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

(Incorporated in the Cayman Islands with members' limited liability)

(Stock code: 2188)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

– Revenue increased by approximately RMB61,752,000 to RMB337,344,000 as compared to last year.

– Profit for the year attributable to owners of the Company amounted to approximately RMB18,595,000 as compared to loss of approximately RMB29,622,000 in 2020.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2021.

* ***For identification purpose only***

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of China Titans Energy Technology Group Co., Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021 together with comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	**2021** **RMB'000**	2020 RMB'000
Revenue	*4*	**337,344**	275,592
Cost of revenue		**(222,923)**	(207,328)
Gross profit		**114,421**	68,264
Other revenue and income	*6*	**11,342**	13,070
Selling and distribution expenses		**(46,685)**	(48,946)
Administrative and other expenses		**(68,114)**	(59,029)
Other gains and losses	*7*	**4,083**	(595)
Reversal of impairment losses of financial assets		**12,448**	5,142
Share of results of associates		**4,234**	2,040
Finance costs	*8*	**(10,260)**	(11,226)
Profit (loss) before tax		**21,469**	(31,280)
Income tax (expense) credit	*9*	**(4,141)**	1,069
Profit (loss) for the year		**17,328**	(30,211)

	NOTE	2021 RMB'000	2020 RMB'000
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value loss on financial assets at fair value through other comprehensive income		**(1,622)**	(1,768)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**208**	105
Other comprehensive expense for the year, net of income tax		**(1,414)**	(1,663)
Total comprehensive income (expense) for the year		**15,914**	(31,874)
Profit (loss) for the year attributable to:			
– Owners of the Company		**18,595**	(29,622)
– Non-controlling interests		**(1,267)**	(589)
		17,328	(30,211)
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**17,181**	(31,285)
– Non-controlling interests		**(1,267)**	(589)
		15,914	(31,874)
EARNINGS (LOSS) PER SHARE	*11*		
Basic (RMB)		**2.01 cents**	(3.20 cents)
Diluted (RMB)		**2.01 cents**	(3.20 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTE	**2021** **RMB'000**	2020 RMB'000
Non-current assets			
Property, plant and equipment		**163,479**	176,010
Right-of-use assets		**7,364**	7,727
Goodwill		**–**	–
Intangible assets		**26,134**	32,452
Interests in associates		**18,367**	15,710
Financial assets at fair value through other comprehensive income		**24,515**	26,137
Financial asset at fair value through profit or loss		**4,146**	9,066
Finance lease receivable		**187**	350
Loan receivable		**1,308**	–
Deferred tax assets		**9,925**	9,907
		255,425	277,359
Current assets			
Inventories		**130,430**	106,878
Trade and bills receivables	*12*	**274,405**	248,509
Contract assets		**41,856**	33,908
Financial asset at fair value through profit or loss		**500**	–
Loan receivables		**4,000**	5,025
Prepayments, deposits and other receivables		**58,976**	59,360
Amounts due from associates		**271**	171
Finance lease receivable		**163**	142
Tax recoverable		**3,161**	3,061
Restricted bank balances		**18,257**	19,224
Short-term bank deposits		**43,000**	27,500
Bank balances and cash		**35,988**	45,303
		611,007	549,081

	NOTE	2021 RMB'000	2020 RMB'000
Current liabilities			
Trade and bills payables	*13*	**127,000**	117,605
Contract liabilities		**28,401**	13,311
Accruals and other payables		**8,549**	8,439
Lease liabilities		**–**	55
Amounts due to associates		**617**	2,081
Bank and other borrowings		**115,994**	113,215
Tax payable		**1,594**	–
		282,155	254,706
Net current assets		**328,852**	294,375
Total assets less current liabilities		**584,277**	571,734
Non-current liabilities			
Deferred tax liabilities		**13,574**	11,217
Bank and other borrowings		**47,784**	55,624
		61,358	66,841
Net assets		**522,919**	504,893
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**502,905**	484,612
Equity attributable to owners of the Company		**510,992**	492,699
Non-controlling interests		**11,927**	12,194
Total equity		**522,919**	504,893

1. GENERAL

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

In the current year, the Group has applied, for its first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the"HKICPA") which are effective for the Group's financial year beginning 1 January 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments[3]
Amendments to HKFRS 3	Reference to Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021[1]
Amendment to HKFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle[2]

[1] Effective for annual periods beginning on or after 1 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

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

4. REVENUE

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

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contract with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Sales of electric products	**311,091**	254,335
Provision of charging services for electric vehicles	**25,696**	18,836
Sales of electric vehicles	**–**	302
	336,787	273,473
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	**557**	2,119
	337,344	275,592

5. SEGMENT INFORMATION

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

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

(i)	DC Power System	Manufacturing and sales of direct current power system
(ii)	Charging Equipment	Manufacturing and sales of charging equipment for electric vehicles
(iii)	Charging Services and Construction	Provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under BOT arrangements

