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 2022

FINANCIAL HIGHLIGHTS

– Revenue increased from approximately RMB337,344,000 to RMB344,848,000 as compared to last year.

– Loss for the year attributable to owners of the Company amounted to approximately RMB18,227,000 as compared to profit of approximately RMB18,595,000 in 2021.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2022.

* *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 2022 together with comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		2022	2021
	NOTES	***RMB'000***	*RMB'000*
Revenue	*4*	**344,848**	337,344
Cost of revenue		**(234,529)**	(222,923)
Gross profit		**110,319**	114,421
Other revenue and income	*6*	**8,941**	11,342
Selling and distribution expenses		**(56,205)**	(46,685)
Administrative and other expenses		**(64,317)**	(68,114)
Other gains and losses	*7*	**260**	4,083
(Impairment losses) reversal of impairment losses of financial assets and contract assets, net		**(12,939)**	12,448
Share of results of associates		**2,396**	4,234
Finance costs	*8*	**(9,726)**	(10,260)
(Loss) profit before tax		**(21,271)**	21,469
Income tax credit (expense)	*9*	**2,670**	(4,141)
(Loss) profit for the year		**(18,601)**	17,328

	NOTE	2022 RMB'000	2021 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		**(3,894)**	(1,622)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**77**	208
Other comprehensive expense for the year, net of income tax		**(3,817)**	(1,414)
Total comprehensive (expense) income for the year		**(22,418)**	15,914
(Loss) profit for the year attributable to:			
– Owners of the Company		**(18,227)**	18,595
– Non-controlling interests		**(374)**	(1,267)
		(18,601)	17,328
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		**(22,044)**	17,181
– Non-controlling interests		**(374)**	(1,267)
		(22,418)	15,914
(LOSS) EARNINGS PER SHARE	*11*		
Basic (RMB)		**(1.97 cents)**	2.01 cents
Diluted (RMB)		**(1.97 cents)**	2.01 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTE	**2022** **RMB'000**	2021 RMB'000
Non-current assets			
Property, plant and equipment		**161,362**	163,479
Right-of-use assets		**7,052**	7,364
Goodwill		**–**	–
Intangible assets		**19,816**	26,134
Interests in associates		**22,326**	18,367
Financial assets at fair value through other comprehensive income		**20,621**	24,515
Financial asset at fair value through profit or loss		**2,834**	4,146
Finance lease receivable		**–**	187
Loan receivable		**–**	1,308
Deferred tax assets		**12,213**	9,925
		246,224	255,425
Current assets			
Inventories		**177,466**	130,430
Trade receivables	*12*	**299,547**	274,405
Contract assets		**32,411**	41,856
Financial asset at fair value through profit or loss		**–**	500
Loan receivables		**1,401**	4,000
Prepayments, deposits and other receivables		**48,366**	58,976
Amounts due from associates		**313**	271
Finance lease receivable		**187**	163
Tax recoverable		**3,362**	3,161
Restricted bank balances		**12,974**	18,257
Short-term bank deposits		**–**	43,000
Bank balances and cash		**84,713**	35,988
		660,740	611,007

	NOTE	**2022**	2021
		RMB'000	*RMB'000*
Current liabilities			
Trade and bills payables	*13*	**196,989**	127,000
Contract liabilities		**16,896**	28,401
Accruals and other payables		**11,345**	8,549
Amounts due to associates		**458**	617
Bank and other borrowings		**111,202**	115,994
Tax payable		**975**	1,594
		337,865	282,155
Net current assets		**322,875**	328,852
Total assets less current liabilities		**569,099**	584,277
Non-current liabilities			
Deferred tax liabilities		**13,115**	13,574
Bank and other borrowings		**53,381**	47,784
		66,496	61,358
Net assets		**502,603**	522,919
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**482,963**	502,905
Equity attributable to owners of the Company		**491,050**	510,992
Non-controlling interests		**11,553**	11,927
Total equity		**502,603**	522,919

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 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 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior 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 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
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[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] 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; and (iii) rental income from the operating leases of electric vehicles.

