve complete turnaround, the Group's competitiveness was further improved and relevant works were conducted orderly through the efforts and layout for the year, which laid a solid foundation for operations in 2016.

In 2016, the new energy vehicle industry will develop from start-up stage to rapid growth stage. The support policies from government at all levels will contribute to the growth and development of the market. However, we are facing both opportunities and challenges. The booming of the new energy vehicle industry will absolutely attract a number of new entrance, which would intensify the competition of this field, but the Group has well prepared for it.

* *For identification purpose only.*

CHAIRMAN'S STATEMENT

In 2016, our Group will continue to adhere to the "Dual Drive" Strategy, focus on developing the electric vehicles charging business. Apart from strengthening research and development of technology and equipment, manufacturing and sales, our Group conducted the construction and operation business for electric vehicles charging network by firmly adhering to the strategy of "efficiency focusing, risk controlling and rhythm mastering" (重效益、控風險、把節奏). While seizing the opportunity to maintain and promote healthy growth of business, our Group will pay close attention to market change and insist on its competitive advantage in product innovation and technological innovation, and will also strengthen supply chain management of products and services and improve operational efficiency. Our Group's management will endeavor to lead the whole team to promote the development of our Group and bring the best interests to the shareholders of our Group.

On behalf of the Board, I would like to take this opportunity to sincerely thank all our shareholders and partners for their great support to our Group, and all my colleagues for their unwavering dedications and significant contributions to our Group.

Li Xin Qing
Chairman

Hong Kong, 24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

Electrical DC products

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

MANAGEMENT DISCUSSION AND ANALYSIS

Charging equipment for electric vehicles

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

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

Charging services for electric vehicles

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

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

Others

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

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

THE PRINCIPAL OPERATING ACTIVITIES OF THE GROUP IN 2015:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Secondly, the Group conducted investment and construction of electric vehicle charging network and provided operation services through Zhuhai Yilian New Energy Motor Co., Limited* (珠海驛聯新能源汽車有限公司) ("Zhuhai Yilian") to strengthen its market position in comprehensive service and operation of charging infrastructure. In 2015, Zhuhai Yilian mainly took part in the following important events:

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

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

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

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

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

* *English name is for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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THE GROUP'S BUSINESS FOCUSES AND RELATED PLANS FOR 2016 ARE AS FOLLOWS:

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

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

SPECIFIC MEASURES OF THE GROUP IN 2016 ARE AS FOLLOWS:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. Adhering to the "Dual Drive" Strategy:

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

(A) Research, manufacture and sales

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

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

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

(B) Investment, construction and operation

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

2. Strengthening Capital Support to Guarantee the Charging Blueprint

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

(III) Internal Control and Management

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

Gross Profit

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue

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

The increase in other revenue of the Group was attributable to the following causes: (1) receipt of government grants in relation to innovation and research on science and technology increased by approximately RMB13,300,000; (2) increase of VAT refunds increased by approximately RMB1,578,000; and (3) bank interest income, gain on disposal of property, plant and equipment, rental income, exchange gain and other income increased by approximately RMB968,000 during the year.

Selling and distribution expenses

Our selling and distribution expenses, which mainly comprised the relevant expenses in sales and after-sales services, salaries of sales personnel, benefits and travelling expenses, and office expenses, entertainment expenses and other expenses, increased by approximately 30.45% from RMB31,456,000 for the year ended 31 December 2014 to RMB41,033,000 for the year ended 31 December 2015. Our selling and distribution expenses as a percentage of revenue increased from approximately 17.62% for the year ended 31 December 2014 to approximately 20.95% for the year ended 31 December 2015. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the reporting period:

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(2) an increase in research and development cost of approximately RMB8,201,000;

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

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

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

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

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

Impairment loss recognised in respect of trade receivables

For the year ended 31 December 2015, individually impaired trade receivables of approximately RMB43,696,000 (2014: RMB37,922,000) was included in provision for trade receivables. The increase in provision for trade receivables of approximately RMB5,774,000 was mainly due to an increase in trade receivables with longer collection period than normal during the period, for which provision should be made due to impairment risk according to prudent accounting principles.

Share of results of an associate

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

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

* *English name is for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Available-for-sale financial assets

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

* *English name is for identification purpose only*

Finance costs

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

Income tax credit

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

Loss attributable to non-controlling interests

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

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2015 was RMB26,061,000 whilst loss for the year ended 31 December 2014 was RMB43,831,000, representing a decrease of RMB17,770,000.

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

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

* *English name is for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Inventory Analysis

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

	Year ended 31 December			
	2015		2014	
	RMB'000	**%**	RMB'000	%
Raw materials	**9,528**	**10.62**	20,454	31.39
Work-in-progress	**19,543**	**21.78**	12,572	19.29
Finished goods	**60,646**	**67.60**	32,137	49.32
	89,717	**100.00**	65,163	100.00

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

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

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

Analysis on Trade and Bills Receivables

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

Analysis on Trade and Bills Payables

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Debts

All of our debts are classified as short-term liabilities which are payable within 12 months from the respective balance sheet dates. The following table sets out our indebtedness as at 31 December 2014 and 2015. All of our indebtedness were denominated in Renminbi.

	For the year ended 31 December 2015		For the year ended 31 December 2014	
	RMB'000	**Applicable/ effective interest rates**	RMB'000	Applicable/ effective interest rates
Bank borrowings	**126,700**	**0.40% to 4.67%**	95,000	6.60% to 7.80%
	126,700		95,000	

As at 31 December 2015, total bank borrowings amounted to RMB126,700,000 (as at 31 December 2014: RMB95,000,000), among which RMB86,700,000 were secured loans (as at 31 December 2014: RMB68,000,000), and the balance of RMB40,000,000 were unsecured loans (as at 31 December 2014: RMB27,000,000). Bank loans as at 31 December 2015 were subject to the floating interest rates ranging from 0.40% to 4.67% per annum (as at 31 December 2014: from 6.60% to 7.80% per annum).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the total equity of the Group amounted to RMB477,787,000 (as at 31 December 2014: RMB411,537,000), the Group's current assets were RMB674,538,000 (as at 31 December 2014: RMB543,069,000) and current liabilities were RMB244,470,000 (as at 31 December 2014: RMB197,609,000). As at 31 December 2015, the Group had short-term bank deposits, bank balances and cash of RMB88,621,000 (as at 31 December 2014: RMB99,324,000), excluding restricted bank balances of RMB81,823,000 (as at 31 December 2014: RMB3,732,000). Our total assets less our total liabilities equals to our net assets, which was RMB477,787,000 as at 31 December 2015 (as at 31 December 2014: RMB411,537,000). The gearing ratio, which equals the borrowings divided by total assets, and multiplied by 100%, as at 31 December 2015 was 17.32%. (31 December 2014: 15.36%)

MANAGEMENT DISCUSSION AND ANALYSIS

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of an associate

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

Formation of joint ventures

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

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

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

* *English name is for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

Save as disclosed above, as at 31 December 2015 and at the date of this report, the Group does not have other capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment.

PLEDGE OF ASSETS

The Group's leasehold land and buildings of carrying amount of approximately RMB3,608,000 as at 31 December 2015 (as at 31 December 2014: approximately RMB4,422,000) were pledged to secure the bank borrowings and facilities.

EMPLOYEES AND REMUNERATION

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

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

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

FOREIGN EXCHANGE

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

MATERIAL LITIGATION AND ARBITRATION PROCEEDINGS

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

USE OF PROCEEDS FROM THE LISTING

The net proceeds raised from the listing of the shares of the Company (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 May 2010 (the "Listing") were approximately HK$243,600,000 (equivalent to approximately RMB214,588,000).

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

	As of 31 December 2015	
	Intended amount to be used RMB'000	**Actual amount used RMB'000**
Proposed use of proceeds		
Support and enhance manufacturing capacity and acquire new production facility	**66,737**	**60,056**
Further establish and consolidate the Group's position in the market	**80,470**	**78,341**
Support and strengthen the Group's product research and development capability	**19,742**	**33,433**
Support and enhance the Group's marketing ability	**28,755**	**21,758**
Working capital	**18,884**	**21,000**
	214,588	**214,588**

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

As set out in the prospectus of the Company dated 18 May 2010, we proposed to spend part of our proceeds raised from the Listing to acquire a parcel of land in the Hengqin Economic Development Zone, Zhuhai and construct a new factory thereon. After evaluated those factors such as price and formalities involved, etc. of the parcel of land, the Group acquired the use right of a state-owned construction land located in the innovation coast of Zhuhai City (珠海市創新海岸) through public auction in Zhuhai Exchange Centre in August 2015.

SHARE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

Share Subscription

On 12 October 2015, the Company entered into a share subscription agreement (the "Share Subscription Agreement") with Broad-Ocean Motor (Hong Kong) Co. Limited (the "Subscriber"). Pursuant to the Share Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 84,096,000 Shares at the share subscription price of HK$1.19 per subscription share, representing a discount of 15.00% to the closing price of HK$1.40 per Share as quoted on the Stock Exchange on 12 October 2015, being the date of the Share Subscription Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Issue of Convertible Notes

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

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

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

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

(1) In Respect of the Share Subscription

The gross proceeds and the net proceeds (after deduction of related expenses payable by the Company) of the share subscription are 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

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

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

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

DIRECTORS' REPORT

The Directors submit the directors' report together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; and (iii) provision of charging services for electric vehicles. The principal activities of each of the subsidiaries of the Company are set out in note 44 to the consolidated financial statements.

Business segments

The Group is engaged in (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; and (iii) provision of charging services for electric vehicles. The Group also engaged the sales of wind and solar power generating balancing control products which was discontinued during the year ended 31 December 2014. Business analysis of sales, segment results, total assets and capital expenditures are set out in note 6 to the consolidated financial statements.

Geographical segments

The Group operates in the People's Republic of China.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 59 of this annual report.

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to attend and vote at the annual general meeting (the "AGM") of the Company, which is proposed to be held on Friday, 20 May 2016, the register of members of the Company will be closed from Wednesday, 18 May 2016 to Friday, 20 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be 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 Tuesday, 17 May 2016.

DIRECTORS' REPORT

BUSINESS REVIEW

Overview

The fair review of the Group's business is detailed in the Management Discussion and Analysis on pages 8 to 11 of this annual report. The discussion constitutes a part of this Directors' Report.

Principal Risks and Uncertainties

1. The Risk of Industry Policies

The Company's products are mainly applied in new energy electric vehicles and power industry. The growth of industry where the Company current operates rests in actual demands of the PRC economy, and is also susceptible to national policies. Recently, the central and local governments have introduced various support policies to encourage and guide the development of new energy electric vehicles, smart grid and other strategic emerging industries. However, due to the rapid development of the emerging industry, there are uncertainties of the direction of development and achievements, so the national policy may also appear corresponding adjustments. If the macroeconomic operating situations in major markets or the relevant government support or subsidies policy have significant changes, the development of the industry and the Company's profit level will be affected to some extent.

In addition, as investment and operation of electric vehicles charging network is an emerging business and national standards and industrial standards are yet to be perfected, there still exist uncertainties in the profit mode for investment in public charging network.

2. Technology Risk

With increased competitive market, technology replacement cycle is becoming shorter and shorter, and products performance and service standards for customer have become increasingly demanding. Application of new technologies and new product development is one of the key points to ensure the Group's core competitiveness. If we cannot reasonably and continuously increase the technical inputs and accurately grasp the technology, products and market trends, fail to timely develop products with high-quality, high technical standards, and keep in line with market expectations in the future, it will be difficult to maintain the core competitiveness of the Group and have impact on the Group's future profitability in the future. Only by maintaining a strong competitive advantage, the Group can maintain its market position. The Group attaches great importance to the introduction of technology research and development and technical personnel, and it has a dynamic and experienced R&D team. In 2015, the Group's postdoctoral research station was approved and the establishment of the station will further enhance the Group's R&D strength. To this end, the Group will fully analyze the future direction of technology, continue to enrich the product line, optimize product mix, improve product and service content, so as to provide customers with a more comprehensive product solutions and services. At the same time, the Group will strengthen supply chain management, shorten the length of the supply chain through the allocation of resources to ensure the supply of products and services.

DIRECTORS' REPORT

3. Management Risk

The Company's main products and services include power DC power supply, electric vehicle charging power supply, electric vehicle charging service, etc. In addition to product research and development, production and sales, the Group increased investment in the construction of the electric vehicle charging network and service business during the reporting period, the operation of the business requires highly on the management ability and efficiency of management. At present, the Company has established a relatively effective investment decision-making system and comparatively perfect system of internal control, and continued to cultivate, introduced professional talents for management, technology and other aspects. The Group will continue to carry out the strict risk control policy, and refine the risk control of each link, risk prediction and prevention,

4. Recovery Risk on the Trade Receivables

The Group's trade receivables balances increased year by year as a result of the expansion of sales, longer customer payback periods and other factors. The customers of the Group's products are power grid companies, power generation plants and large public institutions. Therefore, security level of receivables is high and the overall recovery risk is remote. However, with the expansion of the scale of operation, the Group's trade receivable is expected to remain at a high level. If the Group cannot manage the trade receivable collection progress effectively, the Group's operating funds pressure will further increase, which would have possible adverse effects on the Group's business. In this regard, the Group will further strengthen the trade receivable collection, strengthen the customer relationship management (CRM), and minimize the risk of trade receivable from the market development, the signing of the contract, the execution and so on.

Important Event after the Reporting Period

Issue of convertible notes

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

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

Future Business Developments

The future business development of the Group is detailed in "The Group's business focuses and related plans for 2016 are as follows:" and "specific measures of the Group in 2016 are as follows:" under the Management Discussion and Analysis on pages 11 to 13 of this annual report. The discussion constitutes a part of this Directors' Report.

DIRECTORS' REPORT

Key Performance Indicators

The key performance indicators are detailed in the financial review under the Management Discussion and Analysis on pages 14 to 20 of this annual report. The discussion constitutes a part of the Directors' Report.

Environmental Policies and Performance

The Group shall strictly comply with the relevant environmental protection laws and regulations of the People's Republic of China in the process of production and management. As of the end of the reporting period, there is no environmental incident, and the Group was not suffered any significant environmental claims or litigations.

Compliance with Laws And Regulations

To the best of the knowledge of the Board and the management, the Group complied with the relevant laws and regulations which constitute material impact on the business and operation of the Company and its subsidiaries in all material respects.

Relationships with Employees

Employees are regarded as the Group's most valuable asset. The Group's remuneration policy is determined based on the employee's experience, responsibility, workload and the time spending for the Group. The Group offers a competitive remuneration for employees, typically include basic salary, performance bonus, allowances and subsidies. On 8 May 2010, the Group also adopted share option scheme based on a written resolution of shareholders with a purpose to granted share options to valuable employees and other qualified person of the Group. The Group emphasizes on workplace safety, and arranges regular annual medical examination for staff.

The Group provides feedback to their performance through performance appraisal and provides recruits and in-service training for employees. The Group will continue to provide in-service training, which covers technology, quality management and mandatory training required by laws and regulations. The Group also provides management training for managers or potential managers.

The Group believes that direct and effective communication is essential for the establishment of good relations between the management and employees. We have set up unions, as the representatives of the employees, which is one of the main channels of communication. The Group receives comments and suggestions from employee every year through internal networks and the suggestion box, and adopts and analyzes related comments and suggestions, and rewards those providing recommendations.

Relationships with Customers and Suppliers

The Group's major customers include power grid companies, power plants, public transportation systems, research institutes, design institutes, government departments, etc. The Group aims to provide customers with good quality products and services in order to strive for continued growth of sale revenue and profitability. The Group has strengthened communications between the customers and the Group by strengthening information management, so as to provide superior quality products and services.

The Group maintains a good relation with suppliers, at the same time, conducts regular assessment and management on suppliers, integrate suppliers resources, control procurement costs and secure the effectiveness of the supply chain based on product quality, price, ability to deliver products on time, after-sale service and other factors. The Group's main suppliers are raw material suppliers. For the procurement of bulk commodities or services, the Group has set bidding program with strict implementation.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity and note 43(b) to the consolidated financial statements.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 16 to the accompanying consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 33 to the consolidated financial statements. Shares were issued during the year under the share subscription. Details are set out in paragraph of "share subscription and issue of convertible notes" in the Management Discussion and Analysis on pages 23 to 24.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the reserves of the Company available for distribution to shareholders of the Company amounted to approximately RMB300.4 million (2014: RMB217.4 million).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association (the "Articles of Association") and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is included in financial highlights on pages 4 to 5 of this annual report.