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 2021

	DC Power System *RMB'000*	**Charging Equipment** *RMB'000*	**Charging Services and Construction** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment revenue	**124,586**	**186,505**	**25,696**	**557**	**337,344**
Segment profit	**46,314**	**69,475**	**2,987**	**237**	**119,013**
Unallocated other revenue					**11,342**
Other gains and losses					**4,058**
Share of results of associates					**4,234**
Unallocated expenses					**(106,920)**
Finance costs					**(10,258)**
Profit before tax					**21,469**

Year ended 31 December 2020

	DC Power System RMB'000	Charging Equipment RMB'000	Charging Services and Construction RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue	115,788	138,547	18,836	2,421	275,592
Segment profit (loss)	18,804	39,258	(2,351)	1,013	56,724
Unallocated other revenue					13,070
Other gains and losses					637
Share of results of associates					2,040
Unallocated expenses					(92,539)
Finance costs					(11,212)
Loss before tax					(31,280)

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

6. OTHER REVENUE AND INCOME

	2021 *RMB'000*	2020 *RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**9,044**	8,114
Interest income on loan receivables	**413**	767
Interest income on finance lease receivable	**74**	93
Bank interest income	**340**	355
Government grants *(note (b))*	**1,471**	3,741
	11,342	13,070

Notes:

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

(b) The government grants are subsidies received from Zhuhai Finance Bureau ("珠海市財政局"), Department of Finance of Guangdong Province ("廣東省財政廳") and The Ministry of Science and Technology of the People's Republic of China ("中華人民共和國科學技術部") regarding the research and development on technology innovation and promotion of electric vehicles. There are no unfulfilled conditions or contingencies relating to those subsidies and they are recognised upon receipt during the years ended 31 December 2021 and 2020.

7. OTHER GAINS AND LOSSES

	2021 *RMB'000*	2020 *RMB'000*
Loss on write-off of property, plant and equipment	**(32)**	(299)
Fair value loss on financial assets at FVTPL	**(4,920)**	(3,383)
Net exchange loss	**(225)**	(484)
Gain (loss) on disposal of plant and equipment	**57**	(933)
Write back on trade payable	**–**	360
Gain on disposal of a subsidiary	**423**	30
Gain (loss) on partial disposal of an associate	**6,343**	(436)
Gain on deemed partial disposal of an associate	**2,554**	–
Loss on deregistration of an associate	**(117)**	–
Gain on disposal of an associate	**–**	4,550
	4,083	(595)

8. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interests on:		
Bank borrowings	**8,610**	7,906
Other borrowings	**1,648**	3,306
Lease liabilities	**2**	14
	10,260	11,226

9. INCOME TAX EXPENSE (CREDIT)

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**1,594**	–
Deferred tax:	**2,547**	(1,069)
	4,141	(1,069)

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021 (2020: nil), nor has any dividend been proposed since the end of the reporting period (2020: nil).

11. EARNINGS (LOSS) PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	**18,595**	(29,622)

Number of shares

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**925,056**	925,056

12. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**327,840**	314,043
Less: allowance for impairment loss	**(53,435)**	(66,540)
	274,405	247,503
Bills receivables	**–**	1,006
Total trade and bills receivables	**274,405**	248,509

The bills receivables as at 31 December 2020 were fallen within the aged group of 0–90 days with approximately RMB1,006,000 (2021: nil), based on the dates of delivery of goods which approximates the respective revenue recognition dates.

At 31 December 2021, the carrying amount of the trade receivables which have been pledged as security for the borrowing, is approximately RMB120,211,000 (2020: RMB139,239,000).

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

	2021	2020
	RMB'000	*RMB'000*
0 – 90 days	**172,665**	137,812
91 – 180 days	**21,854**	24,719
181 – 365 days	**53,703**	49,164
1 – 2 years	**20,085**	23,050
2 – 3 years	**6,098**	12,758
	274,405	247,503

13. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**91,524**	79,355
Bills payables	**35,476**	38,250
Trade and bills payables	**127,000**	117,605

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

	2021	2020
	RMB'000	*RMB'000*
0 – 90 days	**76,686**	70,041
91 – 180 days	**41,066**	34,776
181 – 365 days	**4,489**	4,719
1 – 2 years	**2,803**	4,612
Over 2 years	**1,956**	3,457
	127,000	117,605

The average credit period on purchases of goods is 90 days (2020: 90 days). The Group has financial risk management policy in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2021 (the "Reporting Period"), the Group recorded revenue of approximately RMB337,344,000, representing an increase of approximately 22.41% over that of last year. Revenue was mainly derived from the Group's principal businesses including various products such as direct current power system products (the "DC Power System products" or "electrical DC products"), charging equipment for electric vehicles and charging services for electric vehicles. The table below shows the revenue of different series of products of the Group for the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**124,586**	**36.93**	115,788	42.01
Charging equipment for electric vehicles	**186,505**	**55.29**	138,547	50.27
Charging services for electric vehicles	**25,696**	**7.62**	18,836	6.83
Others	**557**	**0.16**	2,421	0.89
Total	**337,344**	**100**	275,592	100

In 2021, the Group recorded a profit attributable to owners of the Company and total comprehensive income attributable to owners of the Company of approximately RMB18,595,000 and RMB17,181,000, respectively, representing an increase of approximately RMB48,217,000 and an increase of approximately RMB48,466,000 over the loss of approximately RMB29,622,000 and the total comprehensive expense of RMB31,285,000 of the corresponding period last year.