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

	2022	2021
	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	**322,190**	311,091
Provision of charging services for electric vehicles	**22,521**	25,696
	344,711	336,787
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	**137**	557
	344,848	337,344

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 2022

	DC Power System *RMB'000*	**Charging Equipment** *RMB'000*	**Charging Services and Construction** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment revenue	**123,813**	**198,377**	**22,521**	**137**	**344,848**
Segment profit	**12,547**	**75,131**	**1,074**	**53**	**88,805**
Unallocated other revenue					**8,941**
Other gains and losses					**873**
Share of results of associates					**2,396**
Unallocated expenses					**(112,560)**
Finance costs					**(9,726)**
Loss before tax					**(21,271)**

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

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

6. OTHER REVENUE AND INCOME

	2022	2021
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**2,979**	9,044
Interest income on loan receivables	**83**	413
Interest income on finance lease receivable	**53**	74
Bank interest income	**187**	340
Government grants *(note (b))*	**5,639**	1,471
	8,941	11,342

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 2022 and 2021.

7. OTHER GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Loss on write-off of property, plant and equipment	**(66)**	(32)
Fair value loss on financial assets at fair value through profit or loss	**(1,312)**	(4,920)
Net exchange gain (loss)	**622**	(225)
(Loss) gain on disposal of plant and equipment	**(547)**	57
Gain on disposal of a subsidiary	**–**	423
Gain on partial disposal of an associate	**–**	6,343
Gain on deemed partial disposal of an associate	**1,563**	2,554
Loss on deregistration of an associate	**–**	(117)
	260	4,083

8. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interests on:		
Bank borrowings	**9,673**	8,610
Other borrowings	**53**	1,648
Lease liabilities	**–**	2
	9,726	10,260

9. INCOME TAX (CREDIT) EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**–**	1,594
Deferred tax	**(2,670)**	2,547
	(2,670)	4,141

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2022 (2021: nil), nor has any dividend been proposed since the end of the reporting period (2021: nil).

11. (LOSS) EARNINGS PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
(Loss) profit for the purpose of basic and diluted (loss) earnings per share	**(18,227)**	18,595

Number of shares

	2022	2021
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**925,056**	925,056

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**365,808**	327,840
Less: allowance for impairment loss	**(66,261)**	(53,435)
	299,547	274,405

As at 31 December 2022, the carrying amount of the trade receivables which have been pledged as security for the borrowing, is approximately RMB85,812,000 (2021: RMB120,211,000).

As at 31 December 2022, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB365,808,000 (2021: RMB327,840,000).

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.

	2022	2021
	RMB'000	*RMB'000*
0 – 90 days	**160,624**	172,665
91 – 180 days	**25,931**	21,854
181 – 365 days	**57,495**	53,703
1 – 2 years	**49,398**	20,085
2 – 3 years	**6,099**	6,098
	299,547	274,405

13. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**144,261**	91,524
Bills payables	**52,728**	35,476
Trade and bills payables	**196,989**	127,000

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:

	2022	2021
	RMB'000	*RMB'000*
0 – 90 days	**126,710**	76,686
91 – 180 days	**57,695**	41,066
181 – 365 days	**4,797**	4,489
1 – 2 years	**6,900**	2,803
Over 2 years	**887**	1,956
	196,989	127,000

The average credit period on purchases of goods is 90 days (2021: 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 2022 (the "Reporting Period"), the Group recorded revenue of approximately RMB344,848,000, representing an increase of approximately 2.22% 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 2022 and 2021:

	For the year ended 31 December			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**123,813**	**35.92**	124,586	36.93
Charging equipment for electric vehicles	**198,377**	**57.52**	186,505	55.29
Charging services for electric vehicles	**22,521**	**6.53**	25,696	7.62
Others	**137**	**0.03**	557	0.16
Total	**344,848**	**100**	337,344	100

In 2022, the Group recorded a loss attributable to owners of the Company and total comprehensive expense attributable to owners of the Company of approximately RMB18,227,000 and RMB22,044,000, respectively, representing a decrease of approximately RMB36,822,000 and a decrease of approximately RMB39,225,000 as compared to the profit of approximately RMB18,595,000 and the total comprehensive income of approximately RMB17,181,000 of last year.