DIRECTORS' REPORT

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 2015.

EQUITY-LINKED AGREEMENTS

Save as the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme") of the Company disclosed below, as well as the issue of convertible notes disclosed in the paragraph of "share subscription and issue of convertible notes" in the Management Discussion and Analysis on pages 23 to 24, no equity-linked agreements were entered into by the Company during the year.

PRE-IPO SHARE OPTION SCHEME

A Pre-IPO Share Option Scheme was adopted pursuant to a written resolution passed by the shareholders of the Company on 8 May 2010. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, representatives and sales partners of the Group who has contributed or will contribute to the Group. The principal terms of the Pre-IPO Share Option Scheme are basically the same as the terms of the Share Option Scheme (as described below) except, among other terms, that:

(a) the Pre-IPO Share Option Scheme expired on the date immediately prior to 28 May 2010 (the "Listing Date") and save for the options which have been conditionally granted, no further options will be offered or granted or accepted under the Pre-IPO Share Option Scheme after the Listing Date;

(b) the subscription price HK$0.59 per Share has been determined by the Board at 50% discount to the final offer price of the listing of the Shares on the Stock Exchange on the Listing Date;

(c) the option period of each option granted is: (a) in relation to 25% of the Shares comprised in the option, the period commencing on the expiration of 12 months after the Listing Date and ending on the expiration of 24 months after the Listing Date; (b) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 24 months after the Listing Date and ending on the expiration of 36 months after the Listing Date; (c) in relation to another 25% of the Shares comprised in the option, the period commencing on the expiration of 36 months after the Listing Date and ending on the expiration of 48 months after the Listing Date; and (d) in relation to the remaining 25% of the Shares comprised in the option, the period commencing on the expiration of 48 months after the Listing Date and ending on the expiration of 60 months after the Listing Date; and

(d) if any of the grantees fails to exercise all or part of the 25% of the total number of options vested to him/her in each period, such 25% or remaining part of the 25% of the total number of options vested and exercisable during that period (as the case may be) shall lapse.

DIRECTORS' REPORT

On 8 May 2010, options carrying rights to subscribe for a total of 23,920,000 Shares at an exercise price of HK$0.59 per Share were granted to certain employees of the Group, including the two executive Directors. All options were conditionally granted to the grantees.

During the year ended 31 December 2015, share options carrying rights to subscribe for a total of 100,000 Shares have lapsed in accordance with the terms of the Pre-IPO Share Option Scheme. As at 31 December 2015, no share options carrying rights to subscribe for Shares remained outstanding. Details of the movements in the share options granted under the Pre-IPO Share Option Scheme for the year ended 31 December 2015 were as follows:

		Number of share options					
Name of participant	**Date of share options granted**	**Outstanding as at 1 January 2015**	**Exercised during the period**	**Lapsed during the period**	**Cancelled during the period**	**Outstanding as at 31 December 2015**	**Approximate percentage of issued share capital of the Company**
An Wei *(Note 1)*	8 May 2010	200,000	200,000	–	–	–	0%
Other employees of the Group	8 May 2010	1,320,000	1,220,000	100,000	–	–	0%
Total		1,520,000	1,420,000	100,000	–	–	0%

Note:

1. An Wei is an executive Director.

SHARE OPTION SCHEME

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

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

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date.

When the Share Option Scheme has approved by the Shareholders, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares of the Company in issue on the date of listing of shares of the Company on the Stock Exchange, i.e. 80,000,000 Shares (the "Scheme Mandate Limit") which represented approximately 8.65% of the Shares in issue as at the date of the annual report. The Company may renew the Scheme Mandate Limit with shareholders' approval provided that each of such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

DIRECTORS' REPORT

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 79,880,000 shares, representing 8.64% of the issued share capital of the Company.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by the Company's shareholders, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of the grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the Share Option Scheme upon granting of option.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

On 17 February 2011, the Company granted 19,430,000 share options to certain employees and a substantial shareholder (who is also an employee) of the Company.

Date of grant	:	17 February 2011
Exercise price of share options granted	:	HK$1.10 per Share
Number of share options granted	:	19,430,000 share options (each share option shall entitle the holder of the share option to subscribe for one Share)
Closing price of the Share on the Date of Grant	:	HK$1.10 per Share

DIRECTORS' REPORT

Validity period of the Share Options : 4 years commencing from 17 February 2011 and expiring on 16 February 2015 (both days inclusive), to be exercised in the following manner:

Portions of the share options exercisable	Period for exercise of the relevant portions of the share options
One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2012 and up to 16 February 2013
One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2013 and up to 16 February 2014
One-third of the total number of share options granted to any grantee	During the period commencing on 17 February 2014 and up to 16 February 2015

If any of the grantees fails to exercise all or part of the one-third of the total number of share options vested to him/her in each period, such one-third or remaining part of the one-third of the total number of share options vested during each period (as the case may be) shall lapse.

The closing price of the Shares immediately before 17 February 2011, the date of grant, was HK$1.07. Among all the share options granted, 600,000 share options were granted to Mr. Li Xiao Bin who is a substantial shareholder and senior management of the Company. Pursuant to Rule 17.04 (1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the terms of the Share Option Scheme, the grant of the 600,000 share options to Mr. Li Xiao Bin has been approved by the independent non-executive Directors.

DIRECTORS' REPORT

During the year ended 31 December 2015, share options carrying rights to subscribe for a total of 5,616,667 Shares have lapsed in accordance with the terms of the Share Option Scheme. As at 31 December 2015, no share options carrying rights to subscribe for Shares remained outstanding. Details of the movements in the share options granted under the Share Option Scheme for the year ended 31 December 2015 were as follows:

		Number of share options						
Name of participant	Date of share options granted	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2015	Approximate percentage of issued share capital of the Company
Li Xiao Bin *(Note)*	17 February 2011	200,000	–	–	200,000	–	–	0%
Other employees of the Group	17 February 2011	5,416,667	–	–	5,416,667	–	–	0%
Total		5,616,667	–	–	5,616,667	–	–	0%

Note: Li Xiao Bin is a substantial shareholder and senior management of the Company.

DIRECTORS

The Directors during the year and up to the date of this annual report are:

Mr. Li Xin Qing
Mr. An Wei
Mr. Li Wan Jun*
Mr. Zhang Bo*
Mr. Pang Zhan* (appointed on 16 April 2015)
Mr. Yu Zhuo Ping* (retired on 22 May 2015)

* Independent non-executive Directors

Pursuant to article 84(1) and 84(2) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. An Wei and Mr. Zhang Bo, shall retire by rotation, at the AGM and being eligible, will offer themselves for re-election as Directors at the AGM.

Pursuant to article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for the re-election.

Mr. Yu Zhuo Ping has retired as the independent non-executive Director on 22 May 2015 due to his own career development.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with our Company. These agreements, except as indicated, are in all material respects identical and are summarised below:

(i) Each service agreement is for a term of three years commencing from 28 May 2013 (the "Commencement Date"). Under the agreement, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice, provided that such notice is not to be given at any time within 9 months of the Commencement Date.

(ii) For the first year from the Commencement Date, the monthly basic salary for each of Mr. Li Xin Qing and Mr. An Wei shall be HK$50,000 and HK$50,000 respectively and shall accrue on a day to day basis. As from the second year from the Commencement Date, the annual basic salary of each executive Director shall be as determined by the remuneration committee of the Board, provided that any increment shall not be more than 10% of the annual basic salary received by the executive Directors for the immediate preceding year.

(iii) Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all our executive Directors in respect of any financial year may not exceed 3% of the audited consolidated net profit of our Group (after taxation and minority interest but before extraordinary or exceptional items) in respect of that financial year of our Company.

(iv) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary or discretionary bonus payable to him.

In respect of the non-executive Directors, Mr. Zhang Bo has signed a letter of appointment for a term of three years commencing from 15 April 2013 with the Company and Mr. Li Wan Jun has signed a letter of appointment for a term of three years while commencing from the Commencement Date with the Company and Mr. Pang Zhan has signed a letter of appointment for a term of three years commencing from 16 April 2015. Under the letters of appointment, they agreed to act as independent non-executive Director for a period of three years unless terminated in accordance with the terms of the letter of appointment. Under the said appointment letters, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice. The monthly director's fee for an independent non-executive Director is HK$10,000.

Save as disclosed, none of our Directors, including those proposed for re-election at the AGM, has entered or has proposed to enter into any service agreement with us or any other members of our Group, which is not determinable by us or any member of our Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

REMUNERATION OF DIRECTORS

Details of remuneration of the directors are set out in note 12 to the consolidated financial statements in this annual report.

CHANGES IN DIRECTORS' INFORMATION

Up to the date of this annual report, there were no changes to the information in respect of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

PERMITTED INDEMNITY PROVISION

During the financial year and up to the date of this Report, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors of the Company or its associated companies. The permitted indemnity provisions are provided for in the Articles of Association in respect of potential liability and costs associated with legal proceedings that may be brought against such Directors.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, was a party and in which a Director and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EXECUTIVE DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2015, none of the executive Directors or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competes or may compete with the businesses of the Group.

DIRECTORS' REPORT

NON-COMPETITION DEED BY CONTROLLING SHAREHOLDERS

The Company has entered into the non-competition deed dated 8 May 2010 (the "Non-competition Deed") in favour of the Company with Genius Mind Enterprises Limited and its beneficial owner Mr. Li Xin Qing, Great Passion International Limited and its beneficial owner An Wei, Rich Talent Management Limited and Honor Boom Investments Limited and its beneficial owner Li Xiao Bin, Ou Yang Fen and Cui Jian (the "Controlling Shareholders").

Each of the Controlling Shareholders has made an annual declaration in respect of their compliance with the terms of Non-competition Deed.

Details of the Non-competition Deed was set forth under "Non-Competition Deed" in the section headed "Relationship with our Controlling Shareholders" of the initial public offering prospectus of the Company dated 18 May 2010.

The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the Non-competition Deed during the year ended 31 December 2015.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors on a named basis during the year under review are set out in note 12 to the consolidated financial statements.

Details of the five highest paid individuals during the year under review are set out in note 13 to the consolidated financial statements.

REMUNERATION POLICY

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including the Directors). The remuneration policy and remuneration packages of the executive Directors and member of the senior management of the Group are reviewed by the remuneration committee of the Company (the "Remuneration Committee"), which are detailed in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" of this report.

RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 39 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as at the date of this annual report are set out on pages 43 to 46 of this annual report.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Mode Code") set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	**Nature of interest**	**Number of Shares or underlying Shares**	**Approximate percentage of existing issued share capital of the Company**
Mr. Li Xin Qing	Interest of controlled corporations	205,709,875 *(Note 2)*	22.24%
	Beneficial owner	200,000	0.02%
Mr. An Wei	Interest of controlled corporations	195,869,875 *(Note 3)*	21.17%
	Beneficial owner	400,000	0.04%

Notes:

1. All interests in Shares were long positions.

2. The entire issued share capital of Genius Mind Enterprises Limited ("Genius Mind") is beneficially owned by Mr. Li Xin Qing who is deemed to be interested in 197,724,457 Shares held by Genius Mind by virtue of the SFO. In addition, Mr. Li Xin Qing is also deemed to be interested in 7,985,418 Shares held by Rich Talent Management Limited ("Rich Talent"), a company which shareholding is owned as to 50% by him, by virtue of the SFO.

3. The entire issued share capital of Great Passion International Limited ("Great Passion") is beneficially owned by Mr. An Wei who is deemed to be interested in 187,884,457 Shares held by Great Passion by virtue of the SFO. In addition, Mr. An Wei is also deemed to be interested in 7,985,418 Shares held by Rich Talent, a company which shareholding is owned as to 50% by him, by virtue of the SFO.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company, its specified undertakings or any of its other associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO and the Hong Kong Companies Ordinance (Cap.622), to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2015, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of existing issued share capital of the Company
Ms. Zeng Zhen *(Note 2)*	Interests of spouse	205,909,875	22.26%
Genius Mind *(Note 3)*	Beneficial owner	197,724,457	21.37%
Ms. Yan Kai *(Note 4)*	Interests of spouse	196,269,875	21.22%
Great Passion *(Note 5)*	Beneficial owner	187,884,457	20.31%
Honor Boom *(Note 6)*	Beneficial owner	82,458,117	8.91%
Mr. Li Xiao Bin *(Note 6)*	Interest of controlled corporations	82,458,117	8.91%
Ms. Zhang Lina *(Note 7)*	Interests of spouse	82,458,117	8.91%
Mr. Thomas Pilscheur	Beneficial owner	66,244,818	7.16%
Ms. Feng Yanlin *(Note 8)*	Interests of spouse	66,244,818	7.16%
Broad-Ocean Motor (Hong Kong) Co. Limited *(Note 9)*	Beneficial owner	168,129,613	18.18%
Zhongshan Broad-Ocean Motor Co., Ltd. *(Note 9)*	Interest of controlled corporations	168,129,613	18.18%
Mr. Lu Chuping *(Note 9)*	Interest of controlled corporations	168,129,613	18.18%

DIRECTORS' REPORT

Notes:

1. All interests in Shares were long positions.

2. Ms. Zeng Zhen is the spouse of Mr. Li Xin Qing. Therefore, Ms. Zeng Zhen is deemed to be interested in the Shares in which Mr. Li Xin Qing is interested by virtue of the SFO.

3. The entire issued share capital of Genius Mind is beneficially owned by Mr. Li Xin Qing who is deemed to be interested in the shares held by Genius Mind by virtue of the SFO. Mr. Li Xin Qing is the sole director of Genius Mind.

4. Ms. Yan Kai is the spouse of Mr. An Wei. Therefore, Ms. Yan Kai is deemed to be interested in the Shares in which Mr. An Wei is interested by virtue of the SFO.

5. The entire issued share capital of Great Passion is beneficially owned by Mr. An Wei who is deemed to be interested in the Shares held by Great Passion by virtue of the SFO. Mr. An Wei is the sole director of Great Passion.

6. The issued share capital of Honor Boom is owned as to 40% by Mr. Li Xiao Bin, 30% by Ms. Ou Yang Fen and 30% by Mr. Cui Jian respectively. Therefore, Mr. Li Xiao Bin is deemed to be interested in the 82,458,117 shares held by Honor Boom by virtue of the SFO.

7. Ms. Zhang Lina is the spouse of Mr. Li Xiao Bin. Therefore. Ms. Zhang Lina is deemed to be interested in the Shares in which Mr. Li Xiao Bin is interested by virtue of the SFO.

8. Ms. Feng Yanlin is the spouse of Mr. Thomas Pilscheur. Therefore, Ms. Feng Yanlin is deemed to be interested in the Shares in which Mr. Thomas Pilscheur is interested by virtue of the SFO.

9. The 168,129,613 shares comprise (i) beneficial interest in 84,096,000 shares; and (ii) 84,033,613 shares to be issued upon exercise of conversion rights attaching to the convertible notes (based on the initial conversion price of HK$1.19) pursuant to a subscription agreement between the Company and Broad-Ocean Motor (Hong Kong) Co. Limited. The issue of convertible notes was completed on 29 February 2016. The entire issued share capital of Broad-Ocean Motor (Hong Kong) Co. Limited was owned by Zhongshan Broad-Ocean Motor Co. Ltd, which is in turn 43.82% of its interest was beneficially owned by Mr. Lu Chuping.

Save as disclosed above, as at 31 December 2015, the Company has not been notified by any person (other than directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" above, at no time during or at the end of the year was the Company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in, debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

The related party transactions set out in note 41 to the consolidated financial statements did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (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 reviewing and supervising the Group's financial reporting process and risk management and internal control system and providing advice and recommendations to the Board.

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

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 47 to 56 of this annual report.

DIRECTORS' REPORT

AUDITOR

The financial statements have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment at the AGM.