Compared with 2020, the Group recorded a turnaround from loss to profit, which was mainly due to (1) the increase in gross profit resulting from the increase in revenue for the year; and (2) the increase in income from the disposal of interests in associates of the Group.

Electrical DC products

During the Reporting Period, the Group's revenue of the electrical DC product was approximately RMB124,586,000, representing an increase of approximately 7.60% over 2020. The Directors consider that the main reason for the increase in revenue was that in the post-epidemic era, the market demand for electrical DC products grew, and that the production, manufacturing, and sales of this business have gradually returned to pre-epidemic levels.

Charging equipment for electric vehicles

During the Reporting Period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB186,505,000, representing an increase of approximately 34.61% over 2020. The Directors consider that during the Reporting Period, the overall domestic investment confidence rallied from last year, and the that demand for charging equipment projects across China continuously grew, resulting in an increase in the Group's revenue.

Charging services for electric vehicles

During the Reporting Period, the Group recorded revenue from charging services fees for electric vehicles of approximately RMB25,696,000, representing an increase of approximately 36.42% as compared to that recorded in 2020. The Directors consider the increase in revenue from electric vehicle charging services was mainly due to: (1) the increase in the sales volume of new energy vehicles in China fueled the rapid growth of the demand for charging services; and (2) the franchisee cooperation model developed by the Group for charging operation enjoys an increasingly mature development.

Others

During the Reporting Period, the Group's revenue of other businesses amounted to approximately RMB557,000, being the income from the sales of power storage products and the leasing business in relation to electric vehicles, representing a decrease of approximately 76.99% as compared to that recorded in 2020.

The Group's major operating activities in 2021:

In 2021, China resolutely implemented the stability-based development strategy and coordinated epidemic prevention and control and economic and social development in a holistic way, enabling the domestic economy to operate within a reasonable range and maintaining a steady recovery. Particularly, the outline of development plan guided by the "carbon peak and neutrality" policy and the 14th Five-Year Plan has been communicated to all parts of the country and has become an important driving force for the vigorous development of the new energy industry.

As an integral part of the above development plan, the new energy vehicle industry made remarkable progress during the year. According to the data released by the China Association of Automobile Manufacturers, the production and sales volume of new energy vehicles in China increased year on year by 159.5% and 157.5% to 3,545,000 and 3,521,000, respectively, in 2021. Such data show that the development of new energy vehicles has shifted from policy driven to market driven, demonstrating a good momentum with an improvement in both market scale and development quality. The charging infrastructure, which is inseparable from new energy vehicles, was also booming in the period. According to the data released by the China Electric Vehicle Charging Infrastructure Promotion Alliance, in 2021, China's charging infrastructure increased by 936,000 units, including 340,000 public charging piles, as the EV charging demand continued to grow rapidly.

The steady growth of China's economy relies on the strong support of the power industry. According to the data released by the China Electricity Council, China's total electricity consumption in 2021 was 8,312.8 billion kWh, a year-on-year increase of 10.3%. The construction of power systems brings great commercial prospects for the Company's electrical DC products.

Though China's economic data is growing, the lingering COVID-19 pandemic and intensifying market competition are challenges the industry has to face. In the face of challenges, the Group meticulously built a solid business foundation in terms of products, markets, customers, operations and management; in the face of opportunities, the Group took the initiative to expand into new areas and seek breakthroughs. During the Reporting Period, the revenue from the Group's principal business was approximately RMB337,344,000, a year-on-year increase of 22.41%.

The specific principal business activities are as follow:

I. Equipment Research and Development, Manufacturing and Sales

1. Electrical DC products

During the Reporting Period, the revenue from electrical DC products was approximately RMB124,586,000, a year-on-year increase of 7.60%.

The Group actively participated in bidding activities related to the business under the "agency and direct sales" model to provide customers with high-standard customizable products. The geographical areas where the Group won bids were expanded during the year, making it the year with the largest number of bid-winning geographical areas in the past five years. In addition, the Group won the bid for a nuclear power equipment project in Changjiang, Hainan during the Reporting Period, making a successful entry into the nuclear power sector.

Back-end business development, which is an important part of the Group's operations, mainly covers R&D and project delivery. During the Reporting Period, the research and development of electrical DC products went well, with all the R&D and upgrade projects for the year progressing as expected by the Group. In addition to this, the R&D team applied for four invention and utility model patents as scheduled. For project delivery, the business team achieved an on-time delivery rate of 100% for dozens of engineering orders during the year, reflecting that the Group's production process efficiency improved significantly thanks to its internal optimization efforts.