Compared with 2021, the loss of the Group was mainly due to: (1) the increase in costs and expenses during the Reporting Period; and (2) the increase in allowance of trade receivables.

Electrical DC products

During the Reporting Period, the Group's revenue of the electrical DC product was approximately RMB123,813,000, representing a decrease of approximately 0.62% over 2021. During the Reporting Period, the revenue remained stable as compared to the corresponding period last year.

Charging equipment for electric vehicles

During the Reporting Period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB198,377,000, representing an increase of approximately 6.36% over 2021. The Directors consider that during the Reporting Period, the overall domestic investment confidence rallied from last year, and that the 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 RMB22,521,000, representing a decrease of approximately 12.35% as compared to that recorded in 2021. The Directors consider the decrease in revenue from electric vehicle charging services was mainly due to the domestic and sporadic COVID-19 resurgences, resulting in a less-than-expected charging capacity.

Others

During the Reporting Period, the Group's revenue of other businesses amounted to approximately RMB137,000, being the income from the sales of power storage products and the leasing business in relation to electric vehicles, representing a decrease of approximately 75.40% as compared to that recorded in 2021.

The Group's major operating activities in 2022:

In 2022, facing the impacts of the pandemic, the domestic economy sustained a slow rate of growth in general, which demonstrated the toughness of Chinese economic development. During the Reporting Period, China issued various policies such as the Opinions on Fiscal Support for Carbon Emission Peak and Carbon Neutral Work (《財政支持做好碳達峰碳中和工作的意見》), the Implementation Plan for Science and Technology Support for Carbon Dioxide Peaking and Carbon Neutrality (2022-2030) (《科技支撐碳達峰碳中和實施方案(2022-2030)》) and the Implementation Plan for Carbon Peaking in the Industrial Sector (《工業領域碳達峰實施方案》) as well as the subsidies for the purchase of new energy vehicles, which increased the penetration rate of new energy vehicles substantially and contributed to the vigorous development of the industry chain of new energy vehicles in which the Group operates.

As indicated by the statistics from the Ministry of Industry and Information Technology of China, in 2022, the production and sales of domestic new energy vehicles were 7,058,000 units and 6,887,000 units, respectively, representing an increase of 96.9% and 93.45% as compared to the corresponding period of last year. The charging infrastructure, which is inseparable from new energy vehicles, also recorded substantial increase during the period. According to the data released by the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of December 2022, China's charging infrastructure increased by 2,593,000 units and the proportion of piles to vehicles was approximately 1:2.7 in general, showing a huge room for development of the charging pole industry.

According to the data released by the China Electricity Council, China's total electricity consumption in 2022 was 8,637.2 billion kWh, representing a year-on-year increase of 3.60%. Electrical DC products is a major component of power transmission and transformation equipment and also one of the two core products of the Company. The construction of power system that has been expanding year-by-year brings wide room for development of the Company's electrical DC products.

In the face of the rapid expansion of markets and increasing market competition, the Group has been seeking strategic cooperation partners actively. During the Reporting Period, a share subscription agreement was signed between the Group and an indirect wholly-owned subsidiary with the State-owned Assets Supervision and Administration Commission of Tangshan Municipal People's Government, a Chinese government authority, and the relevant subscription remains ongoing.

While the overall development prospect of the industry in which the Group operates is positive, the COVID-19 pandemic in 2022 remained severe, bringing certain impact on various operating activities of the Group. Under such circumstances, the Group has made persistent efforts in aspects from research and development to production, sales and operation, thus the operating activities in the year of pandemic remained stable in overall. During the Reporting Period, the income from the Group's principal business was approximately RMB344,848,000, representing a year-on-year increase of 2.22%. The specific principal business activities are as follows:

I. Equipment Research and Development, Manufacturing and Sales

1. Electrical DC products

During the Reporting Period, the revenue from electrical DC products was approximately RMB123,813,000, representing a year-on-year decrease of 0.62%. The Group continued the sales model of "agency and direct sales" and actively participated in bidding activities of various electrical DC products, which enabled the Group to continue to win the favour of customers with professional brand reputation, high-quality services and stable intelligent products. In the tense market competition, the Group won the bid of the Guangdong Yuedian Dapu Power Plant (廣東粵電大埔電廠) project for the second time. The Group also expanded the market share of eastern China through the project named "the second distribution network of AC power system by State Grid Shanghai in 2022" (國網上海2022年第二次配網交流電源系統). Apart from the domestic market, the Karot hydropower station in Pakistan, the first large-scale hydropower station project under the "Belt and Road Initiative" contributed by the Group, has commenced full commercial operation during the Reporting Period. The Group has implemented refined management and optimized various production processes actively to reduce costs and improve efficiency and further enhance delivering capabilities.