AGM

The Company proposed that the AGM will be held on Friday, 20 May 2016. This annual report 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 AGM will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

On behalf of the Board

Li Xin Qing
Chairman

Hong Kong, 24 March 2016

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Xin Qing, born in May 1957, is the Chairman, an executive Director and the chairman of the nomination committee of our Company (the "Nomination Committee") and he is one of the substantial shareholders of the Company. Mr. Li is responsible for the overall direction and strategic planning of our Group. Mr. Li obtained a bachelor of engineering degree from Tong Ji University (同濟大學) in January 1982, majoring in mechanical engineering. He also obtained a second bachelor degree in industrial management and engineering from Tong Ji University in June 1992, majoring in industrial management and engineering. He joined our Group in September 1992. He has worked in Zhuhai Titans Technology Co., Ltd* (珠海泰坦科技股份有限公司) ("Titans Technology") where he served as vice chairman, general manager and chairman. Mr. Li received the Guangdong Province Scientific and Technological Progress Award (Class 1) for Electric Power Industry (廣東省電子工業科學技術進步一等獎) from Guangdong Province Electric Engineering Industry Department (廣東省電子機械工業廳), a department established by the local government of Guangdong Province and Zhuhai Municipality Scientific and Technological Progress Award (Class 1) (珠海市科學技術進步獎一等獎) from Zhuhai Municipality Scientific and Technological Progress Qualification Committee (珠海市科學技術進步獎評審委員會) established by the local government of Zhuhai Municipality (珠海市政府) for his participation in the research and development of the "high frequency switch power source for communications SMP-R1022FC" (通訊用高頻開關電源項目SMP-R1022FC) project in 1998. The Scientific and Technological Award was awarded on the basis that the invention or development in science and technology was considered creative and contributing to the development and improvement of the current science and technology and thus generating economic and social value. Since the Group's establishment, Mr. Li has played an active role in the Group's development, including research and development of our products and formulating the business strategies of our Group and has accumulated his knowledge and experience with the development of our Group. Mr. Li was appointed an executive Director on 16 November 2007. At present, Mr. Li is also a director of Titans BVI Limited, Grace Technology Development Limited and Titans Holdings Co., Limited and is an executive director and the legal representative of Titans Technology, Zhuhai Titans Power Electronics Company Limited* (珠海泰坦電子電力集團有限公司) ("Titans Power") and Zhuhai Titans New Energy System Co., Ltd.* (珠海泰坦新能源系統有限公司), the above of which are subsidiaries of the Company. Mr. Li and Mr. An Wei, another executive Director of the Company, each holds 50% shareholding in Rich Talent Management Limited, which in turn holds 7,985,418 Shares.

Mr. An Wei, born in October 1956, is an executive Director and the Chief Executive Officer of our Company and he is one of the substantial shareholders of the Company. Mr. An is responsible for the overall operation and management of our Group. Mr. An graduated from the post-graduate class of management engineering department in Tong Ji University (同濟大學) in July 1986 and obtained his doctorate degree in science management and engineering from Tong Ji University in November 2005. Mr. An was also accredited as a senior economist (高級經濟師) by the Title Reform Leading Group Office of Hebei Province in the PRC in August 1997. With his doctorate degree majoring in management and over 10 years of experience in the Group, Mr. An has acquired a variety of skills and extensive experiences in management. Mr. An joined the Group in September 1992 as a director of Titans Technology. He has been the general manager of Titans Technology since July 1998. He is the current vice chairman of Guangdong Province Private Enterprises Association (廣東省私營企業協會副會長), and a director of China EV100. Mr. An was appointed as an executive Director on 16 November 2007. At present, Mr. An is also a director of Titans BVI Limited, Grace Technology Development Limited, Titans Holdings Co., Limited, Titans Power and Titans Technology and a director and legal representative of Auhui Titans Liancheng Energy Technology Co., Ltd.* (安徽泰坦聯成能源技術有限公司), the above of which all are subsidiaries of the Company. Mr. An and Mr. Li Xin Qing, another executive Director of the Company, each holds 50% shareholding in Rich Talent Management Limited, which in turn holds 7,985,418 Shares.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Wan Jun, born in September 1968, was appointed as an independent non-executive Director on 17 December 2007. He is a member of the Remuneration Committee and the chairman of the Audit Committee. Mr. Li was appointed as an independent non-executive Director on 17 December 2007. Mr. Li has over 10 years of experience in accounting and auditing. He obtained a bachelor degree of economics from the University of Wuhan (武漢大學) in 1990. Mr. Li is a non-practising member of the Zhuhai Institute of Certified Public Accountants (珠海市註冊會計師協會) and was admitted as a member of the Association of Chartered Certified Accountants in June 2007. Mr. Li has not held any other positions with any member of our Group. From 1996 to 2000, Mr. Li worked in the finance department of Zhu Kuan Group Co. Ltd. of Macau* (澳門珠光集團有限公司). From 2001 to 2007, Mr. Li worked as vice manager in the finance department and audit department of Zhu Kuan Group Holdings Co. Ltd. of Zhuhai City* (珠海市珠光集團控股有限公司) ("Zhu Kuan Group"). Since 2008, Mr. Li has been a financial controller of subsidiaries of the same company. Zhu Kuan Group through its subsidiaries, was the parent company of Zhu Kuan Development Co. Ltd. ("ZKD") (stock code 908) (currently known as Zhuhai Holdings Investment Group Limited) when the shares of ZKD were listed on the Main Board of the Stock Exchange in 1999 and ceased to be the parent company of ZKD in December 2004. During such period, Mr. Li was involved in, among other things, internal control and internal audit of Zhu Kuan Group and its subsidiaries (including ZKD and its subsidiaries prior to Zhu Kuan Group).

Mr. Zhang Bo, born in October 1962, was appointed as an independent non-executive Director on 15 April 2013. Mr. Zhang is a respective member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board. Mr. Zhang has not held any other positions with any member of our Group. Mr. Zhang graduated from Zhejiang University (浙江大學) with a bachelor degree in electro-mechanics (電機專業) in 1982. Mr. Zhang then obtained a master degree in mechanical engineering in 1988 (機械工程) from Southwest Jiaotong University (西南交通大學) and a doctoral degree in electric power and electronic technique (電力電子技術) in 1994 from Nanjing University of Aeronautics and Astronautics (南京航空航天大學). From 2000 to present, Mr. Zhang has served as a professor in the School of Electric Power of South China University of Technology (華南理工大學電力學院) and is currently the deputy dean of the said School, responsible for research and laboratory management. In 2011, Mr. Zhang was awarded an Award Class II of Science and Technology in the Technical Invention Group (科學技術獎技術發明類二等獎) by the China Power Supply Society (中國電源學會) for his "Method and Application of Topological Structuring based on the Theory of TRIZ in Switch-mode Power Converters" (基於TRIZ理論的開關電源變換器拓撲構造方法及應用). In 2012, he was further awarded an Award Class II of the Guangdong Provincial Science and Technology (廣東省科學技術進步獎) for his "High Performance Power Supply Switching Soft Technique and Application" (高性能開關電源的柔性技術及應用).

Mr. Pang Zhan, born in October 1978, was appointed as an independent non-executive Director on 16 April 2015. He graduated from Nanjing University (南京大學) with a bachelor of science degree in mathematics in June 2001. He further obtained his master degree in science from Nanjing University in June 2004. In December 2007, he obtained his PhD in systems engineering and engineering management from the Chinese University of Hong Kong (香港中文大學). After graduation, Mr. Pang has been a postdoctoral research fellow in University of Calgary (卡爾加里大學), University of Cambridge (劍橋大學) and University of Toronto (多倫多大學). Since 2010, he has been a lecturer in the Department of Management Science in the Lancaster University (蘭卡斯特大學). He was then promoted to the position of senior lecturer (associate professor) in August 2014. He is also an adjunct professor in Norwegian School of Economics (挪威經濟學院) (since January 2014) and a visiting associate professor in the City University of Hong Kong (香港城市大學) (since October 2014 until May 2015). Mr. Pang's major research areas include supply chain and operations management, risk management, pricing and revenue management, big data and business analytics and optimization, etc. He has also conducted research on the renewable energy and energy storage system design and modelling in smart grid environments, and business models of electric vehicles. Mr. Pang has published multiple papers in leading international journals in the field of operations management and operations research.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Li Xiao Bin, born in January 1962, is a senior engineer. He obtained a bachelor degree from Hefei United University (合肥聯合大學) in 1984 and a master degree from Institute of Plasma Physics of Chinese Academy of Sciences in 1990. Mr. Li Xiao Bin worked as an engineer for three years with the Plasma Physics Laboratory of the Chinese Academy of Sciences from 1990 to 1993. Mr. Li Xiao Bin joined our Group in 1993, and he is currently a director of Titans Holdings Co., Limited, Titans Power and Titans Technology. Mr. Li Xiao Bin received the "Certificate for Outstanding Technology Improvement* (科學技術進步獎) " from the Chinese Academy of Sciences (中國科學院). Mr. Li Xiao Bin is interested in the 40% issued share capital of Honor Boom, a company which holds approximately 8.91% of the issued share capital of our Company.

Ms. Ou Yang Fen, born in December 1965, is an accountant, certified tax agent and vice president of the Group, responsible for the financial affairs of our Group. Ms. Ou Yang Fen graduated from Guangdong Radio & TV University (廣東廣播電視大學) in 1998 majoring in finance. Ms. Ou Yang obtained the accounting qualification from the Ministry of Finance (財政部) in 1997. She has been working in the field of accounting and held positions as accountant in various companies. Since the establishment of Titans Technology in September 1992, she served as our company accountant, finance manager, deputy general manager successively. She is currently general manager of the financial centre of the Group. Ms. Ou is interested in the 30% issued share capital of Honor Boom, a company which holds approximately 8.91% of the issued share capital of our Company.

Mr. Chen Xiang Jun, born in September 1968, holds a master degree in business administration. He obtained a bachelor degree of mathematics from Nankai University (南開大學) in 1990. Mr. Chen obtained a master degree of business administration in executive management from Royal Roads University in 2007. Mr. Chen joined Titans Technology in March 2001. Mr. Chen is currently the president of Titans Power, a wholly-owned subsidiary of our Company. Mr. Chen is mainly responsible for the operation management and capital operation related matters.

Mr. Fu Yulong, born in January 1964, holds a master degree in business administration. Mr. Fu graduated from Zhengzhou University (鄭州大學) in 1994 and obtained a master degree of business administration from The Hong Kong Polytechnic University in 2007. Previously, he worked with a steel company in Wu Yang for more than 10 years. He joined our Group in May 2003. He is currently the legal representative and executive director of Zhuhai Titans Energy Storage Technology Co., Ltd.* (珠海泰坦儲能科技有限公司), a wholly-owned subsidiary of our Company.

Mr. Li Zhen Hua, born in February 1958, obtained a bachelor degree in economics from Xiamen University in 1983 and registered as an accountant in the PRC in 1992. Mr. Li Zhen Hua joined our Group in September 2009 as our Financial Controller. Mr. Li is experienced in financial and organisation management. Before he joined our Group, Mr. Li Zhen Hua was the finance manager of Hua Fu Hong Kong Company (華福香港公司), a subsidiary of Fujian Investment & Enterprise Holdings Corporation (福建投資企業集團公司) in Hong Kong from 1983 to 1996, and was the general manager of Yunnan Long Chuan Xian Min Hong Shui Dian Company Limited* (雲南隴川縣閩宏水電有限責任公司) from 2005 to 2008.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Hui, born in July 1969, graduated from the Department of Electrical Engineering of Tongji University (同濟大學) in 1992 and obtained his bachelor degree in engineering. Mr. Wang worked at Zhuhai Titans Computer Systems Co., Ltd.* (珠海泰坦計算機系統有限公司) (predecessor of Titans Technology) from 1993 to 1998. From 1998 to 2011, Mr. Wang Hui worked at Zhuhai Watt Electrical Equipment Co., Ltd.* (珠海瓦特電力設備有限公司), Zhuhai Suns Test Equipment Co., Ltd.* (珠海三思試驗設備有限公司), Zhuhai Huawei Electrical Equipment Co., Ltd.* (珠海華偉電氣設備有限公司), etc. as deputy general manager and general manager. Mr. Wang has proven management and operation experience with electrical and electronic companies. In March 2011, Mr. Wang rejoined our Group and served as general manager of Titans Technology, a wholly-owned subsidiary of the Company.

Mr. Chen Hao, born in December 1977, graduated from Peking University in 1996, majoring in international economics. In 2012, he graduated from The Hong Kong Polytechnic University and obtained his master degree in quality management. Mr. Chen later worked with Qingdao Kerry Vegetable Oil Co., Ltd.* (青島嘉里植物油有限公司), Shenzhen Quality Accreditation Centre* (深圳質量認證中心), etc. Mr. Chen is also a registered senior auditor of international quality and environmental standards, and a registered auditor of international vocational health and safety standard. Mr. Chen joined our Group in 2014 and he currently serves as chairman and legal representative of Zhuhai Yilian New Energy Motors Co., Ltd.* (珠海驛聯新能源汽車有限公司) ("Zhuhai Yilian"), a wholly-owned subsidiary of our Company.

Mr. Liu Jun, born in December 1979, graduated from North China University of Water Resources and Electric Power (華北水利水電學院) and obtained his bachelor degree in engineering in 2003, and graduated from Beijing Jiaotong University (北京交通大學) and obtained his master degree in engineering in 2015. Shortly after his graduation, Mr. Liu joined our Group and served as sales manager and project manager. From October 2007, he served as standing deputy general manager of Ruckus New Energy Technology Co., Ltd.* (優科新能源科技有限公司), a company which our Group holds 8.94% of equity interests. After years of working in new energy vehicle charging sector, he has rich experience in sales and management. Mr. Liu currently works as director and general manager of Zhuhai Yilian, a wholly-owned subsidiary of our Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

We are committed to ensuring high standards of corporate governance at all times and in all aspects of its 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 adopt sound corporate governance practices to meet the statutory and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has adopted the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules. The Board regularly reviews the Company's corporate governance guidelines and developments. The Company has complied with all the applicable Code Provisions throughout the year ended 31 December 2015.

THE BOARD

During the reporting period, the Board comprises two executive Directors and three independent non-executive Directors. Detailed biographies outlining each Director's scope of specialist experience are set out on pages 43 to 46 of this annual report. The biographies of the Directors are set out in the section headed "Biography of Directors and Senior Management" of this annual report.

The composition of the Board and members' attendance of the Board meetings and the Board committees' meetings for the year 2015 were as follows:

	Number of meetings attended/held			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. Li Xin Qing *(Chairman)*	7/7	N/A	N/A	2/2
Mr. An Wei *(Chief Executive Officer)*	7/7	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Li Wan Jun	7/7	3/3	3/3	N/A
Mr. Zhang Bo	7/7	3/3	3/3	2/2
Mr. Pang Zhan *(Note 1)*	4/4	2/2	1/1	0/0
Mr. Yu Zhuo Ping *(Note 2)*	3/3	1/1	2/2	2/2

Notes:

1. Mr. Pang Zhan was appointed on 16 April 2015.

2. Mr. Yu Zhuo Ping retired on 22 May 2015.

CORPORATE GOVERNANCE REPORT

In addition, during the year the chairman of the Board ("Chairman") held another meeting with the independent non-executive Directors without the other executive Director present.

During the reporting period, the Directors had devoted sufficient time to perform their duties on relevant matters under each of his respective responsibilities.

During the reporting period, Mr. Li Xin Qing, an executive Director, and Mr. An Wei, another executive Director, respectively continue to be the Chairman and the Chief Executive Officer of the Company. The roles and duties of the Chairman and Chief Executive Officer of the Company have been separately undertaken by different officers.

Mr. Li Xin Qing, the Chairman, is responsible for the leadership of the Board, assignment of responsibilities among members of the Board, and maintaining the proper conduct and proceedings of meetings of the Board and the Shareholders, and overseeing the Group's overall direction and strategic planning. In addition, the Chairman also plays a key role in encouraging all the Directors to actively contribute to the Board affairs and establishing good corporate governance practices and procedures.

Mr. An Wei, the Chief Executive Officer, is responsible for managing the business and affairs of the Company, recommending and implementing strategic, business and operating plans, directing and overseeing the activities of the Group, developing and implementing operational policies under the strategic directions adopted by the Board, developing and recommending organizational structure, and ensuring that the Board has the required information to fulfill its duties.