2. Charging equipment for electric vehicles

During the Reporting Period, the revenue from charging equipment for electric vehicles was approximately RMB186,505,000, a year-on-year increase of 34.61%.

In order to enhance the strength of the electric vehicle charging equipment business, the Group primarily made efforts in two aspects. On the one hand, the Group sought breakthroughs at the industry level by partnering with strong and renowned OEMs. The Group participated in the operation and maintenance projects of State Grid and China Southern Power Grid in Guangxi, Hainan and Fujian and added premium customers, thus achieving breakthroughs in geographical areas of business and customers. On the other hand, the Group further controlled costs and expenses and continued to carry out improvement measures. The front-line business personnel were trained on the sales strategy of "individual and team combination" to better meet the market and customer needs and control the pre-sales costs. In addition, the Group reduced the costs of order execution, BOM(Bill of materials) and after-sales service through measures such as "business-finance integration" and intensified quantitative cost analysis.

3. New products and new technologies

Heavy trucks, as a major polluter, are a key target for energy conservation and emission reduction. Under environmental pressure, the new energy conversion of heavy trucks is accelerating. With the accelerated launch of battery-swap heavy trucks, the construction of heavy truck battery swap stations is speeding up. As early as in 2011, the Group provided battery replacement products for Qingdao Xuejiadao Battery Swap Station, the largest battery swap station at that time, but the case is very different from the current demand for heavy truck battery replacement. In response to the changes in demand, the Group continuously upgraded its battery replacement equipment products and introduced new products suitable for heavy truck batter replacement.

During the Reporting Period, the Group optimized the operation platform of electric vehicle charging service in a targeted manner based on the market information and user feedback. This time, the Group mainly optimized system performance, improved user experience and strengthened cooperation to promote product R&D. By enhancing the performance of key gateways and back-office services, the Group made the charging network more stable and smooth, and enabled timer setting for charging piles to allow cost-effective charging of vehicles during low electricity tariff periods. The Group also realized the interconnection of charging services with China's renowned operators and automakers, and collaborated with third-party technology companies to conduct power battery performance evaluation, so as to provide reliable safety guarantee for car owners' charging of their vehicles.

II. Investment, Construction and Operation

During the Reporting Period, the revenue from the Group's charging services for electric vehicles was approximately RMB25,696,000, a year-on-year increase of 36.42%.

The development of the Group's charging station operation platform – "Yi Charging Platform" was in line with the Group's expectations. According to its overall strategic planning, the Group had no investment in self-operated charging stations during the Reporting Period, but strengthened the expansion of and cooperation with franchisees.

During the Reporting Period, the Group improved its operation and maintenance services by refining operations and management, increasing the services of directing flow to its system platform, and improving user experience. Based on the monitoring and management of the intelligent operation platform, the Group can better meet the charging needs of users with professional services and improve the utilization rate of charging stations to ensure the long-term performance of the charging business.

III. Fundamental Management

1. Advancing digital transformation

During the Reproting Period, the Group successfully completed a digital transformation plan, which has three positive effects: first, the transformation will improve the efficiency of Group's customer relationship management (CRM) and enable it to interconnect with multiple ERP system at the data level; second, it will realize digital barcode tracking to enable the control and tracking of products in all aspects; third, it will strengthen the "business-finance integration" function and further improve the control of data integrity and accuracy.

2. Controlling quality to avoid potential hazards

During the Reporting Period, the Group implemented the policy of handling special cases with special methods, and particularly strengthened quality control. Relevant responsible teams of the Group held special quality meetings to discuss how to improve quality step by step in the R&D, design, production and commercialization stages. As a result, the batch passing rates of voltage electrical appliances, standard structural parts and DC cabinet systems were higher than the targets, and the potential problems were solved in products such as power modules, three-way switches and transformers.

The Group's Business Focuses and Related Plans for 2022:

The New Energy Vehicle Industry Development Plan (2021-2035) issued by the General Office of the State Council explicitly proposes to improve the industry development environment, promote the high-quality and sustainable development of China's new energy vehicle industry, and accelerate the construction of an automobile power. By 2025, the sales volume of new energy vehicles is expected to account for approximately 20% of the total sales volume of vehicles. By 2035, battery electric vehicles will become the mainstream of auto sales, and vehicles in the public sector will be fully electrified. It can be seen that electric vehicles will continue to grow rapidly.

In January 2022, the National Development and Reform Commission and other ministries and commissions jointly issued the Implementation Opinions on Further Improving the Service Capacity of Electric Vehicle Charging Infrastructure (NDRC Energy Regulation [2022] No. 53). The document clearly states that by the end of the 14th Five-Year Plan period, China's electric vehicle charging capacity should be further improved to form a moderately advanced, balanced, intelligent and efficient charging infrastructure system that can meet the charging needs of more than 20 million electric vehicles. It shows that the demand for charging infrastructure will continue to grow.