2. Charging equipment for electric vehicles

During the Reporting Period, the revenue from charging equipment for electric vehicles was RMB198,377,000, representing a year-on-year increase of approximately 6.36%.

The Group has been providing high-quality one-stop solution for charging and battery swap to customers with diversified and complete series of charging and battery swap products as well as comprehensive and meticulous after-sales services. During the Reporting Period, the Group was named one of the "Top 10 Competitive Brands in the Charging and Battery Swap Industry of China in 2022" (2022中國充換電行業十大競爭力品牌). With regards to new technology application, the "No.1 Heavy Truck Battery Swap Station Project in Datong Power Plant" (大同市電廠1號重卡換電站項目) cooperated between the Group and the National Energy Group was successfully put into trial operation in Datong, Shanxi Province, which means the heavy truck battery swap products that are designed and put into operation according to self-driven demands have achieved new development and breakthroughs. In relation to market expansion, the number of customers in provinces like Anhui, Shandong, Gansu and Hunan was further increased, which has a significant strategic meaning to the business expansion of the Group. Regarding the development of customer type, except domestic regular charging infrastructure operators and manufacturers of new energy vehicles, the Group has achieved significant breakthrough in energy enterprises, such as CNPC.

II. Investment, Construction and Operation

During the Reporting Period, the revenue from the Group's charging services was approximately RMB22,521,000, representing a year-on-year decrease of approximately 12.35%.

According to the overall strategic plan of the Group, the Group had no new investment in self-operated charging stations during the Reporting Period, but strengthened the expansion of and cooperation with franchisees In 2022, the "EV Link Platform" (驛充電平台) had more than 410,000 users, but the revenue from charging services has decreased due to the impacts of the pandemic.

During the Reporting Period, through lowering the operation costs of operators by enhancing the management of the use of "EV Link Platform" (驛充電平台) and improving its computing service continuously, the Group provides more convenient and better quality charging service to customers while helping the society to achieve green transportation.

III. Fundamental Management

During the Reporting Period, the Group emphasized information construction and digital transformation and established a visualized platform of OKR (Objectives and Key Results), so as to analyze each stage of our works, objectives and progress management and achieved digital and refined management.

The Group will improve the data docking between the OA (Office Automation) system and CRM (Customer Relationship Management) and ERP (Enterprise Resource Planning) system, so as to establish a full data chain covering the retrieval and identification of full life cycle management of orders and optimize the processing flows of orders, thereby achieving efficient transmission of data and information.

The Group's Business Focuses and Related Plans for 2023:

To carry out the "Dual Carbon" strategy of "Carbon Peak and Carbon Neutrality" by the Communist Party of China Central Committee and the State Council, push forward the in-depth implementation of the "Development Plan of the New Energy Vehicle Industry (2021-2035)" (《新能源汽車產業發展計劃(2021-2035)》), promote the enhancement of electrification level of vehicles in the public sector and speed up the construction of green and low-carbon transportation system, eight departments, including the Ministry of Industry and Information Technology, issued the "Notice on Organizing the Pilot Work of Comprehensive Electrification of Vehicles in Public Areas" (《關於組織開展公共領域車輛全面電動化先行區試點工作的通知》) (the "Notice") on 3 February 2023.