The day-to-day operations of the Group are delegated to the management with department heads being responsible for different aspects of the business and functions. The independent non-executive Directors serve the relevant functions of making independent judgment on the development, performance and risk management of the Group through their contributions in Board meetings. In particular, the independent non-executive Directors bring an impartial view on issues related to the Group's strategy and internal control. All the independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. All of the independent non-executive Directors are appointed for a term of three years and are subject to retirement by rotation and re-election in accordance with the Articles of Association.

The Board considers that each of independent non-executive Director is independent in his role and judgment, and has no financial or other interest in the businesses of the Group or connection with its connected persons (as defined in the Listing Rules). The Company has received from each of the independent non-executive Directors a written confirmation in which each of them had confirmed to be in compliance with the independence requirements as set out under the Rule 3.13 of the Listing Rules.

Save as disclosed in the biographies of the Directors as set out under the section headed "Biography of Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

The Company has maintained appropriate insurance coverage for the Directors' and executive officers' liabilities arising from the Group's business. The coverage is reviewed by the management on an annual basis.

CORPORATE GOVERNANCE REPORT

The Board is responsible for the corporation governance function as a whole, and establishes an internal control group to be responsible for the specific operation. During the reporting period, the Board had performed the following duties:

1. Developing and reviewing relevant corporate governance policy and practice of the Company.

2. Reviewing and inspecting continuous professional development and training of the Directors and senior management.

3. Reviewing and monitoring the policies and practices of the Company being in compliance with the statutory and other regulatory provisions.

4. Developing, reviewing and checking code and provision of conducts applicable to the Directors and employees.

5. Reviewing that the Company being in compliance with the code and corporate governance reporting requirements.

BOARD MEETINGS

Seven Board meetings were held during the year 2015. Attendance of the Board members in the meetings is listed out on page 47 of this report. Regular Board meetings were held at least once every quarter.

The Board ensures that its members are supplied, in a timely manner, with all necessary information in a form and of a quality appropriate to enable the Directors to discharge their duties. All the Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision.

The minutes of the Board meetings recorded all the details of the matters considered by the Board and the decisions reached, including any concerns raised by Directors or dissenting views expressed. Minutes of the Board meetings are kept and available for inspection by all Directors at the Group's office.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Shareholders in general meeting, or the Board upon recommendation of the Nomination Committee, can appoint any person as the Director anytime. Directors who are appointed to fill a casual vacancy, if any, are subject to election by Shareholders at the first general meeting after their appointment and such election is separate from the normal retirement of Directors by rotation. In accordance with the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

ROLES OF THE BOARD

The Board decides on corporate strategies, approves overall business plans, and supervises the Group's financial performance, management and organisation on behalf of the Shareholders. Specific tasks that the Board delegates to the Group's management include preparing annual and interim financial statements for the Board's approval, implementing strategies approved by the Board, monitoring the operating budgets, implementing internal controls procedures, and ensuring compliance with relevant statutory requirements and other rules and regulations.

CORPORATE GOVERNANCE REPORT

At the Board meeting held on 30 June 2011, a resolution was passed to allow the Directors who were performing their duties to seek independent professional advice in appropriate circumstances at the Company's expense. All the Directors are encouraged to discuss with the Chairman regarding any additional information or training they may require to discharge their duties more effectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

TRAINING AND SUPPORT FOR DIRECTORS

All the Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. In addition, during the year, the Company provided all members of the Board with monthly updates on the Company's performance, financial position and prospects.

During the reporting period, the Directors had participated in continuous professional development and refreshed their knowledge and skills in the following manner.

	Update on corporate governance, ordinance, regulation and provision	**Accounting, finance, management and other professional technique**	
	Reading publications	**Reading publications**	**Attending seminar and/or briefing section**
Executive Directors			
Mr. Li Xin Qing *(Chairman)*	✓	✓	✓
Mr. An Wei *(Chief Executive Officer)*	✓	✓	✓
Independent Non-executive Directors			
Mr. Li Wan Jun	✓	✓	✓
Mr. Zhang Bo	✓	✓	✓
Mr. Pang Zhan	✓	✓	✓
Mr. Yu Zhuo Ping	✓	✓	✓

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are Mr. Zhang Bo, Mr. Li Wan Jun and Mr. Pang Zhan. Mr. Zhang Bo has signed a letter of appointment for a term of three years commencing from 15 April 2013 with the Company and Mr. Li Wan Jun has signed a letter of appointment for a term of three years while commencing from the Commencement Date with the Company and Mr. Pang Zhan has signed a letter of appointment for a term of three years commencing from 16 April 2015. Under the letters of appointment, they agreed to act as independent non-executive Director for a period of three years unless terminated in accordance with the terms of the letter of appointment. Under the said appointment letters, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice. The monthly director's fee for an independent non-executive Director is HK$10,000.

BOARD COMMITTEES

The Board has established three committees to oversee particular aspects of the Group's affairs. The views of different committees and their recommendation not only ensure proper control of the Group but also the continual achievement of the high corporate governance standards expected of a listed company.

COMPANY SECRETARY

The Company has engaged Ms. Li Oi Lai, the manager of SW Corporate Services Group Limited, a corporate service provider, as its company secretary. The primary corporate contact person at the Company is Mr. Chen Xiang Jun, the vice president of the corporate development centre of the Group.

In compliance with Rule 3.29 of the Listing Rules, Ms. Li has undertaken not less than 15 hours of relevant professional training during the year ended 31 December 2015.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Audit Committee

The primary duties of the Audit Committee are to review and supervise the preparation of annual reports, the interim reports and financial statements of the Company and to provide advice and recommendations to the Board. In doing so, members of the Audit Committee will communicate with the Board, the senior management, the reporting accountants and/or the auditors of our Company. The Audit Committee will also consider whether there are any material or general matters which are, or may be, necessary to be reflected in such reports and financial statements, and will consider matters raised by our auditors. Members of the Audit Committee are also responsible for reviewing the financial reporting process and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Zhang Bo and Mr. Pang Zhan and is chaired by Mr. Li Wan Jun. The main roles and responsibilities of the Audit Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Audit Committee held three meetings in 2015 to review the final results of the Group for the year ended 31 December 2014 and the interim results of the Group for the six months ended 30 June 2015, and to conduct other affairs. The Audit Committee has reviewed with the management and the Group's external auditor, SHINEWING (HK) CPA Limited ("SHINEWING"), the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. Apart from considering the issues arisen from the audit process, the Audit Committee also discussed matters raised by the external auditor. The Audit Committee reviewed with the management on the Group's financial controls, internal control systems, risk management system, and the accounting principles and practices adopted by the Group. All issues reported by the external auditor are monitored closely by the Group's senior management. During the year under review, the fees paid by the Company to SHINEWING were as follows:

	HK$'000
Audit fees	900
Non-audit service fees	
– performed agreed-upon procedures in the condensed interim financial statements for the six months ended 30 June 2015	200
– provided services in connection with the circular dated 29 June 2015 in relation to the major transaction – disposal of 35% equity interest in Beijing Hua Shang	180

The Audit Committee has concluded that it is satisfied with the findings of its review of the audit and non-audit service fees, process and effectiveness, and independence and objectivity of SHINEWING. The Audit Committee will therefore recommend to the Board that SHINEWING be re-appointed as the Group's external auditor at the annual general meeting of the Company in 2015.

Remuneration Committee

The Company has established the Remuneration Committee which is responsible for, among other things, considering and making recommendations to the Board on the remuneration packages of the respective Director and senior management. The remuneration of all our Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that levels of their remuneration and compensation are appropriate. The Remuneration Committee is also responsible to approve the grant of share options under the share option scheme of the Company. Such share options are granted based on individual employee's performance and the achievement of certain goals that are consistent with the Group's objective of maximising long-term value for the Shareholders.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Zhang Bo and Mr. Pang Zhan, and is chaired by Mr. Zhang Bo. The main roles and responsibilities of the Remuneration Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Remuneration Committee held three meetings in 2015.

Details of each Director's emoluments are set out in note 12 to the consolidated financial statements in this annual report. The primary objective of the Group's remuneration policy is to retain and motivate executive Directors by linking their compensation to the Group's performance and evaluating their compensation against corporate goals, so that the interests of the executive Directors and the senior management team are aligned with those of our shareholders. The remuneration policy of the Directors is decided by the Remuneration Committee, having regard to the Company's operating results, individual's duties and responsibilities with the Group and comparable market practice. No Director can, however, approve his own remuneration.

For the year ended 31 December 2015, the annual salary of the senior management of the Company ranges from RMB175,000 to RMB339,000.

During the reporting period, the Remuneration Committee had performed duties as follows:

1. Reviewing and making recommendation to the Board on the remuneration policy and structure of the Company for the Directors.

2. Reviewing and making recommendation to the Board on the prevailing remuneration packages of Directors.

3. Reviewing scope and authority of the Remuneration Committee.

Nomination Committee

We have established the Nomination Committee which is responsible for considering and recommending to the Board on appointment of Directors and management of the succession of the Board. The Nomination Committee comprises three members, namely Mr. Li Xin Qing, Mr. Zhang Bo and Mr. Pang Zhan, and is chaired by Mr. Li Xin Qing. The main roles and responsibilities of the Nomination Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Nomination Committee reports to the Board and makes recommendations regarding the appointment of Directors, its evaluation of the Board's composition, and the management of Board succession with references endorsed by the Board itself.

To enhance the efficiency of the Board and corporate governance standard of the Company, the Board maintains a balanced mix of the executive Directors and the independent non-executive Directors so that the Board is highly independent and is able to make independent judgements efficiently. In selecting candidates, a diversified perspective, including but not limited to the age, cultural and education background, professional and industry experience, skills, knowledge, race and other qualifications that are essential to the business of the Company, will be applied so that the candidate can bring advantage and make contribution to the Board. The Nomination Committee will review such measurable on a regular basis and discuss any revisions that may be required, and recommended any such revisions to the Board for consideration and approval. The Nomination Committee held two meetings in 2015.

CORPORATE GOVERNANCE REPORT

During the reporting period, the Nomination Committee had performed duties generally as follows:

1. Reviewing the structure, size and composition of the Board (including technique, knowledge, experience and year of service of Directors) and making recommendation on changes of the Board to accommodate the corporate strategy.

2. Reviewing scope and authority of the Nomination Committee.

RISK MANAGEMENT AND INTERNAL CONTROL, INTERNAL AUDIT AND FINANCIAL REPORTING

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's internal control systems and reviewing their effectiveness. The Company had established the Internal Audit Department in 2011, in which its responsibility is to review the risk management and internal control system of the Group under the leadership of the Board and the Audit Committee. The Directors have approved the review results of the risk management and internal control system. It is the responsibility of the management of the Group to implement all the policies of the Board on risks and regulations and control. The Group's risk management and internal control system was designed to provide reasonable protection to the Group's assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. It also ensures that accounting records are sufficiently accurate for the preparation of financial information used for operational and reporting purposes. The Group has adopted comprehensive procedures with duly assigned levels of authority in areas of financial, operational and compliance controls, and risk management to ensures that its assets and resources remain secure at all times. The role of the Audit Committee is, through discussion with management and other consultants, and the use of the internal audit function, to review the effectiveness of the Group's internal control systems, including financial, operational and compliance controls, and risk management functions, and to report to the Board any significant risks and issues. The Audit Committee raised their advices and suggestions to the Board regarding the building up of customers' relation reinforcement management system and customers' urging settlement system in the meeting held on 31 December 2015. The Directors acknowledged their responsibility for preparation of the consolidated financial statements, which give a true and fair view of the Group's consolidated financial position, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The external auditor of the Group, SHINEWING, has the responsibility to express an opinion on the Group's consolidated financial statements according to the results of its audit and report its opinion solely to the Company. SHINEWING conducted its audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that SHINEWING comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Group's consolidated financial statements are free from material misstatement. The Independent Auditor's Report on pages 57 and 58 of this annual report also sets out the responsibilities of SHINEWING.

CODE OF CONDUCT AND BUSINESS ETHICS

Each Director has a duty and responsibility to act honestly and with due diligence and care when carrying out his duties on behalf of the Company. Each Director shall attend regular training session organized by the Company's legal advisers in Hong Kong regarding the various requirements in the Listing Rules and other usual laws and requirements applicable to companies listed in Hong Kong.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INTERESTS

Full details of individual Director's interests in the shares and share options of the Company are set out in the Directors' Report on pages 38 to 40 of this annual report.

OPEN COMMUNICATION

The Company is committed to acting in good faith and in the best interests of the Shareholders at all times and in all areas of its operations. The Company actively promotes open communication and full disclosure of all information needed to protect and maximise returns for the Shareholders.

COMMUNICATION WITH SHAREHOLDERS

Effective communication with the Shareholders has always been one of the Company's priorities. The various channels by which the Company communicates with the Shareholders include interim and annual reports, the Company's websites, and general investor meetings held either face-to-face or via telephone conference calls. The Company reports to the Shareholders twice a year and maintains a regular contact with investors. Interim and annual results are announced as early as possible to keep the Shareholders informed of the Group's performance and operations in a timely manner. The publication of the Group's financial results on a half-yearly basis enhances transparency regarding its performance and ensures that details of new developments affecting the Group are made available in a timely manner. An annual general meeting will be held in each year, and all Shareholders are encouraged to attend the annual general meeting to discuss the development of the Group's businesses.

SHAREHOLDERS' RIGHTS

The Articles of Association states that Shareholders holding not less than one-tenth of the Group's paid-up capital carrying voting rights shall at all times have the right to requisition an extraordinary general meeting to discuss specified business transactions. To request the convening of a meeting, individuals must send a written notice to the Company's principal place of business in the PRC at least 21 days before the proposed date of the meeting. This procedure also applies to any proposals to be tabled at shareholders' meetings for adoption.

VOTING RIGHTS

In accordance with the Listing Rules, any votes of the Shareholders at the Company's general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural of administrative matter to be voted on by a show of hands. The results of shareholders' meetings are reported to the public via announcements submitted to the Stock Exchange's website and the Company's website. Shareholders who wish to exercise their rights to vote by proxy may do so upon presentation of a written and dated instrument appointing their proxy. The notice convening each shareholders' meeting includes a proxy form which appoints the Board as proxy for each specific proposal. All Shareholders are welcome to ask questions or present proposals for discussion at these meetings.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Group regards open communication with both existing and potential investors as being vital to its sustained success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community. The Group is committed to transparent communication and is determined to maintain close ties with the investment community. The Group's corporate website also provides an effective communication platform where the public and investor community have fast and easy access to up-to-date information regarding the Group. Enquiries, comments and suggestions are welcome and can be addressed to Investor Relations Department of the Company by mail to the Group's principal place of business in the PRC or by email to the Company at IR@titans.com.cn. Enquiries, comments and suggestions raised in either or both of these manners are then subject to the attention, review and/or reply by the Board or the relevant department(s).