The Group's business development plan is as follows:

1. Targeted market expansion

First, we will further expand customer channels and develop new customers. In terms of electrical DC products, on the basis of consolidating the traditional sales channels such as State Grid and China Southern Power Grid, we will further develop new customers such as new energy power generation companies, environmental protection companies, large project contractors, and related manufacturers. In terms of electric vehicle charging products, on the basis of consolidating the traditional sales channels such as State Grid, China Southern Power Grid and local government investment platforms, we will focus on developing new market channels including automobile manufacturers and real estate companies. Second, we will explore new market segments: In terms of electrical DC products, we will grasp the opportunity of the construction of a new model power system, under which the Group will develop new markets for electrical DC products based on traditional auxiliary power supply equipment, remote monitoring of DC power status, and charging and discharging systems. In terms of electric vehicle charging products, the battery swap mode has recently become one of the important ways to promote the popularization of new energy vehicles in all scenarios. It serves as an effective supplement to the electric vehicle charging mode. Both products drive the penetration of new energy vehicles. While strengthening the sales of charging facilities, the EV charging product team will increase the sales contribution of battery replacement products. In addition to traditional battery replacement products, the Group will also explore the heavy truck battery replacement market. Meanwhile, the Group will actively equip itself with technology for new products such as power quality management and energy storage equipment, and strive to expand the market share, with an aim to develop these two business segments into new revenue sources of the Group.

2. Improving product quality

The Group always attaches great importance to product quality and believes that there is no best, only better. In 2022, the Group will develop precise and detailed standards for product quality assessment and obtain more quantifiable data on product quality. The responsible team will start with the product modules to formulate a pilot program for module reliability improvement, develop relevant standards and methods, and then scale them up. In terms of electrical DC products, the Group will improve the series of smart power supply, distribution network power supply and maintenance products, and upgrade the existing products to better meet the needs of different customer groups. In terms of electric vehicle charging equipment, the Group will focus on improving product stability and creating advanced products.

3. Further optimizing internal management

In order to deepen the digital transformation and build a life cycle management system, the Group will carry out data collection with new standards. Specifically, the Group will implement the next stage of information management upgrade for "business-finance integration" to ensure that business data is well-managed; and strengthen the promotion of a data-backed performance assessment mechanism underpinned by KPIs and OKRs to help the company identify strategic priorities and adapt to the rapid changes in the market environment.

FINANCIAL REVIEW

Revenue

Our revenue increased from RMB275,592,000 for the year ended 31 December 2020 to RMB337,344,000 for the year ended 31 December 2021, representing an increase of approximately 22.41%. The main reason for the increase in the Group's revenue is that during the Reporting Period, as the the novel coronavirus epidemic was effectively controlled, the economic order in China is gradually restored, industry development returned to normal, and market demand increased. In view of the changes in the market environment, the Group adjusted the sales policy, incentivized the sales personnel, and provided reliable products and professional integrated services that were widely recognized by the market and customers, resulting in an increase in the revenue of the Group compared with last year. Among which, electrical DC products increased by 7.60%, electric vehicle equipment increased by 34.61%, charging services for electric vehicles increased by 36.42% and others decreased by 76.99%.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 7.52% from RMB207,328,000 for the year ended 31 December 2020 to RMB222,923,000 for the year ended 31 December 2021. The increase in cost of sales was mainly attributable to the increase in turnover during the Reporting Period.

Gross Profit (Loss)

The table below sets out our gross profit (loss) and gross profit (loss) margin for the years ended 31 December 2021 and 2020:

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Gross Profit	**Percentage of total gross profit**	**Gross profit margin**	Gross Profit (loss)	Percentage of total gross profit (loss)	Gross profit (loss) margin
	RMB'000	***%***	***%***	*RMB'000*	*%*	*%*
Electrical DC products	**37,167**	**32.48**	**29.83**	25,382	37.18	21.92
Charging equipment for electric vehicles	**73,958**	**64.64**	**39.65**	44,040	64.51	31.79
Charging services for electric vehicles	**3,054**	**2.67**	**11.89**	(2,196)	(3.22)	(11.66)
Others	**242**	**0.21**	**43.45**	1,038	1.53	42.87
Total/average	**114,421**	**100**	**33.92**	68,264	100	24.77

Our gross profit increased by approximately 67.62% from RMB68,264,000 for the year ended 31 December 2020 to RMB114,421,000 for the year ended 31 December 2021. Our gross profit margin increased from 24.77% for the year ended 31 December 2020 to approximately 33.92% for the year ended 31 December 2021. The increase in gross profit margin as compared to that of the corresponding period of last year was primarily due to the increase in income from sales of charging equipment for electric vehicles with higher gross profit margin during the Reporting Period.

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, decreased by approximately 13.22% from RMB13,070,000 for the year ended 31 December 2020 to RMB11,342,000 for the year ended 31 December 2021.

The decrease in other revenue of the Group was mainly attributable to the combined effect of factors such as the decrease in government grants of approximately RMB2,270,000, and decrease in interest income from loan receivables of RMB354,000 during the year.