The Notice states clearly to initiate pilot works of comprehensive electrification of vehicles in public areas nationwide and the duration of pilot works will be from 2023 to 2025. This will increase the electrification level of vehicles substantially, of which, the electrification level of sectors such as urban public transport, taxis, sanitation, postal and express delivery and urban logistics and distribution in pilot areas will strive to achieve 80%. The Group will strive for the proportion of new public charging poles (standard poles) and the marketing quantity of new energy vehicles in public areas (standard vehicles) to reach 1:1. New technologies such as intelligent and orderly charging, high-power charging and quick charging shall be effectively expanded, and new technologies like the integration of vehicles and networks have been fully verified. Through the strengthening of the guidance of policies by various department, the industry chain of new energy vehicles will maintain rapid development in 2023.

With the implementation of the "Dual Carbon" national strategy, rapid construction of a new domestic power system and rapid development of the new energy vehicle industry, the electrical DC products, charging/battery replacement equipment for electric vehicles and energy storage related products will benefit from it. The Group hopes to seize this market opportunity which is continuous and rapid expanding and introduce stable strategic investors actively, so as to expand business scale and improve the corporate image of the Group.

The Group's business development plan is as follows:

1. Focus on principal businesses and expand the market

In terms of DC power products, in addition to the existing traditional power channels such as State Grid and China Southern Power Grid, the Group will further explore market segments, expand new customer channels such as new energy wind power, subway and railway, so as to establish diversified user scenarios, explore diversified new markets vigorously and seize new opportunities.

In terms of charging products for electric vehicles, the Group's products possess a fully functional intelligent control system with digital rectifier power modules, which have many characteristics such as high conversion efficiency, flexible configuration and intelligent power distribution, and are enjoying a leading position in the industry. The Group continued to stabilize the high-power fast charging market and intelligent flexible charging market while expanding the power replacement market, especially for the electrification demands from heavy trucks, and explore customers from the battery-swap of heavy trucks by combining with the experience of the heavy truck battery swap project already implemented in 2022, while promoting products integrated with photovoltaic, energy storage, charging and battery swap.

With the introduction of capital, the Group plans to expedite the orderly development of charging and battery swap equipment, new energy power storage and power quality management, and explore new business possibilities actively.

2. Improve technologies and quality to consolidate core competitiveness

The Group emphasizes the continuous investment in innovation and research and development and commences key technology research on systems to innovate and upgrade current products continuously, in order to reserve new technologies in advance and enhance market adaptability in the future.

The Group will fully introduce advanced product quality planning (APQP) and strengthen the review of products in this process, so as to improve the quality of reviews of each process, establish a specific database of issues and make continuous improvements. In terms of specific products, the Group further improve the continuous development and supply chain construction of new products such as battery swap equipment and energy storage equipment set, and continuously improve the applicability and stability of products.

3. Optimize internal management and improve comprehensive response capability

The Group will enhance digital construction, especially to optimize the industrial and financial integration system continuously, improve and standardize historical data and ensure all kinds of business data to be monitored and controlled effectively, so as to assist the Group in adapting to the rapidly changing market environment efficiently through data management processes.

The Group will continue to establish a core competence system for the supply chain and further improve supply chain capacity by being customer-oriented and integrating resources as a means, so as to ensure supply, reduce costs and prevent risks.

The Group will develop a human resource support system that adapts resources with efficiency and deepen the assessment mechanism that combines Key Performance Indicators (KPI) and Objectives and Key Results (OKR), in order to improve the overall quality and work efficiency of employees and build up an efficient team.

FINANCIAL REVIEW

Revenue

Our revenue increased from RMB337,344,000 for the year ended 31 December 2021 to RMB344,848,000 for the year ended 31 December 2022, representing an increase of approximately 2.22%. The main reason for the increase in the Group's revenue is that during the Reporting Period, as 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 decreased by approximately 0.62%, charging equipment for electric vehicle increased by approximately 6.36%, charging services for electric vehicles decreased by approximately 12.35% and others decreased by approximately 75.40%.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 5.20% from RMB222,923,000 for the year ended 31 December 2021 to RMB234,529,000 for the year ended 31 December 2022. The increase in cost of sales was mainly attributable to the increase in revenue during the Reporting Period.