INDEPENDENT AUDITOR'S REPORT

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINA TITANS ENERGY TECHNOLOGY GROUP CO., LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 148, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations			
Revenue	5	**195,902**	178,517
Cost of sales		**(124,117)**	(118,427)
Gross profit		**71,785**	60,090
Other revenue	7	**25,244**	9,398
Selling and distribution expenses		**(41,033)**	(31,456)
Administrative and other expenses		**(53,107)**	(46,198)
Allowance for impairment loss recognised in respect of trade receivables	23	**(43,696)**	(37,922)
Gain on disposal of an associate		**2,655**	–
Share of results of associates		**1,832**	4,460
Loss on deemed disposal of an associate	20	**(112)**	–
Reversal of impairment loss recognised in respect of trade receivables	23	**23,320**	4,801
Impairment loss on goodwill	18	**(642)**	–
Impairment loss on available-for-sale financial asset		**(4,192)**	–
Impairment loss on prepayment		**(4,650)**	–
Finance costs	8	**(7,736)**	(8,347)
Loss before tax		**(30,332)**	(45,174)
Income tax credit	9	**2,589**	2,153
Loss for the year from continuing operations		**(27,743)**	(43,021)
Discontinued operation	10		
Loss for the year from discontinued operation		**–**	–
Loss for the year	11	**(27,743)**	(43,021)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	2015 RMB'000	2014 RMB'000 (Restated)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Reserve released on disposal of available-for-sale financial assets		–	272
Reserve released upon impairment loss on available-for-sale financial assets		1,008	–
Fair value loss on available-for-sale financial assets		–	(73)
Income tax relating to items that may be reclassified subsequently		(152)	11
Other comprehensive income for the year, net of income tax		856	210
Total comprehensive expense for the year		(26,887)	(42,811)
Loss for the year attributable to owners of the Company:			
– from continuing operations		(26,061)	(43,831)
– from discontinued operation		–	–
		(26,061)	(43,831)
Non-controlling interests from continuing operations		(1,682)	810
		(27,743)	(43,021)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(25,205)	(43,621)
Non-controlling interests		(1,682)	810
		(26,887)	(42,811)
LOSS PER SHARE	15		
From continuing and discontinued operations			
Basic and diluted (RMB)		(3.04) cents	(5.24) cents
From continuing operations			
Basic and diluted (RMB)		(3.04) cents	(5.24) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	16	**29,688**	27,960
Prepaid lease payments	17	**8,925**	–
Goodwill	18	**–**	642
Deposit paid for the acquisition of available-for-sale financial assets		**5,000**	–
Other intangible assets	19	**180**	300
Interests in associates	20	**706**	38,282
Available-for-sale financial assets	21	**3,074**	1,657
Deferred tax assets	32	**9,465**	6,492
		57,038	75,333
Current assets			
Inventories	22	**89,717**	65,163
Trade and bills receivables	23	**331,730**	274,876
Prepayments, deposits and other receivables	24	**54,301**	46,939
Prepaid lease payments	17	**312**	–
Amounts due from associates	25	**34**	25,035
Restricted bank balances	26	**81,823**	3,732
Short-term bank deposits	26	**30,000**	63,000
Bank balances and cash	26	**58,621**	36,324
		646,538	515,069
Assets classified as held for sale	27	**28,000**	28,000
		674,538	543,069
Current liabilities			
Trade and bills payables	28	**88,749**	77,062
Receipts in advance		**3,006**	1,256
Accruals and other payables		**21,882**	20,749
Amounts due to non-controlling shareholders of subsidiaries	29	**1,171**	213
Amount due to an associate	29	**–**	698
Amount due to a director	29	**–**	20
Tax payable		**2,962**	2,611
Bank borrowings	30	**126,700**	95,000
		244,470	197,609
Net current assets		**430,068**	345,460
Total assets less current liabilities		**487,106**	420,793

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Non-current liabilities			
Deferred income	31	–	122
Deferred tax liabilities	32	**9,319**	9,134
		9,319	9,256
Net assets		**477,787**	411,537
Capital and reserves			
Share capital	33	**8,087**	7,387
Share premium and reserves		**458,564**	402,291
Equity attributable to owners of the Company		**466,651**	409,678
Non-controlling interests		**11,136**	1,859
Total equity		**477,787**	411,537

The consolidated financial statements on pages 59 to 148 were approved and authorised for issue by the board of directors on 24 March 2016 and are signed on its behalf by:

An Wei
Director

Li Xin Qing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Merger reserve RMB'000 (note (a))	Exchange translation reserve RMB'000	Available-for-sale financial assets revaluation reserve RMB'000	Capital reserve RMB'000 (note (b))	Statutory reserve fund RMB'000	Other reserve RMB'000 (note (c))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	7,311	232,139	10,864	8,640	504	(1,066)	(1,539)	38,633	2,066	150,833	448,385	–	448,385
Loss for the year	–	–	–	–	–	–	–	–	–	(43,831)	(43,831)	810	(43,021)
Other comprehensive income (expense) for the year:													
Reserve released on disposal of available-for-sale financial assets	–	–	–	–	–	272	–	–	–	–	272	–	272
Fair value loss on available-for-sale financial assets	–	–	–	–	–	(73)	–	–	–	–	(73)	–	(73)
Income tax relating to items that may be reclassified subsequently	–	–	–	–	–	11	–	–	–	–	11	–	11
Total comprehensive income (expense) for the year	–	–	–	–	–	210	–	–	–	(43,831)	(43,621)	810	(42,811)
Acquisition of a subsidiary (note 36)	–	–	–	–	–	–	–	–	–	–	–	1,049	1,049
Exercise of share options	76	10,859	(6,427)	–	–	–	–	–	–	–	4,508	–	4,508
Recognition of share-based payment expense (note 40)	–	–	406	–	–	–	–	–	–	–	406	–	406
Lapse of share options	–	–	(1,841)	–	–	–	–	–	–	1,841	–	–	–
Forfeiture of share options	–	–	(168)	–	–	–	–	–	–	168	–	–	–
At 31 December 2014	7,387	242,998	2,834	8,640	504	(856)	(1,539)	38,633	2,066	109,011	409,678	1,859	411,537
Loss for the year	–	–	–	–	–	–	–	–	–	(26,061)	(26,061)	(1,682)	(27,743)
Other comprehensive income (expense) for the year:													
Reserve released upon impairment loss on available-for-sale financial assets	–	–	–	–	–	1,008	–	–	–	–	1,008	–	1,008
Income tax relating to items that may be reclassified subsequently	–	–	–	–	–	(152)	–	–	–	–	(152)	–	(152)
Total comprehensive income for the year	–	–	–	–	–	856	–	–	–	(26,061)	(25,205)	(1,682)	(26,887)
Establishment of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	10,959	10,959
Issue of shares upon placing (note 33)	689	81,299	–	–	–	–	–	–	–	–	81,988	–	81,988
Transaction cost attributable to issue of shares	–	(470)	–	–	–	–	–	–	–	–	(470)	–	(470)
Exercise of share options	11	1,314	(665)	–	–	–	–	–	–	–	660	–	660
Lapse of share options	–	–	(2,169)	–	–	–	–	–	–	2,169	–	–	–
At 31 December 2015	8,087	325,141	–	8,640	504	–	(1,539)	38,633	2,066	85,119	466,651	11,136	477,787

Notes:

(a) Merger reserve represents the amount of consideration paid to Zhuhai Titans Group Company Limited, in excess of the net book value of the subsidiary acquired from Zhuhai Titans Technology Co., Ltd.* 珠海泰坦科技股份有限公司 ("Titans Technology") in previous years.

(b) Capital reserve represents the difference between the fair values of the net assets acquired from non-controlling interests and the carrying values of the underlying assets and liabilities attributable to these additional interests.

(c) Other reserve represents the difference of the consideration paid for the acquisition of an additional equity interest in a subsidiary and the carrying value of the additional equity interests of the subsidiary acquired.

* *English name is for identification purpose only*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Loss before tax from continuing and discontinued operations	**(30,332)**	(45,174)
Adjustments for:		
Amortisation of other intangible assets	**120**	270
Bank interest income	**(1,835)**	(1,773)
Depreciation of property, plant and equipment	**8,985**	8,236
Amortisation of prepaid lease payment	**130**	–
Finance costs	**7,736**	8,347
Gain on disposal of an associate	**(2,655)**	–
Loss on disposal of available-for-sale financial assets	**–**	188
(Gain) loss on disposal of property, plant and equipment	**(22)**	23
Loss on deemed disposal of an associate	**112**	–
Government grants	**(14,360)**	(1,060)
Impairment loss on assets classified as held for sale	**–**	3,076
Impairment loss on recognised in respect of available-for-sale financial assets	**4,192**	–
Allowance for impairment loss recognised in respect of trade receivables	**43,696**	37,922
Impairment loss on goodwill	**642**	–
Impairment loss on prepayments	**4,650**	–
Reversal of impairment loss recognised in respect of trade receivables	**(23,320)**	(4,801)
Share-based payment expense	**–**	406
Share of results of associates	**(1,832)**	(4,460)
Operating cash (inflows) outflows before movements in working capital	**(4,093)**	1,200
(Increase) decrease in inventories	**(24,554)**	1,642
Increase in trade and bills receivables	**(77,230)**	(34,034)
(Increase) decrease in prepayments, deposits and other receivables	**(15,687)**	22,068
Decrease in amounts due from associates	**25,001**	16,423
Increase in trade and bills payables	**11,687**	324
Increase (decrease) in receipts in advance	**1,750**	(4,445)
Increase (decrease) in accruals and other payables	**1,133**	(7,512)
Cash used in operations	**(81,993)**	(4,334)
People's Republic of China ("PRC") Corporate Income Tax paid	**–**	(1,162)
NET CASH USED IN OPERATING ACTIVITIES	**(81,993)**	(5,496)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES		
Withdrawal of short-term bank deposits	**33,000**	67,900
Net cash outflow on acquisition of a subsidiary	**–**	(1,589)
Proceeds on disposal of available-for-sale financial assets	**–**	1,071
Bank interest received	**1,835**	1,773
Proceeds on disposal of property, plant and equipment	**92**	576
Withdrawal of restricted bank balances	**–**	649
Dividend received from an associate	**17,445**	–
Proceeds on disposal of an associate	**25,430**	–
Acquisition of interest in an associate	**(1,250)**	(300)
Capital contribution to an associate	**(600)**	–
Purchase of property, plant and equipment	**(10,783)**	(2,950)
Purchase of prepaid lease payments	**(9,367)**	–
Capital contribution from non-controlling interest	**10,959**	–
Deposits paid for acquisition of plant and equipments	**–**	(1,839)
Deposit paid for the acquisition of available-for-sale financial assets	**(5,000)**	–
Placement of short-term bank deposits	**–**	(72,900)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**61,761**	(7,609)
FINANCING ACTIVITIES		
New bank borrowings raised	**193,700**	95,000
Repayment of bank borrowings	**(162,000)**	(99,500)
Deposit paid for the restricted bank balance	**(78,091)**	–
Proceeds on issue of shares	**81,988**	–
Transaction cost paid for the issue of shares	**(470)**	–
Proceeds on issue of shares under share options scheme	**660**	4,508
(Repayment to) advance from the associate	**(698)**	698
Repayment to directors	**(20)**	(30)
Advances from the non-controlling shareholders of subsidiaries	**958**	213
Receipts from government grants	**14,238**	549
Interest paid	**(7,736)**	(8,347)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**42,529**	(6,909)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**22,297**	(20,014)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**36,324**	56,338
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH	**58,621**	36,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

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

The 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 Company and its subsidiaries (hereinafter collectively referred to as the "Group") are (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; and (iii) provision of charging services for electric vehicles. The Group also engaged in the sales of wind and solar power generating balancing control products which was discontinued during the year ended 31 December 2014 (see note 10). The Company's principal activity is investment holding. The principal activities of the subsidiaries are set out in note 44.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

Annual Improvements to HKFRSs 2010 – 2012 Cycle

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective

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

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

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

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

HKFRS 9 (2014) ***Financial Instruments***

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 (2014) ***Financial Instruments*** (continued)

Key requirements of HKFRS 9 (2014) are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that 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 of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. 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.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 (2014) ***Financial Instruments*** (continued)

Key requirements of HKFRS 9 (2014) are described below: (continued)

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 15 *Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with a customer;
(ii) Identify the performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012 – 2014 Cycle

The *Annual Improvements to HKFRSs 2012 – 2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvements to HKFRSs 2012 – 2014 Cycle (continued)

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the applications of the amendments included in the *Annual Improvements to HKFRSs 2012 – 2014 Cycle* will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 1 *Disclosure Initiative* (continued)

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;
(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group uses the straight-line method for depreciation of property, plant and equipment and intangible assets, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;
(ii) in accordance with HKFRS 9 (or HKAS 39); or
(iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of the amendments to HKSA 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the amendments to HKFRS 10 and HKAS 28 will have a material effect on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's return. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Businesses combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at the acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill relating to an associate that included in the carrying amount of the investment is set out in "investments in associates" below.

Investments in associates

An associate is any entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost. The Group's share of the profit or loss and changes in other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in which the investment is acquired.

After the application of the equity method, including recognising the associate's losses, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of the investment is not separately recognised. The entire carrying amount of an investment in an associate (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

Gains and losses resulting from transactions between the Group and its associate are recognised in the consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of returns and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Rental income from operating leases is recognised in accordance with the accounting policy mentioned under leasing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interest as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and the state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term bank deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Investment in a subsidiary

Investment in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss, if any.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for the acquisition of available-for-sale financial assets, trade and bills receivables, deposits and other receivables, amounts due from associates, restricted bank balances, short-term bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss of financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as fair value through profit or loss, loan and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in carrying amount of available-for-sales financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale financial assets revaluation reserve is reclassified to profit or loss (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, other receivables and amounts due from associates, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and bill receivable, or an amount due from an associate is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment loss on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in available-for-sale financial assets revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities including trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders of subsidiaries, amount due to an associate, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Impairment losses on tangible and intangible assets (other than impairment of goodwill set out in accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

When measuring fair value, except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of property, plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Classification of leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risk and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

The directors of the Company determine that the lease payments of leasehold land and buildings of approximately RMB3,656,000 (2014: RMB4,511,000) cannot be allocated reliably between the land and building elements due to infeasibility of the allocation of purchase price between the leasehold land and buildings. The total amount has been classified as a finance lease under the property, plant and equipment.

Significant influence over associates

As per note 20 to the consolidated financial statements, the directors of the Company considered Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森信息技術有限公司) ("Beijing Aimeisen"), in which the Group has 20% equity interest, is an associate of the Group as the Group has significant influence over Beijing Aimeisen by virtue of its contractual right to appoint one out of three directors to the board of directors of Beijing Aimeisen.

As per note 20 to the consolidated financial statements, the directors of the Company considered that the Group has lost significant influence over Zhuhai Titans New Power Electronics Co., Ltd* (珠海泰坦新動力電子有限公司) ("Zhuhai New Power") as a result of the dilution of the equity interest and voting right from 30% to 10% since the Group does not have any contractual right to appoint any director to the board of directors of Zhuhai New Power.

* *English name is for identification purpose only.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of goodwill is nil (2014: RMB642,000), net of accumulated impairment loss of approximately RMB642,000 (2014: nil). Details of the recoverable amount calculation are disclosed in note 18.

Income taxes

As at 31 December 2015, a deferred tax asset of approximately RMB8,836,000 (2014: RMB6,340,000) in relation to deductible temporary difference of allowance for trade and other receivables of approximately RMB58,912,000 (2014: RMB42,266,000) has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on (i) the remaining deductible temporary differences of allowance for trade and other receivables of approximately RMB17,616,000 (2014: RMB16,098,000); and (ii) un-used tax losses amounting to approximately RMB25,868,000 (2014: RMB29,883,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Impairment of trade and other receivables

The Group performs ongoing credit evaluation of its customers and other debtors and adjusts credit limits based on past repayment history of individual customers and other debtors and their current credit-worthiness, as determined by a review of their current credit information. The Group continuously monitors collections and payments from its customers and other debtors and maintain a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified.

An ageing analysis of the trade and other receivables is prepared on a regular basis and is closely monitored to minimise the credit risk associated with the receivables. The Group pursues full repayment if trade receivables aged over 90 days or above or factoring of receivables is arranged for non-recovery of these receivable balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of trade and other receivables (continued)

Allowance for impairment loss of trade and other receivables is made for the estimated irrecoverable amounts, with reference to (i) the past repayment history and credit-worthiness of the individual customers as mentioned above; and (ii) the individual customer's financial strength. Allowance for impairment loss of trade receivables is made to the customers when the credit quality of these customers deteriorated with no repayment history being identified in the past two years.

As at 31 December 2015, the carrying amount of trade and bills receivables is approximately RMB331,730,000 (2014: RMB274,876,000) (net of allowance for impairment of trade receivables of approximately RMB76,528,000 (2014: RMB58,364,000)). Allowance for impairment loss of trade receivables of approximately RMB43,696,000 has been recognised for the year ended 31 December 2015 (2014: RMB37,922,000). Reversal of impairment loss recognised in respect of trade receivables of approximately RMB23,320,000 has been recognised for the year ended 31 December 2015 (2014: RMB4,801,000).

As at 31 December 2015, the carrying amount of other receivables is approximately RMB20,444,000 (2014: RMB16,424,000). No impairment loss was recognised during the years ended 31 December 2015 and 2014.