Selling and distribution expenses

Our selling and distribution expenses, which mainly comprised the relevant expenses in sales and after-sales services, salaries of sales personnel, benefits and travelling expenses, and office expenses, entertainment expenses and other expenses, decreased by approximately 4.62% from RMB48,946,000 for the year ended 31 December 2020 to RMB46,685,000 for the year ended 31 December 2021. Our selling and distribution expenses as a percentage of revenue decreased from approximately 17.76% for the year ended 31 December 2020 to approximately 13.84% for the year ended 31 December 2021. The decrease in the Group's selling and distribution expenses was mainly due to the following integrated factors during the Reporting Period: (1) sales-related expenses such as salaries, travelling and entertainment expenses decreased by approximately RMB1,968,000; (2) sales-related expenses such as office and advertising expenses decreased by approximately RMB43,000; (3) sales-related fees such as bid-winning services fees increased by approximately RMB148,000; (4) sales-related expenses such as transportation, installing and testing expenses decreased by approximately RMB488,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses increased by approximately RMB90,000.

Administrative and other expenses

Our administrative and other expenses, which mainly comprised, inter alia, management and back office staff costs, research and development expenses, travelling expenses and entertainment expenses, and foreign exchange gain and loss etc., increased by approximately 15.39% from RMB59,029,000 for the year ended 31 December 2020 to RMB68,114,000 for the year ended 31 December 2021. Our administrative and other expenses as a percentage of revenue decreased from approximately 21.42% for the year ended 31 December 2020 to approximately 20.19% for the year ended 31 December 2021. The increase of approximately RMB9,085,000 in our administrative and other expenses during the Reporting Period was mainly due to the following integrated factors: (1) expenses such as benefits, travelling and entertainment expenses relating to management decreased by approximately RMB102,000; (2) bank charges and payment to lawyers and professionals increased by approximately RMB1,073,000; (3) rental, transportation and other taxes decreased by approximately RMB567,000; (4) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management increased by approximately RMB361,000; (5) expenses such as salaries, research and development and depreciation expenses relating to management increased by approximately RMB8,369,000; and (6) amortization and other sundry expenses decreased by approximately RMB49,000.

Share of results of associates

As at 31 December 2021, the Group owned 20% (as at 31 December 2020: 20%) equity interests in Beijing Aimeisen Information Technology Co., Ltd* (北京埃梅森資訊技術有限公司) ("Beijing Aimeisen"), which principally engaged in the construction of charging equipment network for electric vehicles business. Beijing Aimeisen was accounted for as the Group's associate, and the Group's share of loss from Beijing Aimeisen for the Reporting Period was approximately RMB1,000.

As at 31 December 2021, the Group owned 49% (as at 31 December 2020: 49%) equity interests in Qingdao Jiaoyun Titans New Energy Vehicle Leasing Service Co., Ltd* (青島交運泰坦新能源汽車租賃服務有限公司) ("Jiaoyun Titans"). Jiaoyun Titans is mainly engaged in the construction of charging equipment network for electric vehicles and lease business for electric vehicles. Jiaoyun Titans was accounted for as the Group's associate, and the Group's share of loss from Jiaoyun Titans during the Reporting Period was approximately RMB40,000.

As at 31 December 2021, the Group owned 20% (as at 31 December 2020: 20%) equity interests in Qingdao Titans Yilian New Energy Technology Co., Limited* (青島泰坦驛聯新能源科技有限公司) ("Qingdao Titans"). Qingdao Titans is engaged in the construction of charging network for electric vehicles, as well as the sale, lease and maintenance business of electric vehicles. Qingdao Titans was accounted for as the Group's associate, and the Group's share of profit from Qingdao Titans during the Reporting Period was approximately RMB14,000.

As at 31 December 2021, the Group owned 20% (as at 31 December 2020: 30.96%) equity interests in Guangdong Titans Intelligent Power Co., Ltd* (廣東泰坦智能動力有限公司) ("Guangdong Titans"). Guangdong Titans is principally engaged in the research and development, sales and manufacturing of charging equipment for Automated Guided Vehicles ("AGV"). Guangdong Titans was accounted for as the Group's associate, and the Group's share of profit from Guangdong Titans during the Reporting Period was approximately RMB4,265,000.

As at 31 December 2021, the Group owned 17% (as at 31 December 2020: 20%) equity interests in Jiangsu Titans Smart Technology Co,. Limited* (江蘇泰坦智慧科技有限公司) (formally known as Wuhan Titans Smart Technology Co., Limited (武漢泰坦智慧科技有限公司)) ("Jiangsu Titans"). Jiangsu Titans is primarily engaged in the technology development, technology transfer and technology consultancy of computer software and hardware; computer system integration and networking; development and subcontracting of computer software and sales of computer equipment. Jiangsu Titans is accounted for as an associate of the Group and the Group's share of loss from Jiangsu Titans during the Reporting Period amounted to approximately RMB4,000.