Gross Profit

The table below sets out our gross profit and gross profit margin for the years ended 31 December 2022 and 2021:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Gross Profit	**Percentage of total gross profit**	**Gross profit margin**	Gross Profit	Percentage of total gross profit	Gross profit margin
	RMB'000	**%**	**%**	*RMB'000*	%	%
Electrical DC products	**28,803**	**26.11**	**23.26**	37,167	32.48	29.83
Charging equipment for electric vehicles	**80,265**	**72.76**	**40.46**	73,958	64.64	39.65
Charging services for electric vehicles	**1,196**	**1.08**	**5.31**	3,054	2.67	11.89
Others	**55**	**0.05**	**40.14**	242	0.21	43.45
Total/average	**110,319**	**100**	**31.99**	114,421	100	33.92

Our gross profit decreased by approximately 3.58% from RMB114,421,000 for the year ended 31 December 2021 to RMB110,319,000 for the year ended 31 December 2022. Our gross profit margin decreased from approximately 33.92% for the year ended 31 December 2021 to approximately 31.99% for the year ended 31 December 2022. The decrease in gross profit margin as compared to that of the corresponding period of last year was primarily due to the intensified market competition in respect of the sales of electrical DC products during the Reporting Period, resulting in the adjustment of the product pricing by the Company.

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, decreased by approximately 21.16% from RMB11,342,000 for the year ended 31 December 2021 to RMB8,941,000 for the year ended 31 December 2022.

The decrease in other revenue of the Group was mainly attributable to the combined effects of factors such as the decrease of VAT refunds from the government by RMB6,065,000 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 20.39% from RMB46,685,000 for the year ended 31 December 2021 to RMB56,205,000 for the year ended 31 December 2022. Our selling and distribution expenses as a percentage of revenue increased from approximately 13.84% for the year ended 31 December 2021 to approximately 16.29% for the year ended 31 December 2022. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the Reporting Period: (1) sales-related expenses such as salaries, travelling and entertainment expenses increased by approximately RMB12,102,000; (2) sales-related fees such as bid-winning services fees increased by approximately RMB53,000; (3) sales-related expenses such as office and advertising expenses decreased by approximately RMB135,000; (4) sales-related expenses such as transportation, installing and testing expenses decreased by approximately RMB2,375,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses decreased by approximately RMB125,000.

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., decreased by approximately 5.57% from RMB68,114,000 for the year ended 31 December 2021 to RMB64,317,000 for the year ended 31 December 2022. Our administrative and other expenses as a percentage of revenue decreased from approximately 20.19% for the year ended 31 December 2021 to approximately 18.65% for the year ended 31 December 2022. The decrease of approximately RMB3,797,000 in our administrative and other expenses during the Reporting Period was mainly due to the following integrated factors: (1) expenses such as salaries, research and development and depreciation expenses relating to management decreased by approximately RMB3,475,000; (2) bank charges and payment to lawyers and professionals decreased by approximately RMB607,000; (3) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management decreased by approximately RMB465,000; (4) amortization and other sundry expenses decreased by approximately RMB3,000; (5) expenses such as benefits, travelling and entertainment expenses relating to management increased by approximately RMB642,000; and (6) rental, transportation and other taxes increased by approximately RMB111,000.

Share of results of associates

As at 31 December 2022, the Group owned 20% (as at 31 December 2021: 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 2022, the Group owned 49% (as at 31 December 2021: 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 RMB19,000.

As at 31 December 2022, the Group owned 20% (as at 31 December 2021: 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 RMB77,000.

As at 31 December 2022, the Group owned 19.4% (as at 31 December 2021: 20%) 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 RMB1,974,000.

As at 31 December 2022, the Group owned 17% (as at 31 December 2021: 17%) 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 profit from Jiangsu Titans during the Reporting Period amounted to approximately RMB365,000.

Finance costs

Our finance costs decreased by approximately 5.20% from RMB10,260,000 for the year ended 31 December 2021 to RMB9,726,000 for the year ended 31 December 2022. Our finance costs as a percentage of revenue decreased from approximately 3.04% for the year ended 31 December 2021 to approximately 2.82% for the year ended 31 December 2022. The decrease in our finance costs was mainly due to the decrease in the average borrowing costs of other borrowings.