Impairment of prepayments to suppliers

At the end of the reporting period, the directors of the Company review the carrying amount of the prepayments to suppliers of approximately RMB32,284,000 (2014: RMB29,854,000) and identify if there is impairment indication for the prepayments to suppliers. Accordingly, the recoverable amounts of the prepayments to suppliers are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amount of the prepayments to suppliers require the use of assumptions such as utilisation rate of the prepayments to suppliers subsequently to the end of the reporting period or refund from the suppliers subsequently as a result of the inability of filling up of the purchase orders. Based on the estimated recoverable amounts, impairment loss on prepayment of approximately RMB4,650,000 (2014: nil) has been recognised at 31 December 2015 as a result of the financial difficulties of the suppliers for the refund of the prepayment.

Depreciation and useful lives of property, plant and equipment

At the end of each reporting period, the directors of the Company review and determine the estimated useful lives, residual values and related depreciation charges of property, plant and equipment, with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. The directors of the Company will revise the residual value, depreciation charge and the useful lives of the property, plant and equipment previously estimated, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change in depreciable lives and residual lives and therefore depreciation charges in the future periods. As at 31 December 2015, there is no revision of the estimated useful lives, residual values and the related depreciation charges of the property, plant and equipment with carrying amount of approximately RMB29,688,000 (2014: RMB27,960,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of property, plant and equipment

At the end of the reporting period, the directors of the Company review the carrying amount of the property, plant and equipment of approximately RMB29,688,000 (2014: RMB27,960,000) and identified there is indication that property, plant and equipment may suffer an impairment loss. Accordingly, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amount of the property, plant and equipment require the use of assumptions such as cash flows projections and discount rate. Based on the estimated recoverable amounts, no impairment loss has been recognised for the years ended 31 December 2015 and 2014.

Impairment of interests in associates

Determining whether interests in associates are impaired requires an estimation of the future cash flows expected to arise from the associates in order to calculate the recoverable amounts. Where the estimated future cash flows are less than expected, a material impairment loss may arise. At 31 December 2015, the carrying amount of interests in associates is approximately RMB706,000 (2014: RMB38,282,000). No impairment loss was recognised during the years ended 31 December 2015 and 2014.

Allowance for inventories

The Group does not have a general allowance policy on inventories based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. The Group's sales and marketing managers review the inventory ageing analysis on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified, and estimate the net realisable value based primarily on the latest sales unit prices and current market conditions. As at 31 December 2015, the carrying amount of inventories is approximately RMB89,717,000 (2014: RMB65,163,000). No allowance for inventories was recognised during the years ended 31 December 2015 and 2014.

Fair value measurement and valuation process of available-for-sale financial assets

The Group's available-for-sale financial assets are measured at fair value at the end of each reporting period.

In estimating the fair value of the available-for-sale financial assets of approximately RMB4,192,000 (2014: RMB1,657,000), the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of available-for-sale financial assets. Note 35(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the available-for-sale financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5. REVENUE

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

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

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

6. 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 directors of the Company have chosen to organise the Group around differences in products and services.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

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

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

Segment revenues and results

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

Year ended 31 December 2015

Continuing operations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

Year ended 31 December 2014

Continuing operations

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of central administrative cost, directors' emoluments, gain on disposal of an associate, loss on deemed disposal of an associate, share of results of associates, impairment loss on available-for-sale financial assets, other revenue excluding gain on disposal of property, plant and equipment, and finance costs. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

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

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

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

- all assets are allocated to operating segments other than deposit paid for the acquisition of available-for-sale financial assets, interests in associates, available-for-sale financial assets, deferred tax assets, other receivables, restricted bank balances, short-term bank deposits, bank balances and cash and assets classified as held for sale; and

- all liabilities are allocated to operating segments other than accruals and other payables, amounts due to non-controlling shareholders of subsidiaries, amount due to an associate, amount due to a director, tax payable, bank borrowings, deferred income and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2015

Continuing operations

	DC Power System RMB'000	Charging Equipment RMB'000	Charging Services RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	4,018	8,084	328	7,720	–	20,150
Allowance for impairment loss recognised in respect of trade receivables	43,355	341	–	–	–	43,696
Reversal of impairment loss recognised in respect of trade receivables	(23,133)	(187)	–	–	–	(23,320)
Impairment loss on goodwill	–	642	–	–	–	642
Impairment loss on prepayment	–	4,650	–	–	–	4,650
Gain on disposal of property, plant and equipment	(22)	–	–	–	–	(22)
Depreciation and amortisation	3,093	5,529	13	600	–	9,235
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in an associate	–	–	–	–	706	706
Deposit paid for the acquisition of available-for-sale financial assets	–	–	–	–	5,000	5,000
Available-for-sale financial assets	–	–	–	–	3,074	3,074
Share of results of associates	–	–	–	–	(1,832)	(1,832)
Gain on disposal of an associate	–	–	–	–	(2,655)	(2,655)
Loss on deemed disposal of an associate	–	–	–	–	112	112
Impairment loss on available-for-sale financial assets	–	–	–	–	4,192	4,192
Bank interest income	–	–	–	–	(1,835)	(1,835)
Finance costs	–	–	–	–	7,736	7,736
Income tax credit	–	–	–	–	(2,589)	(2,589)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2014

	DC Power System RMB'000	Charging Equipment RMB'000	Charging Services RMB'000	Others RMB'000 (Restated)	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	1,798	1,006	–	146	–	2,950
Goodwill	–	642	–	–	–	642
Allowance for impairment loss recognised in respect of trade receivables	23,125	12,931	–	1,866	–	37,922
Reversal of impairment loss recognised in respect of trade receivables	(2,928)	(1,637)	–	(236)	–	(4,801)
Loss on disposal of property, plant and equipment	14	8	–	1	–	23
Depreciation and amortisation	5,187	2,900	–	419	–	8,506
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:						
Interests in associates	–	–	–	–	38,282	38,282
Available-for-sale financial assets	–	–	–	–	1,657	1,657
Share of results of associates	–	–	–	–	(4,460)	(4,460)
Bank interest income	–	–	–	–	(1,773)	(1,773)
Finance costs	–	–	–	–	8,347	8,347
Loss on disposal of available-for-sale financial assets	–	–	–	–	188	188
Impairment loss on assets classified as held for sale *(note 27)*	–	–	–	–	3,076	3,076
Income tax credit	–	–	–	–	(2,153)	(2,153)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SEGMENT INFORMATION (continued)

Revenue from major products

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

Geographical information

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

Information about major customers

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

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

[1] Revenue from DC Power System and Charging Equipment
[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year

* *English name is for the identification purpose only*

7. OTHER REVENUE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7. OTHER REVENUE (continued)

Notes:

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

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

8. FINANCE COSTS

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

9. INCOME TAX CREDIT

	2015 RMB'000	2014 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current year	**351**	–
Prior years	**–**	1,162
Deferred tax *(note 32)*:		
Current year	**(2,940)**	(3,315)
	(2,589)	(2,153)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9. INCOME TAX CREDIT (continued)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries other than Titans Technology is 25% from 1 January 2008 onwards.

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

The income tax credit for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **RMB'000**	2014 RMB'000
Loss before tax (from continuing operations)	**(30,332)**	(45,174)
Tax at the applicable income tax rate of 15% (2014: 15%) *(note)*	**(4,550)**	(6,776)
Tax effect of expenses not deductible for tax purpose	**2,921**	4,031
Tax effect of income not taxable for tax purpose	**(204)**	(461)
Under-provision in respect of prior years	**–**	1,162
Tax effect of share of results of associates	**(458)**	(1,115)
Tax effect of tax losses not recognised	**2,214**	2,429
Tax effect on withholding tax arising on undistributed profits of the PRC subsidiaries	**185**	385
Tax effect of deductible temporary difference not recognised	**980**	–
Utilisation of deductible temporary difference previously not recognised	**(600)**	(1,200)
Utilisation of tax losses previously not recognised	**(1,871)**	–
Effect of difference tax rates of subsidiaries operating in other jurisdictions	**(1,206)**	(608)
Income tax credit (relating to continuing operations)	**(2,589)**	(2,153)

Note: The PRC Enterprise Income Tax of 15% applicable to Titans Technology is used as it is the domestic tax rate where the results and operation of the Group is substantially derived from.

Details of deferred taxation are set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

10. DISCONTINUED OPERATION

Pursuant to a resolution passed on 31 October 2014, the directors of the Company decided to cease the operation of Wind and Solar Power with immediate effect.

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

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

11. LOSS FOR THE YEAR

	2015	2014
	RMB'000	RMB'000
Loss for the year have been arrived at after charging (crediting):		
Continuing operations		
Staff costs		
Directors' emoluments *(note 12)*	**1,314**	1,264
Other staff:		
– share-based payments expenses	**–**	384
– salaries and other allowances	**38,906**	32,052
– retirement benefits scheme contributions (excluding directors)	**4,615**	4,315
Total staff costs	**44,835**	38,015
Amortisation of other intangible assets	**120**	270
Amortisation of prepaid lease payments	**130**	–
Auditor's remuneration	**967**	919
Net exchange (gain) loss	**(1,129)**	13
Cost of inventories recognised as an expense	**124,080**	118,427
Depreciation of property, plant and equipment	**8,985**	8,236
Impairment loss on assets classified as held for sale *(note 27)*	**–**	3,076
(Gain) loss on disposal of property, plant and equipment	**(22)**	23
Loss on disposal of available-for-sale financial assets	**–**	188
Minimum lease payment paid under operating lease rentals in respect of rented premises	**2,822**	996
Research and development expenses (included in administrative and other expenses) *(note)*	**25,832**	17,631

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the six (2014: five) directors and the chief executive were as follows:

For the year ended 31 December 2015

	Executive directors		Independent non-executive directors				
	Li Xin Qing RMB'000	An Wei RMB'000	Li Wan Jun RMB'000	Yu Zhou Ping (retired on 22 May 2015) RMB'000	Zhang Bo RMB'000	Pang Zhan (appointed on 16 April 2015) RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:							
Fees	–	–	96	24	96	72	288
Other emoluments							
Salaries and other benefits	496	496	–	–	–	–	992
Contributions to retirement benefits schemes	17	17	–	–	–	–	34
Total emoluments	513	513	96	24	96	72	1,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

For the year ended 31 December 2014

	Executive directors		Independent non-executive directors			
	Li Xin Qing RMB'000	An Wei RMB'000	Li Wan Jun RMB'000	Yu Zhou Ping RMB'000	Zhang Bo RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:						
Fees	–	–	96	96	96	288
Other emoluments						
Salaries and other benefits	462	462	–	–	–	924
Contributions to retirement benefits schemes	15	15	–	–	–	30
Performance related incentive payments						
Share-based payment	11	11	–	–	–	22
Total emoluments	488	488	96	96	96	1,264

Mr. An Wei is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors waived or agreed to waive any of their emoluments during the years ended 31 December 2015 and 2014.

No emoluments were paid by the Group to any directors or the chief executive of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office for the two years ended 31 December 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining three (2014: three) individuals are as follows:

	2015	2014
	RMB'000	RMB'000
Salaries and other allowances	**781**	807
Share-based payments	**–**	18
Bonus	**24**	–
Retirement benefits scheme contributions	**28**	12
	833	837

The emoluments of the remaining individuals are within the band of nil to Hong Kong dollars ("HK$") 1,000,000 (equivalent to RMB838,000) (2014: nil to HK$1,000,000 (equivalent to RMB799,000)).

14. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

15. LOSS PER SHARE

For continuing and discontinued operations

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

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

Number of shares

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

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

From continuing operations

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

From discontinued operation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Total RMB'000
COST						
At 1 January 2014	16,144	13,231	13,748	4,303	12,555	59,981
Additions	–	1,109	134	222	32,561	34,026
Reclassified as held for sale *(note 27)*	–	–	–	–	(31,076)	(31,076)
Disposals	–	–	(294)	(882)	(398)	(1,574)
Acquired on acquisition of a subsidiary	–	–	281	247	–	528
At 31 December 2014	16,144	14,340	13,869	3,890	13,642	61,885
Additions	–	–	1,106	7,720	1,957	10,783
Disposals	–	–	(246)	(411)	(9)	(666)
At 31 December 2015	16,144	14,340	14,729	11,199	15,590	72,002
ACCUMULATED DEPRECIATION						
At 1 January 2014	10,778	3,351	5,551	2,396	4,588	26,664
Provided for the year	855	2,740	1,747	469	2,425	8,236
Eliminated on disposals	–	–	(234)	(562)	(179)	(975)
At 31 December 2014	11,633	6,091	7,064	2,303	6,834	33,925
Provided for the year	855	2,725	2,078	917	2,410	8,985
Eliminated on disposals	–	–	(226)	(369)	(1)	(596)
At 31 December 2015	**12,488**	**8,816**	**8,916**	**2,851**	**9,243**	**42,314**
CARRYING VALUES						
31 December 2015	**3,656**	**5,524**	**5,813**	**8,348**	**6,347**	**29,688**
31 December 2014	4,511	8,249	6,805	1,587	6,808	27,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's leasehold land and buildings are located in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following rates per annum:

Leasehold land and buildings	4.5%
Leasehold improvements	over the shorter of the term of the lease, or 5 years
Furniture, fixtures and equipment	18 – 19%
Motor vehicles	18 – 19%
Plant and machinery	18 – 19%

As at 31 December 2015, the Group has pledged its leasehold land and buildings with carrying values of approximately RMB3,608,000 (2014: RMB4,422,000) to secure banking facilities granted to the Group. Details of bank borrowings are set out in note 30.

17. PREPAID LEASE PAYMENTS

	2015	2014
	RMB'000	RMB'000
Leasehold land held in the PRC and are analysed for reporting purposes as follows:		
Current assets	**312**	–
Non-current assets	**8,925**	–
	9,237	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

18. GOODWILL

	RMB'000
COST	
At 1 January 2014	–
Arising on acquisition of a subsidiary *(note 36)*	642
At 31 December 2014, 1 January and 31 December 2015	642
IMPAIRMENT	
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Impairment loss recognised during the year	642
At 31 December 2015	642
CARRYING AMOUNT	
At 31 December 2015	**–**
At 31 December 2014	642

Impairment testing on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one individual cash-generating unit, comprising one subsidiary acquired in 2014 which is engaged in Charging Equipment business.

During the year ended 31 December 2015, management of the Group recognised an impairment loss of approximately RMB642,000 (2014: nil) in respect of the excess of the carrying amount of the cash-generating unit (including goodwill) over the recoverable amount of the cash-generating unit as a result of the loss making status of the related cash-generating unit for the year ended 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

18. GOODWILL (continued)

Impairment testing on goodwill (continued)

The basis of the recoverable amount of the above cash-generating unit and its major underlying assumptions are summarised below:

Subsidiary – Shenzhen Heimt Technology Co., Ltd* 深圳市瀚美特科技有限公司 ("SZ Heimt")

The recoverable amount of this unit is RMB2,977,000 and has been determined based on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a 5-year period, and discount rate of 19.85% (2014: 19.85%), with reference to the discount rate adopted by the comparable companies within the industrty. The cash-generating unit's cash flows beyond 5-year period are extrapolated using 3% growth rate. The growth rate is based on the inflation rate of the PRC of previous years. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectation for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the cash-generating unit to exceed the aggregate recoverable amount of the cash-generating unit.

* *English name is for identification purpose only*

19. OTHER INTANGIBLE ASSETS

	Technical know-how RMB'000
COST	
At 1 January 2014, 31 December 2014 and 31 December 2015	3,000
AMORTISATION	
At 1 January 2014	2,430
Charge for the year	270
At 31 December 2014	2,700
Charge for the year	120
At 31 December 2015	2,820
CARRYING VALUES	
At 31 December 2015	**180**
At 31 December 2014	300

The technical know-how acquired from independent third parties has finite useful life. It is amortised on the straight-line basis over the estimated useful lives of 7 or 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Cost of investment in unlisted associates	**1,250**	18,861
Share of post-acquisition results, net of dividend received	**(544)**	19,421
	706	38,282

On 30 March 2015, the Group disposed all of its holding of 35% equity interest in Beijing Hua Shang Clear New Energy Technology Co., Limited* (北京華商三優新能源科技有限公司) ("Beijing Hua Shang"), with a consideration of RMB25,430,000. Gain on disposal of an associate of approximately RMB2,655,000 has been recognised for the year ended 31 December 2015.