Finance costs

Our finance costs decreased by approximately 8.61% from RMB11,226,000 for the year ended 31 December 2020 to RMB10,260,000 for the year ended 31 December 2021. Our finance costs as a percentage of revenue decreased from approximately 4.07% for the year ended 31 December 2020 to approximately 3.04% for the year ended 31 December 2021. The decrease in our finance costs was mainly due to the decrease in the average borrowing costs of other borrowings.

Income tax (expense) credit

Our income tax expense was RMB4,141,000 for the year ended 31 December 2021 whereas income tax credit was RMB1,069,000 for the year ended 31 December 2020. The effective tax rate (being the ratio of our tax credit to our profit before tax) for the year ended 31 December 2021 was 19.29% (2020: -3.4%).

Loss attributable to non-controlling interests

For the year ended 31 December 2021, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB1,267,000, as compared with a loss of approximately RMB589,000 for the year ended 31 December 2020. This amount represents the loss of the Company's non-wholly owned subsidiaries.

Profit/loss attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2021 was RMB18,595,000 whilst loss for the year ended 31 December 2020 was RMB29,622,000, representing an increase of RMB48,217,000.

The significant increase in profit attributable to owners of the Company was mainly due to: (1) increase in gross profit arising from growth in revenue during the Reporting Period; and (2) proceeds from disposal of equity interest in associates.

Total comprehensive income attributable to owners of the Company for the year ended 31 December 2021 was approximately RMB17,181,000 whilst total comprehensive expense for the year ended 31 December 2020 was approximately RMB31,285,000, representing an increase of approximately RMB48,466,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Raw materials	**8,790**	**6.74**	11,285	10.56
Work-in-progress	**11,299**	**8.66**	9,040	8.46
Finished goods	**110,341**	**84.60**	86,553	80.98
	130,430	**100.00**	106,878	100.00

The Group's inventory balances increased from RMB106,878,000 as at 31 December 2020 to RMB130,430,000 as at 31 December 2021.

Our average inventory turnover days increased from approximately 165 days for the year ended 31 December 2020 to approximately 194 days for the year ended 31 December 2021. The increase was due to the increase in sales of major products during the Reporting Period.

The Group has not made any general or special provision for inventories as at 31 December 2021.

Analysis on Trade and Bills Receivables

As at 31 December 2020 and 2021, our trade and bills receivables (net of allowance) amounted to RMB248,509,000 (comprising trade receivables of RMB247,503,000 and bills receivables of RMB1,006,000) and RMB274,405,000 (comprising trade receivables of RMB274,405,000 and bills receivables of RMB nil) respectively. The increase in trade and bills receivables was mainly due to the increase in turnover during the Reporting Period.

The table below sets forth the ageing analysis of our trade receivables by date of delivery of goods as of 31 December 2021 and 2020:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Net amount		Net amount	
	RMB'000	*%*	*RMB'000*	*%*
0 to 90 days	**172,665**	**62.93**	137,812	55.69
91 days to 180 days	**21,854**	**7.96**	24,719	9.99
181 days to 365 days	**53,703**	**19.57**	49,164	19.86
Over 1 year to 2 years	**20,085**	**7.32**	23,050	9.31
Over 2 years to 3 years	**6,098**	**2.22**	12,758	5.15
Total	**274,405**	**100**	247,503	100%

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

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 impact of the epidemic, causing delay in several customer's project schedule.

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 ended 31 December 2021, we made an impairment loss on trade receivables of approximately RMB150,000 (2020: approximately RMB3,995,000).

Analysis on Trade and Bills Payables

As at 31 December 2020 and 2021, our trade and bills payables amounted to approximately RMB117,605,000 (comprising trade payables of approximately RMB79,355,000 and bills payables of approximately RMB38,250,000) and approximately RMB127,000,000 (comprising trade payables of approximately RMB91,524,000 and bills payables of approximately RMB35,476,000 respectively. Trade and bills payables slightly increased. For the years ended 31 December 2020 and 2021, our trade and bills payable turnover days were approximately 182 days and approximately 177 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2021 and 2020:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**76,686**	70,041
91 days to 180 days	**41,066**	34,776
181 days to 365 days	**4,489**	4,719
1 year to 2 years	**2,803**	4,612
Over 2 years	**1,956**	3,457
	127,000	117,605

Indebtedness

The following table sets out our indebtedness as at 31 December 2021 and 2020.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	RMB'000	***Interest rates***	*RMB'000*	*Interest rates*
Current				
Bank borrowings	**108,669**	**4.35% to 4.85%**	90,660	4.79% to 4.85%
Other borrowings	**7,325**	**10% to 12%**	22,555	7% to 14.44%
Non-current				
Bank borrowings	**47,784**	**5.88%**	52,624	5.88%
Other borrowings	**–**	**–**	3,000	7%
	163,778		168,839	

As at 31 December 2021, total bank borrowings and other borrowings amounted to RMB163,778,000 (as at 31 December 2020: RMB168,839,000), among which RMB160,778,000 were secured loans (as at 31 December 2020: RMB168,839,000) and RMB3,000,000 of them were unsecured loans (as at 31 December 2020: Nil). Bank borrowings as at 31 December 2021 were subject to the floating interest rates ranging from 4.35% to 5.88% per annum (as at 31 December 2020: from 4.79% to 5.88% per annum).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 December 2021. The capital of the Group only comprises ordinary shares.