Income tax credit (expense)

Our income tax credit was RMB2,670,000 for the year ended 31 December 2022 whereas our income tax expense was RMB4,141,000 for the year ended 31 December 2021. The effective tax rate (being the ratio of our tax credit to our profit before tax) for the year ended 31 December 2022 was 12.55% (2021: 19.29%).

Loss attributable to non-controlling interests

For the year ended 31 December 2022, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB374,000, as compared with a loss of approximately RMB1,267,000 for the year ended 31 December 2021. This amount represents the loss of the Company's non-wholly owned subsidiaries.

Profit/loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately RMB18,227,000 whilst profit attributable to owners of the Company for the year ended 31 December 2021 was approximately RMB18,595,000, representing a decrease of approximately RMB36,822,000.

The reason of turnaround from profit to loss position of the Group was mainly attributable to: (1) the increase in costs and expenses during the Reporting Period; and (2) the impairment losses of account receivables.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2022 was approximately RMB22,044,000 whilst total comprehensive income for the year ended 31 December 2021 was approximately RMB17,181,000, representing a decrease of approximately RMB39,225,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2022 and 2021:

	Year ended 31 December			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**10,962**	**6.18**	8,790	6.74
Work-in-progress	**16,635**	**9.37**	11,299	8.66
Finished goods	**149,869**	**84.45**	110,341	84.60
	177,466	**100**	130,430	100.00

The Group's inventory balances increased from approximately RMB130,430,000 as at 31 December 2021 to approximately RMB177,460,000 as at 31 December 2022.

Our average inventory turnover days increased from approximately 194 days for the year ended 31 December 2021 to approximately 240 days for the year ended 31 December 2022. 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 2022.

Analysis on Trade Receivables

As at 31 December 2021 and 2022, our trade receivables (net of allowance) amounted to approximately RMB274,405,000 and approximately RMB299,547,000, respectively. The increase in trade receivables was mainly due to the delay of payment schedules of certain customers' projects due to the pandemic.

The table below sets forth the ageing analysis of our trade receivables by date of delivery of goods as of 31 December 2022 and 2021:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Net amount		Net amount	
	RMB'000	*%*	*RMB'000*	*%*
0 to 90 days	**160,624**	**53.62**	172,665	62.93
91 days to 180 days	**25,931**	**8.66**	21,854	7.96
181 days to 365 days	**57,495**	**19.19**	53,703	19.57
Over 1 year to 2 years	**49,398**	**16.49**	20,085	7.32
Over 2 years to 3 years	**6,099**	**2.04**	6,098	2.22
Total	**299,547**	**100**	274,405	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 sale our electrical DC products, we may require the payment of a deposit of 10% of the total contract sum to be paid after signing 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 between 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 receivables turnover days and the high proportion of overdue trade 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 2022, we made an impairment loss on trade receivables of approximately RMB12,940,000 (2021: approximately RMB150,000).

Analysis on Trade and Bills Payables

As at 31 December 2021 and 2022, our trade and bills payables amounted to approximately RMB127,000,000 (comprising trade payables of approximately RMB91,524,000 and bills payables of approximately RMB35,476,000) and approximately RMB196,989,000 (comprising trade payables of approximately RMB144,261,000 and bills payables of approximately RMB52,728,000, respectively. Trade and bills payables slightly increased. For the years ended 31 December 2021 and 2022, our trade and bills payable turnover days were approximately 177 days and approximately 223 days, respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2022 and 2021:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**126,710**	76,686
91 days to 180 days	**57,695**	41,066
181 days to 365 days	**4,797**	4,489
1 year to 2 years	**6,900**	2,803
Over 2 years	**887**	1,956
	196,989	127,000

Bank and Other Borrowings

The following table sets out our bank and other borrowings as at 31 December 2022 and 2021.