On 2 March 2015, the Group acquired 20% equity interest in Beijing Aimeisen from an independent third party, with a consideration of RMB1,250,000. After the acquisition, Beijing Aimeisen becomes one of the associates of the Group and has been accounted for using equity method.

On 31 January 2015, capital injection of RMB600,000 was made from the Group to Zhuhai New Power, while RMB1,400,000 was made from the then controlling shareholder of Zhuhai New Power to Zhuhai New Power. No change in shareholding was resulted from the capital injection as mentioned above.

On 20 October 2015, an capital injection from an independent third party with RMB6,000,000 was made to Zhuhai New Power. The paid-up capital of Zhuhai New Power has been increased from RMB3,000,000 to RMB9,000,000 after the capital injection. As a result of the capital injection, the Group's interest in the Zhuhai New Power has been diluted from 30% to 10% and the Group has lost its significant influence over Zhuhai New Power and reclassified from interest in an associate to available-for-sale financial asset carried at fair value. Loss on deemed disposal of an associate of approximately RMB112,000 has been recognised for the year ended 31 December 2015.

As at 31 December 2015 and 2014, the Group had interests in the following associates:

Name of entity	Form of entity	Place of establishment/ operation	Class of shares held	Proportion of ownership interests indirectly held by the Group		Proportion of voting power held		Principal activities
				2015	2014	**2015**	2014	
Beijing Hua Shang	Registered	The PRC	Contributed capital	**–**	35%	**–**	35%	Promotion and sales of charging equipment for electric vehicles
Beijing Aimeisen	Registered	The PRC	Contributed capital	**20%**	–	**20%** *(note (i))*	–	Research and development of charging equipment
Zhuhai New Power	Registered	The PRC	Contributed capital	**10%**	30%	**10%** *(note (ii))*	30%	Production and sales of battery equipment and power electronics related products

* *English name is for identification purpose only.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. INTERESTS IN ASSOCIATES (continued)

Notes:

(i) The Group is able to exercise significant influence over Beijing Aimeisen because it has the power to appoint one out of the three directors of that company under the provisions stated in the Article of Association of Beijing Aimeisen.

(ii) The Group has lost its significant influence over Zhuhai New Power as a result of the dilution of equity interest from 30% to 10% on 20 October 2015.

The summarised financial information in respect of each of the associates that is material to the Group and is accounted for using the equity method is set out below.

Beijing Aimeisen

	RMB'000
Net assets of the associate at acquisition date	5,226
Proportion of the Group's ownership interest in Beijing Aimeisen	20%
Goodwill	205
Consideration of the Group's interest in Beijing Aimeisen at acquisition date	1,250

	2015 **RMB'000**	2014 RMB'000
Current assets	**5,232**	N/A
Non-current assets	**374**	N/A
Current liabilities	**3,101**	N/A

	Year ended 2015 RMB'000	Year ended 2014 RMB'000
Revenue for the period from 3 March 2015 to 31 December 2015	**393**	N/A
Loss and total comprehensive expense for the period from 2 March 2015 to 31 December 2015	**(2,721)**	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. INTERESTS IN ASSOCIATES (continued)

Beijing Aimeisen (continued)

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associates is set out below:

	2015 **RMB'000**	2014 RMB'000
Net assets of the associates	**2,505**	N/A
Proportion of the Group's ownership interest in Beijing Aimeisen	**20%**	N/A
Goodwill	**205**	N/A
Carrying amount of the Group's interest in Beijing Aimeisen	**706**	N/A

Beijing Hua Shang

	2015 **RMB'000**	2014 RMB'000
Current assets	**N/A**	199,654
Non-current assets	**N/A**	23,638
Current liabilities	**N/A**	(107,141)
Non-current liabilities	**N/A**	(7,889)

	Year ended 2015 **RMB'000**	Year ended 2014 RMB'000
Revenue	**N/A**	133,509
Profit and total comprehensive income for the year	**N/A**	12,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. INTERESTS IN ASSOCIATES (continued)

Beijing Hua Shang (continued)

	2015 RMB'000	2014 RMB'000
Net assets of the associates	N/A	108,262
Proportion of the Group's ownership interest in Beijing Hua Shang	N/A	35%
Carrying amount of the Group's interest in Beijing Hua Shang	N/A	37,892

Gain on disposal of an associate recognised in the consolidated statement of profit or loss and other comprehensive income is as follows:

	RMB'000
Carrying amount of the Group's interest in Beijing Hua Shang as at 1 January 2015	37,892
Share of result for the period from 1 January 2015 to the date of loss of significant influence	2,328
Dividend received from Beijing Hua Shang during the period from 1 January 2015 to the date of loss of significant influence	(17,445)
Carrying amount of 35% equity interest on the date of loss of significant influence	22,775
Consideration	25,430
Gain on disposal of Beijing Hua Shang	2,655

Zhuhai New Power

	2015 RMB'000	2014 RMB'000
Current assets	N/A	12,552
Non-current assets	N/A	558
Current liabilities	N/A	(11,809)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

20. INTERESTS IN ASSOCIATES (continued)

Zhuhai New Power (continued)

	Year ended 2015 RMB'000	Year ended 2014 RMB'000
Revenue	N/A	12,967
Profit and total comprehensive income for the year	N/A	301

	2015 RMB'000	2014 RMB'000
Net assets of the associate	N/A	1,301
Proportion of the Group's ownership interest in Zhuhai New Power	N/A	30%
Carrying amount of the Group's interest in Zhuhai New Power	N/A	390

Loss on deemed disposal of an associate recognised in the consolidated statement of profit or loss and other comprehensive income is as follows:

	RMB'000
Carrying amount of the Group's interest in Zhuhai New Power as at 1 January 2015	390
Capital contribution to Zhuhai New Power	600
Share of result for the period from 1 January 2015 to the date of loss of significant influence	48
Carrying amount of 10% equity interest at the date of loss significant influence	1,038
Fair value of 10% equity interest at the date of loss of significant influence	926
Loss on deemed disposal of Zhuhai New Power	(112)

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For the year ended 31 December 2015

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB'000	RMB'000
Available-for-sale financial assets comprise:		
Unlisted investments:		
– equity securities	**3,074**	1,657

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. They are measured at fair values using the adjusted net asset method (note 35(c)). Valuation has been performed by an independent qualified professional valuer, GC Appraisal Limited.

On 20 April 2014, the Group disposed of its entire 10% equity interest in Henan Longyuan New Energy Equipment Co. Ltd.* (河南龍源新能源裝備有限公司) ("Henan Longyuan") to the substantial shareholder of Henan Longyuan for a consideration of RMB2,238,000. A loss on disposal of approximately RMB188,000 has been recognised in profit or loss for the year ended 31 December 2014.

On 20 October 2015, the Group was returned approximately 2.94% additional equity interest in Youke New Energy Technology Company Limited* (優科新能源科技有限公司) ("Youke New Energy") for the settlement of the remaining consideration receivable of approximately RMB3,675,000 from the disposal of 6% equity interest in Youke New Energy in 2013. The amount of the remaining consideration receivable of RMB3,675,000 has been recognised as initial cost on 22 October 2015.

Since there is prolong and significant decline in the fair value of Youke New Energy below its cost, impairment loss of approximately RMB4,192,000 has been recognised for the investment in unlisted equity securities of Youke New Energy.

As a result of the dilution of equity interest in Zhuhai New Power from 30% to 10% as mentioned in note 20, the investment in Zhuhai New Power has been classified as available-for-sale investment with fair value of approximately RMB926,000 determined based on the valuation technique as disclosed in note 35(c), at the date of deemed disposal.

* *English name is for identification purpose only*

22. INVENTORIES

	2015	2014
	RMB'000	RMB'000
Raw materials	**9,528**	20,454
Work-in-progress	**19,543**	12,572
Finished goods	**60,646**	32,137
	89,717	65,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23. TRADE AND BILLS RECEIVABLES

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

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

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

The Group does not hold any collateral over these balances.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23. TRADE AND BILLS RECEIVABLES (continued)

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

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

At the end of the reporting period, the Group's trade receivables are individually assessed for impairment as disclosed in note 4. In view of the good repayment history from those major customers of the Group, the directors of the Company consider that there is no further allowance for impairment loss required in excess of the impairment loss recognised for each of the reporting period.

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

Included in the Group's trade receivable balances were debtors with aggregate carrying amounts of approximately RMB224,761,000 (2014: RMB171,291,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

As at 31 December 2015, there are no short-term receivables which have been pledged as security for bank borrowing as a result of the expiry of the related facility during the year ended 31 December 2015 (2014: carrying amount of RMB90,000,000 has been pledged with associated liability of RMB55,000,000). Details of bank borrowings are set out in note 30.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23. TRADE AND BILLS RECEIVABLES (continued)

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

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

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

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Other receivables *(note (i))*	**20,444**	16,424
Prepayments to suppliers	**36,934**	29,854
Less: impairment loss recognised *(note (ii))*	**(4,650)**	–
	32,284	29,854
Prepayments and deposits	**1,573**	661
	54,301	46,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

(i) As at 31 December 2014, consideration receivables of RMB4,842,000 from disposal of available-for-sale financial assets are included in other receivables within prepayments, deposits and other receivables. During the year ended 31 December 2015, partial consideration receivables of RMB1,167,000 has been received by the Group and the remaining balance of RMB3,675,000 has been settled by approximately 2.94% equity interest in Youke New Energy which is classified as available-for-sale financial assets of the Group as disclosed in note 21.

(ii) The movement in the impairment loss of prepayments to suppliers is set out below:

	2015	2014
	RMB'000	RMB'000
1 January	**–**	–
Impairment loss on prepayment	**4,650**	–
31 December	**4,650**	–

25. AMOUNTS DUE FROM ASSOCIATES

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

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

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

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For the year ended 31 December 2015

25. AMOUNTS DUE FROM ASSOCIATES (continued)

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

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

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

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

26. RESTRICTED BANK BALANCES/SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank balances represent deposits required and restricted by banks in respect of the issue of letter of credit to certain customers and suppliers and therefore are classified as current assets. For the year ended 31 December 2015, the restricted bank balances carried interest at average market rates of 1.1% (2014: 1.15%) per annum and will be released upon the completion of the respective transactions.

Short-term bank deposits represent the fixed bank deposits at rates ranged from 2.35% to 2.75% (2014: 2.35% to 4.00%) per annum for the year ended 31 December 2015 with original maturity of more than 3 months but within 12 months.

Bank balances carried interest at market rates ranged from 0.001% to 0.3% (2014: 0.001% to 0.35%) per annum for the year ended 31 December 2015.

At 31 December 2015, bank balances and cash of approximately RMB1,000 (2014: RMB1,000) and RMB5,411,000 (2014: RMB106,000) were denominated in United States dollars ("US$") and HK$ respectively that are currencies other than the functional currencies of the respective group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

27. ASSETS CLASSIFIED AS HELD FOR SALE

On 16 August 2014, the Group entered into a sale and purchase agreement with an independent third party to sell certain items of plant and machinery included in property, plant and equipment of the Group with carrying amount of approximately RMB31,076,000 at consideration of RMB28,000,000. Impairment loss on assets classified as held for sale of approximately RMB3,076,000 has been recognised for the year ended 31 December 2014.

At 31 December 2015, the transaction has not been completed and remained committed to its plan of sale.

28. TRADE AND BILLS PAYABLES

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

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

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

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

29. THE AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS/ ASSOCIATE/DIRECTORS

The amounts due to an associate, non-controlling shareholders of subsidiaries and directors are unsecured, non-interest bearing and repayable on demand.

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For the year ended 31 December 2015

30. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Bank borrowings, secured	**86,700**	68,000
Bank borrowings, unsecured	**40,000**	27,000
	126,700	95,000
Carrying amounts repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year, shown under current liabilities	**126,700**	95,000

All bank borrowings are arranged at floating rates. The effective interest rates (which also equal to contracted interest rates) on the Group's bank borrowings range are from 0.40% to 4.67% (2014: 6.60% to 7.80%) per annum for the year ended 31 December 2015.

During the year, the Group obtained new loans in the amount of RMB193,700,000 (2014: RMB95,000,000). The proceeds were used as the Group's working capital. The above bank borrowings are all denominated in RMB, which is the functional currency of the respective entities and hence no foreign currency risk exposure.

As at 31 December 2015 and 2014, secured and unsecured bank borrowings of RMB10,000,000 (2014: RMB68,000,000) and RMB40,000,000 (2014: RMB27,000,000) were guaranteed by the Company and the directors of the Company with guaranteed amount of approximately RMB120,000,000 (2014: RMB240,000,000). Detail of the guarantees by the directors of the Company are set out at note 41(c).

As at 31 December 2015, the Group has pledged its leasehold land and buildings with carrying values of approximately RMB3,608,000 (2014: RMB4,422,000) to secure banking facilities granted to the Group.

As at 31 December 2015, no short-term receivables have been pledged as security for bank borrowing (2014: carrying amount of RMB90,000,000 has been pledged with carrying amount of associated liability of RMB55,000,000).

As at 31 December 2015, bank borrowings of approximately RMB76,700,000 (2014: nil) was secured by the restricted bank balances of approximately RMB78,560,000 as at 31 December 2015. The Group has available un-utilised overdraft and short-term bank loan facilities of approximately RMB89,000 (2014: RMB107,010,000).

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For the year ended 31 December 2015

31. DEFERRED INCOME

It represents the government grants received by the Group in relation to research and development on technology innovation on charging equipment for motor vehicles. The amounts are recognised as income according to the research and development expenses incurred and recognised in profit or loss during the year over the forecasted research and development cost.

Movements of deferred income during the year are as follows:

	2015	2014
	RMB'000	RMB'000
At 1 January	**122**	633
Amortised during the year	**(122)**	(511)
	–	122

32. DEFERRED TAXATION

The following is the analysis of the deferred tax assets (liabilities) for financial reporting purpose:

	2015	2014
	RMB'000	RMB'000
Deferred tax assets	**9,465**	6,492
Deferred tax liabilities	**(9,319)**	(9,134)
At 31 December 2015	**146**	(2,642)

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For the year ended 31 December 2015

32. DEFERRED TAXATION (continued)

The followings are the major deferred tax assets (liabilities) recognised and movement thereon during the current and prior years:

	Impairment loss recognised in respect of trade receivables	Revaluation/ impairment loss of available-for-sale financial assets	Undistributable profits of subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	2,640	231	(8,749)	(5,878)
Credited to profit or loss *(note 9)*	3,700	–	(385)	3,315
Disposal of available-for-sale financial assets	–	(90)	–	(90)
Credited to available-for-sale financial assets revaluation reserve	–	11	–	11
At 31 December 2014	6,340	152	(9,134)	(2,642)
Credited to profit or loss *(note 9)*	2,496	629	(185)	2,940
Debited to available-for-sale financial assets revaluation reserve	–	(152)	–	(152)
At 31 December 2015	8,836	629	(9,319)	146

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial statements in respect of temporary difference attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB186,379,000 respectively (2014: RMB182,677,000) as the Group considered the temporary differences will reverse in the foreseeable future upon declaration of dividends of subsidiaries and associates.

The Group had unused tax losses of approximately RMB25,868,000 (2014: RMB29,883,000) as at 31 December 2015, available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses of approximately RMB2,311,000 (2014: RMB1,677,000) may be carried forward indefinitely. The remaining tax losses of approximately RMB23,557,000 (2014: RMB28,206,000) will expire five years from the year of origination. As at 31 December 2015, tax losses of approximately RMB5,021,000, RMB6,051,000, RMB4,050,000 and RMB8,435,000 will expire in 2016, 2017, 2018 and 2019 respectively (2014: RMB615,000, RMB5,021,000, RMB8,101,000 and RMB14,469,000 will expire in 2015, 2016, 2017 and 2018 respectively).

At 31 December 2015, the Group had temporary differences of approximately RMB76,528,000 (2014: RMB58,364,000) in respect of allowance for impairment of trade receivables. Deferred tax asset of RMB8,836,000 (2014: RMB6,340,000) had been recognised on temporary difference of approximately RMB58,912,000 (2014: RMB42,266,000). No deferred tax asset has been recognised on the remaining amount of approximately RMB17,616,000 (2014: RMB16,098,000) due to the unpredictability of future profit streams will be available against which the deductible temporary differences can be utilised.