As at 31 December 2021, the total equity of the Group amounted to RMB522,919,000 (as at 31 December 2020: RMB504,893,000), the Group's current assets were RMB611,007,000 (as at 31 December 2020: RMB549,081,000) and current liabilities were RMB282,155,000 (as at 31 December 2020: RMB254,706,000). As at 31 December 2021, the Group had short-term bank deposits, bank balances and cash in aggregate of RMB78,988,000 (as at 31 December 2020: RMB72,803,000), excluding restricted bank balances of RMB18,257,000 (as at 31 December 2020: RMB19,224,000). Our total assets less our total liabilities equals to our net assets, which was RMB522,919,000 as at 31 December 2021 (as at 31 December 2020: RMB504,893,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2021, the Group had aggregate amount of outstanding bank borrowings and other borrowings of RMB163,778,000 (as at 31 December 2020: RMB168,839,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was 18.90% as at 31 December 2021.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the year ended 31 December 2021

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 27 December 2021, Zhuhai Titans Power Electronics Group Co., Ltd., a wholly-owned subsidiary of the Group, disposed of 10.96% equity interests in Guangdong Titans to an independent third party, with a recognized gain of approximately RMB6,343,000. Guangdong Titans is primarily engaged in the R&D, production and sales of charging equipment for automated guided vehicles (AGV).

CONTINGENT LIABILITIES

As at 31 December 2021 and the date of this announcement, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB11,132,000 (as at 31 December 2020: approximately RMB26,921,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2021 and the date of this announcement, the Group did 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 with carrying amounts of approximately RMB142,575,000 as at 31 December 2021 (as at 31 December 2020: approximately RMB149,705,000) were pledged to secure the bank borrowings and other facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2021, the Group had 400 employees in total (as at 31 December 2020: 410 employees). The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

All PRC-based employees are entitled to participate in a defined contribution basic pension insurance plan in the social security insurance operated by the Ministry of Labour and Social Security of the PRC, and the premium in respect of which is undertaken by the Group and the employees respectively based on percentages fixed by relevant PRC laws. The only obligation of the Group in the PRC with respect to the retirement scheme is the required contributions under the retirement scheme. The Group has no other legal constructive obligations to pay further contributions.

During the years ended 31 December 2020 and 2021, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 December 2020 and 2021, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

SHARE OPTION SCHEME

The Company adopted the share option scheme on 8 May 2010 (the "2010 Share Option Scheme") and it has lapsed on 7 May 2020. On 18 December 2020, the Company adopted the 2020 Share Option Scheme (the "2020 Share Option Scheme", together the 2010 Share Option Scheme, the "Share Option Schemes"). The purpose of the Share Option Schemes is to provide incentives to the eligible persons (including but not limited to employees, officers, agents, consultants or representatives of any members of the Group (including the executive or non-executive directors of any members of the Group)) for their contributions to the Company and to enable the Company to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group.

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

FOREIGN EXCHANGE

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

During the Reporting Period, the Group recorded an exchange loss of approximately RMB225,000 (2020: exchange loss of approximately RMB484,000). Such foreign exchange loss arose as a result of the difference between the exchange rate for accounting purpose on the date of transaction and the exchange rate as at 31 December 2021. As at 31 December 2021, the Group did not have significant foreign exchange hedging.

The Group adopted a prudent approach toward its treasury policies. Our treasury function mainly involves the management of our cash flows. Cash is mainly deposited in banks in Renminbi for working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the year ended 31 December 2021.

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

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

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 17 June 2022. A notice convening the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to attend and vote at the AGM, which is proposed to be held on Friday, 17 June 2022, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (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 Monday, 13 June 2022.

CORPORATE GOVERNANCE

We are committed to ensuring high standards of corporate governance at all times and in all aspects of our operations. The Board believes that good corporate governance is an essential element in enhancing the confidence of current and potential shareholders, investors, employees, business partners and the community as a whole. The Board strives to adhere to the principles of corporate governance and has adopted corporate governance code provisions and practices to meet the relevant statutory and commercial standards by focusing on internal control, fair disclosure and accountability to all shareholders.

The Company has complied with all applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021 and there have been no material deviations from the Code Provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its model code regarding directors' securities transactions. Having made specific enquiry of all Directors, all the Directors confirm that they had complied with the required standards of the Model Code during the year ended 31 December 2021.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's internal controls and financial reporting matters, including the review of the audited final results of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual results announcement.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

No important events took place subsequent to 31 December 2021.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is published on the Company's website (http://www.titans.com.cn) and the Stock Exchange's website (http://www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2021 will be despatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 25 March 2022

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