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	RMB'000	***Interest rates***	*RMB'000*	*Interest rates*
Current				
Bank borrowings	**102,512**	**3.70% to 4.79%**	108,669	4.35% to 4.85%
Other borrowings	**8,690**	**4.5%**	7,325	10% to 12%
Non-current				
Bank borrowings	**53,381**	**5.53%**	47,784	5.88%
	164,583		163,778	

As at 31 December 2022, total bank borrowings and other borrowings amounted to approximately RMB164,583,000 (as at 31 December 2021: approximately RMB163,778,000), among which approximately RMB164,583,000 were secured loans (as at 31 December 2021: approximately RMB160,778,000) and none of them were unsecured loans (as at 31 December 2021: RMB3,000,000). Bank borrowings as at 31 December 2022 were subject to the floating interest rates ranging from 3.70% to 5.53% per annum (as at 31 December 2021: from 4.35% to 5.88% per annum).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Proposed Subscription of New Shares under Specific Mandate

On 18 October 2022 (after trading hours), the Company entered into the Subscription Agreement with 唐山國控科創有限公司 (Tangshan Guokong Science and Technology Limited*), a company established in the PRC with limited liability (the "Subscriber"), pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 566,970,000 Subscription Shares at the Subscription Price of HK$0.34 per Subscription Share for a total consideration of HK$192,769,800.

Upon Completion, the Subscriber will hold 566,970,000 Shares, representing approximately 38.00% of the enlarged issued share capital of the Company. Under Rule 26.1 of the Takeovers Code, upon the allotment and issue of the Subscription Shares at Completion, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it unless the whitewash waiver (the "Whitewash Waiver") is granted by the Executive of the Securities and Futures Commission.

The resolution approving the Subscription Agreement and the transactions contemplated thereunder set out in the notice of extraordinary general meeting (the "EGM") dated 18 November 2022 was duly passed by the independent Shareholders by way of poll at the EGM held on 12 December 2022. The resolution relating to the Whitewash Waiver was not passed by the independent Shareholders at the EGM.

For details of the Subscription and its latest status, please refer to the circular dated 18 November 2022 and announcements dated 18 October 2022, 8 and 18 November 2022, 12 December 2022, 12 January 2023, 10 February 2023 and 10 March 2023.

Saved as disclosed above, there has been no change in the capital structure of the Group during the year ended 31 December 2022. The capital of the Group only comprises ordinary shares.

As at 31 December 2022, the total equity of the Group amounted to approximately RMB502,603,000 (as at 31 December 2021: approximately RMB522,919,000), the Group's current assets were approximately RMB660,740,000 (as at 31 December 2021: approximately RMB611,007,000) and current liabilities were approximately RMB337,865,000 (as at 31 December 2021: approximately RMB282,155,000). As at 31 December 2022, the Group had short-term bank deposits, bank balances and cash in aggregate of approximately RMB84,713,000 (as at 31 December 2021: approximately RMB78,988,000), excluding restricted bank balances of approximately RMB12,974,000 (as at 31 December 2021: approximately RMB18,257,000). Our total assets less our total liabilities equals to our net assets, which was approximately RMB502,603,000 as at 31 December 2022 (as at 31 December 2021: approximately RMB522,919,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2022, the Group had aggregate amount of outstanding bank borrowings and other borrowings of approximately RMB164,583,000 (as at 31 December 2021: approximately RMB163,778,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was approximately 18.14% as at 31 December 2022.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the year ended 31 December 2022.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2022, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2022 and the date of this announcement, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB9,170,000 (as at 31 December 2021: approximately RMB11,132,000) in respect of investment capital.

Save as disclosed above, as at 31 December 2022 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 RMB137,727,000 as at 31 December 2022 (as at 31 December 2021: approximately RMB142,575,000) were pledged to secure the bank borrowings and bank facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group had 396 employees in total (as at 31 December 2021: 400 employees). During the year ended 31 December 2022, total employees' remuneration amounted to approximately RMB59,101,000 (2021: approximately RMB60,518,000). 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 2021 and 2022, 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 2021 and 2022, 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.

For the two years ended 31 December 2021 and 31 December 2022, the Group did not have any defined benefit plan.

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 with 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 gain of approximately RMB622,000 (2021: exchange loss of approximately RMB225,000). 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 2022. As at 31 December 2022, 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 2022.

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 receivables.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 16 June 2023. 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, 16 June 2023, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023 (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, 12 June 2023.

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 2022 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 2022.

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 2022.

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 2022.

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 2022 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

Save as disclosed herein, no important events took place subsequent to 31 December 2022.

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 2022 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, 24 March 2023

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.

* *for identification purpose only*