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33. SHARE CAPITAL

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

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

Notes:

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

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

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

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34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 30, net of restricted bank balances, short-term bank deposits and bank balances and cash disclosed in note 26 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 **RMB'000**	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**527,652**	419,391
Available-for-sale financial assets	**3,074**	1,657
	530,726	421,048
Financial liabilities		
Other financial liabilities at amortised cost	**222,050**	177,526

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35. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposit paid for acquisition of available-for-sale financial assets, trade and bills receivables, other receivables, amounts due from associates, restricted bank balances, short-term bank deposits, bank balances and cash, trade and bills payables, other payables included in accruals and other payables, amounts due to non-controlling shareholders of subsidiaries, amount due to an associate, amount due to a director and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC. A significant portion of the Group's sales and purchases is denominated in the functional currency of the Group (i.e. RMB).

Certain bank balances and cash are denominated in HK$ and US$, which expose the Group to foreign currency risk. However, the Group considers its exposure to foreign currency risk in respect of HK$ and US$ is insignificant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets	
	2015	2014
	RMB'000	RMB'000
HK$	**5,411**	106
US$	**1**	1

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to foreign currency risk of HK$. Management of the Group considers the currency risk of the Group is insignificant for the years ended 31 December 2015 and 2014, hence no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

As at 31 December 2015 and 2014, the Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings disclosed in note 30.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the RMB Base Lending Rate stipulated by the People's Bank of China arising from the Group's RMB denominated bank borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate bank borrowings, restricted bank balances, short-term bank deposits and bank balances. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2014: 50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2014: 50) basis points higher or lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would increase/decrease by approximately RMB256,000 (2014: RMB229,000).

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt, other receivable and amount due from an associate at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for all of the total trade receivables as at 31 December 2015 and 2014.

The Group has concentration of credit risk as 6.5% and 20.3% (2014: 9.6% and 30.6%) of the total trade receivables was due from the Group's largest and top five customers respectively within the DC Power System and Charging Equipment segments as at 31 December 2015.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2015, The Group has available undrawn bank loan facilities of approximately RMB89,000 (2014: RMB107,010,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity analysis for non-derivative financial liabilities is based on the scheduled repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table

At 31 December 2015	**Within 1 year or on demand RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying Amount RMB'000**
Financial liabilities			
Trade and bills payables	**88,749**	**88,749**	**88,749**
Accruals and other payables	**5,430**	**5,430**	**5,430**
Amounts due to non-controlling shareholders of subsidiaries	**1,171**	**1,171**	**1,171**
Bank borrowings			
– variable rate	**127,888**	**127,888**	**126,700**
	223,238	**223,238**	**222,050**

At 31 December 2014	Within 1 year or on demand RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
Financial liabilities			
Trade and bills payables	77,062	77,062	77,062
Accruals and other payables	4,533	4,533	4,533
Amount due to a non-controlling shareholder of a subsidiary	213	213	213
Amount due to an associate	698	698	698
Amount due to a director	20	20	20
Bank borrowings			
– variable rate	97,215	97,215	95,000
	179,741	179,741	177,526

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurement of the financial assets on a recurring basis are set out below:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	31/12/2015	31/12/2014				
	RMB'000	RMB'000				
Unlisted equity securities classified as available-for-sale financial assets on the consolidated statement of financial position	**3,074**	1,657	Level 3	Adjusted net asset method - by applying discount factor to the current market price of similar assets held by the investees	Discount factor of (i) 100% applied to construction in progress, intangible assets and deferred tax as a result of unavailability of market prices for the above assets; and (ii) 5% applied to inventories based on the utilisation of inventories	The higher the discount rate, the lower of the fair value

There were no transfers between levels of fair value hierarchy in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial assets that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities RMB'000
At 1 January 2014	3,794
Fair value loss recognised in the other comprehensive expense	(73)
Disposal	(2,064)
At 31 December 2014 and 1 January 2015	1,657
Additions	4,601
Reserve released upon impairment loss of available-for-sale financial assets	1,008
Impairment loss on available-for-sale financial assets	(4,192)
At 31 December 2015	3,074

(d) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost approximate their fair values as at 31 December 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36. ACQUISITION OF A SUBSIDIARY

On 29 September 2014, Titans Power acquired 51% equity interest in SZ Heimt from an independent third party for a cash consideration of RMB1,734,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately RMB642,000. SZ Heimt is principally engaged in the research, development, manufacture and sales of charging equipment for electric vehicles. SZ Heimt was acquired so as to expand the charging equipment business for electric vehicles operations.

Consideration transferred

	RMB'000
Cash	1,734

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36. ACQUISITION OF A SUBSIDIARY (continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	1,734
Plus: non-controlling interests (49% in SZ Heimt)	1,049
Less: net assets acquired	(2,141)
Goodwill arising on acquisition *(note 18)*	642

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

The non-controlling interests recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the net identifiable assets of SZ Heimt.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition of SZ Heimt

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

37. OPERATING LEASE COMMITMENTS

The Group as a lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	RMB'000	RMB'000
Within one year	**2,385**	2,448
In the second to fifth year inclusive	**2,064**	829
	4,449	3,277

Operating lease payments represent rentals payable by the Group for certain of its offices and workshops. Leases are negotiated for an average of two (2014: two) years and rentals are fixed for one (2014: one) year for the year ended 31 December 2015.

The Group as a lessor

Property rental income and rental income from operating leases of electric vehicles earned during the year were RMB190,000 (2014: RMB46,000) and RMB20,000 (2014: nil), respectively. The property held has committed tenants for the next four years. While the contract periods for the operating lease of electric vehicles are 1 year.

At the end of the reporting period, the Group has contracted with tenants and lessees for the following future minimum lease payments:

	2015	2014
	RMB'000	RMB'000
Within one year	**321**	81
In the second to fifth year inclusive	**39**	89
	360	170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

38. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**34,685**	1,305
– Investment in available-for-sale financial asset	**6,111**	–
– Establishment of associates	**28,000**	–
– Capital contribution to a subsidiary	**8,813**	–
– Acquisition of an associate	**–**	9,914
	77,609	11,219

39. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme"), which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (HK$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by employees. The employer's contributions vested fully with the employees when contributed into the scheme. The only obligation of the Group with respect to the scheme is to make the specified contributions.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits schemes (the "Schemes") operated by the PRC government. The PRC subsidiaries are required to contribute certain amount of payroll costs to the Schemes to fund the benefits. The only obligation of the Group with respect to the Schemes is to make the required contributions under the Schemes.

The amount of contributions made by the Group in respect of the retirement benefits schemes during the years are set in notes 11, 12 and 13 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

40. SHARE-BASED PAYMENTS

Pre-IPO Share Option Scheme

Pursuant to a written resolution approved by the Company's shareholders on 8 May 2010, the Company has adopted the Pre-IPO Share Option Scheme. Certain executive directors, senior managerial staff and employees of the Group were granted options to recognise their contribution to the Group. Under the Pre-IPO Share Option Scheme, 53 participants (the "Grantees") have been conditionally granted options by the Company. The exercise of the options would entitle the Grantees to purchase aggregate of 23,920,000 shares of the Company immediately following completion of the placing and public offer and the capitalisation issue at 50% of the final offer price. The options are exercisable by installments twelve months after 28 May 2010, the date on which the shares of the Company were listed on the Stock Exchange, (the "Listing Date") and up to 5 years since the Listing Date.

The Group will receive HK$1 for each grant under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme was expired on 28 May 2015.

Share Option Scheme

Pursuant to a written resolution passed by the shareholders of the Company on 8 May 2010, the Company has adopted the Share Option Scheme for a period of 10 years commencing on 8 May 2010, the Board of the Company may, at its discretion, grant share options to any individual being an employee, officer, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) at a consideration of HK$1 on acceptance of the option offer. The subscription of shares in the Company is subject to the terms and conditions as stipulated in the Share Option Scheme. 19,430,000 share options were first granted during the year ended 31 December 2011.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, together with all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme, must not exceed 30% of the number of the issued shares from time to time.

No share options were granted during the years ended 31 December 2015 and 2014.

Details of the share options granted under the Pre-IPO Share Option Scheme were as follows:

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price	Fair value at grant date
				HK$	HK$
8 May 2010	25%	28.5.2010 – 27.5.2011	28.5.2011 – 27.5.2012	0.59	0.61
	25%	28.5.2010 – 27.5.2012	28.5.2012 – 27.5.2013	0.59	0.65
	25%	28.5.2010 – 27.5.2013	28.5.2013 – 27.5.2014	0.59	0.68
	25%	28.5.2010 – 27.5.2014	28.5.2014 – 27.5.2015	0.59	0.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

40. SHARE-BASED PAYMENTS (continued)

Share Option Scheme (continued)

Detail of the share options granted under the Share Option Scheme were as follows:

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price	Fair value at grant date
				HK$	HK$
17 February 2011	33%	17.2.2011 – 16.2.2012	17.2.2012 – 16.2.2013	1.10	0.29
	33%	17.2.2011 – 16.2.2013	17.2.2013 – 16.2.2014	1.10	0.39
	33%	17.2.2011 – 16.2.2014	17.2.2014 – 16.2.2015	1.10	0.46

The Company has share option schemes for directors and eligible employees. Details of the share options outstanding during the year are as follows:

	2015		2014	
	Weighted average exercise price	**Number of share options**	Weighted average exercise price	Number of share options
	HK$	**('000)**	HK$	('000)
Outstanding at 1 January	**0.99**	**7,137**	0.85	23,033
Exercised during the year	**0.59**	**(1,420)**	0.60	(9,540)
Lapsed during the year	**1.09**	**(5,717)**	1.10	(5,946)
Forfeited during the year	**N/A**	**–**	0.85	(410)
Outstanding at 31 December	**N/A**	**–**	0.99	7,137
Exercisable at 31 December	**N/A**	**–**	0.99	7,137

The Group recognised the total expense of RMB406,000 for the year ended 31 December 2014 in relation to share options granted by the Company. No share option expense has been recognised for the year ended 31 December 2015.

Share options were granted on 8 May 2010 and 17 February 2011. The aggregate fair values of the shares options determined at the dates using the Binomial model were approximately HK$15,741,000 and HK$7,365,000 (equivalent to approximately RMB13,760,000 and RMB6,178,000) respectively, based on the valuation report issued by an independence valuer, Avista Valuation Advisory Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

a) Income received

	2015	2014
	RMB'000	RMB'000
Rental income received from an associate	**122**	–
Sales to associates *(note)*	**424**	2,706
	546	2,706

Note: Sales of charging equipment for electric vehicles to the associates for the years ended 31 December 2015 and 2014 on terms mutually agreed with the parties, which were reference to prevailing market prices under the sales agreement.

b) Compensation to key management personnel

The remuneration of directors of the Company during the year was as follows:

	2015	2014
	RMB'000	RMB'000
Short-term benefits	**1,280**	1,212
Share-based payments	**–**	22
Post-employment benefits	**34**	30
	1,314	1,264

The remuneration of directors of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

c) Guarantees from directors

At 31 December 2015 and 2014, certain banking facilities of the Group were guaranteed by Mr. Li Xin Qing and Mr. An Wei, directors of the Company:

	2015	2014
	RMB'000	RMB'000
To the extent of	**120,000**	240,000

Details of the borrowings of the Group are set out in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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42. NON-CASH TRANSACTIONS

During the year ended 31 December 2014, deposit for acquisition of plant and equipment of RMB31,076,000 has been transferred to plant and machinery included in property, plant and equipment. The amount has been included in the additions of plant and machinery as disclosed in note 16 to the consolidated financial statements.

43. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 **RMB'000**	2014 RMB'000
Non-current asset		
Investment in a subsidiary	**1**	1
Current assets		
Amounts due from subsidiaries *(note a)*	**308,393**	228,171
Bank balances and cash	**95**	108
	308,488	228,279
Current liability		
Accruals and other payable	**–**	663
Net current assets	**308,488**	227,616
	308,489	227,617
Capital and reserves		
Share capital *(note 33)*	**8,087**	7,387
Reserves *(note b)*	**300,402**	220,230
	308,489	227,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

43. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

(a) The amount is unsecured, interest-free and recoverable on demand.

(b) Reserves

	Share premium RMB'000	**Share option reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2014	232,139	10,864	(24,920)	218,083
Loss and total comprehensive expense for the year	–	–	(2,691)	(2,691)
Exercise of share options	10,859	(6,427)	–	4,432
Recognition of share-based payment expenses *(note 40)*	–	406	–	406
Lapse of share options	–	(1,841)	1,841	–
Forfeiture of share options	–	(168)	168	–
At 31 December 2014	242,998	2,834	(25,602)	220,230
Loss and total comprehensive expense for the year	–	–	(1,306)	(1,306)
Issue of shares upon placing *(note 33)*	81,299	–	–	81,299
Transaction cost attributable to issue of shares	(470)	–	–	(470)
Exercise of share options	1,314	(665)	–	649
Lapse of share options	–	(2,169)	2,169	–
At 31 December 2015	325,141	–	(24,739)	300,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has the following principal subsidiaries, all of which adopted a same financial year end date of 31 December:

Name of subsidiary	Place of incorporation/ establishment and operation	Class of shares held	Issued and fully paid share capital/ registered capital 2015	Issued and fully paid share capital/ registered capital 2014	Percentage of equity interest and voting power attributable to the Company 2015 Direct	2015 Indirect	2014 Direct	2014 Indirect	Principal activities
Zhuhai Titans Power Electronics Co., Ltd.* 珠海泰坦電力電子集團有限公司 *(note 2)*	The PRC	Contributed	**RMB232,000,000**	RMB232,000,000	**–**	**100%**	–	100%	Research, development, manufacture and sales of wind and solar power generation balancing control products, charging equipment for electrical vehicles and power grid monitoring and management products
Anhui Titans Liancheng Energy Technology Co., Ltd. * 安徽泰坦聯成能源技術有限公司 *(note 1)*	The PRC	Contributed	**RMB30,000,000**	RMB30,000,000	**–**	**100%**	–	100%	Research, development, manufacture and sales of electrical direct current products
Henan Hong Zheng Electric Technology Co., Ltd.* 河南弘正電氣科技有限公司 *(note 1)*	The PRC	Contributed	**RMB30,000,000**	RMB30,000,000	**–**	**100%**	–	100%	Research, development, manufacture and sales of electrical direct current products
Zhuhai Titans New Energy Systems Co., Ltd.* 珠海泰坦新能源系統有限公司 *(note 1)*	The PRC	Contributed	**RMB3,000,000**	RMB3,000,000	**–**	**100%**	–	100%	Research, development, manufacture and sales of electrical power generation balancing control and other products
Zhuhai Yilian New Energy Vehicles Operation and Services Company Ltd.* 珠海驛聯新能源汽車運營服務有限公司 *(note 1)*	The PRC	Contributed	**RMB10,000,000**	RMB10,000,000	**–**	**51%**	–	51%	Sales and leases of electric vehicles; and provision of charging services
Zhuhai Yilian New Energy Motor Co., Ltd.* 珠海驛聯新能源汽車有限公司 *(note 1)*	The PRC	Contributed	**RMB10,000,000**	RMB10,000,000	**–**	**100%**	–	100%	Sales and lease of electric vehicles
Zhuhai Titans Technology Co., Ltd.* 珠海泰坦科技股份有限公司 *(note 1)*	The PRC	Contributed	**RMB200,000,000**	RMB200,000,000	**–**	**100%**	–	100%	Research, development, manufacture and sales of electrical direct current products

* *English name is for identification purpose only*

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44. PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Notes:

1. These entities are domestic enterprises.

2. This entity is wholly foreign owned entity.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excess length.

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the Group. The principal activities of these subsidiaries are sales of Charging Equipment of electric vehicles and investment holding. A summary of these subsidiaries are set out as follows:

		Number of subsidiaries	
Principal activity	**Principal place of business**	**2015**	2014
Sales of Charging Equipment of electric vehicles	PRC	**3**	1
Investment holding	– Hong Kong	**2**	2
	– BVI	**1**	1
Inactive	PRC	**1**	1
		7	5

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

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45. EVENT AFTER THE REPORTING PERIOD

Issue of convertible notes

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

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

46. COMPARATIVE FIGURES

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

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