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 2020

FINANCIAL HIGHLIGHTS

– Revenue decreased by approximately 8.51% to RMB275,592,000 as compared to last year.

– Loss for the year attributable to owners of the Company amounted to approximately RMB29,622,000 as compared to loss of approximately RMB47,603,000 in 2019.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2020.

* *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 2020 together with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*4*	**275,592**	301,214
Cost of revenue		**(207,328)**	(212,932)
Gross profit		**68,264**	88,282
Other revenue and income	*6*	**13,070**	20,821
Selling and distribution expenses		**(48,946)**	(46,885)
Administrative and other expenses		**(59,029)**	(61,544)
Other gains and losses	*7*	**(595)**	(1,989)
Reversal of impairment losses (impairment losses) of financial assets		**5,142**	(38,355)
Share of results of associates		**2,040**	(510)
Finance costs	*8*	**(11,226)**	(9,655)
Loss before tax		**(31,280)**	(49,835)
Income tax credit	*9*	**1,069**	1,043
Loss for the year		**(30,211)**	(48,792)

	NOTE	2020 RMB'000	2019 RMB'000
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value (loss) gain on financial assets at fair value through other comprehensive income		**(1,768)**	5,256
Income tax relating to items that will not be reclassified subsequently to profit or loss		**105**	767
		(1,663)	6,023
Other comprehensive (expense) income for the year, net of income tax		**(1,663)**	6,023
Total comprehensive expense for the year		**(31,874)**	(42,769)
Loss for the year attributable to:			
– Owners of the Company		**(29,622)**	(47,603)
– Non-controlling interests		**(589)**	(1,189)
		(30,211)	(48,792)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(31,285)**	(41,580)
– Non-controlling interests		**(589)**	(1,189)
		(31,874)	(42,769)
LOSS PER SHARE	*11*		
Basic (RMB)		**(3.20 cents)**	(5.15 cents)
Diluted (RMB)		**(3.20 cents)**	(5.15 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTE	**2020** **RMB'000**	2019 RMB'000
Non-current assets			
Property, plant and equipment		**176,010**	186,929
Right-of-use assets		**7,727**	8,238
Goodwill		**–**	–
Intangible assets		**32,452**	38,769
Interests in associates		**15,710**	14,386
Financial assets at fair value through other comprehensive income		**26,137**	27,905
Financial asset at fair value through profit or loss		**9,066**	12,449
Finance lease receivable		**350**	492
Deferred tax assets		**9,907**	9,505
		277,359	298,673
Current assets			
Inventories		**106,878**	80,836
Trade and bills receivables	*12*	**248,509**	266,922
Contract assets		**33,908**	39,628
Loan receivables		**5,025**	1,160
Prepayments, deposits and other receivables		**59,360**	67,541
Amounts due from associates		**171**	1,275
Finance lease receivable		**142**	123
Tax recoverable		**3,061**	3,061
Restricted bank balances		**19,224**	19,393
Short-term bank deposits		**27,500**	64,400
Bank balances and cash		**45,303**	35,752
		549,081	580,091

	NOTE	2020 RMB'000	2019 RMB'000
Current liabilities			
Trade and bills payables	13	**117,605**	116,106
Contract liabilities		**13,311**	7,469
Accruals and other payables		**8,439**	12,982
Lease liabilities		**55**	204
Amounts due to associates		**2,081**	222
Tax payable		**–**	1,209
Bank and other borrowings		**113,215**	107,891
		254,706	246,083
Net current assets		**294,375**	334,008
Total assets less current liabilities		**571,734**	632,681
Non-current liabilities			
Lease liabilities		**–**	55
Deferred tax liabilities		**11,217**	11,989
Bank and other borrowings		**55,624**	76,293
		66,841	88,337
Net assets		**504,893**	544,344
Capital and reserves			
Share capital		**8,087**	8,087
Share premium and reserves		**484,612**	518,314
Equity attributable to owners of the Company		**492,699**	526,401
Non-controlling interests		**12,194**	17,943
Total equity		**504,893**	544,344

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 Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to 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 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and 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[5]
Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
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[5]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform – Phase 2[1]
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions[4]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2023.

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 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) construction revenue under BOT arrangements; (iii) provision of charging services for electric vehicles; (iv) sales of electric vehicles; and (v) rental income from the operating leases of electric vehicles.

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

	2020	2019
	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	**254,335**	279,185
Construction revenue under BOT arrangements	**–**	1,292
Provision of charging services for electric vehicles	**18,836**	18,200
Sales of electric vehicles	**302**	–
	273,473	298,677
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	**2,119**	2,537
	275,592	301,214

5. SEGMENT INFORMATION

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

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

(i)	DC Power System	Manufacturing and sales of direct current power system
(ii)	Charging Equipment	Manufacturing and sales of charging equipment for electric vehicles
(iii)	Charging Services and Construction	Provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under BOT arrangements
(iv)	Others	Including two operating segments namely (i) Power Storage Equipment; and (ii) Electric Vehicles – sales and leases of electric vehicles

Segment revenues and results

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

Year ended 31 December 2020

	DC Power System	Charging Equipment	Charging Services and Construction	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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)

Year ended 31 December 2019

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services and Construction *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	133,064	144,915	19,492	3,743	301,214
Segment profit	39,741	48,426	4,546	257	92,970
Unallocated other revenue					20,821
Other gains and losses					(1,700)
Share of results of associates					(510)
Unallocated expenses					(151,791)
Finance costs					(9,625)
Loss before tax					(49,835)

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

6. OTHER REVENUE AND INCOME

	2020 *RMB'000*	2019 *RMB'000*
Value added tax ("VAT") refunds *(note (a))*	**8,114**	10,073
Interest income on loan receivables	**767**	5,259
Interest income on finance lease receivable	**93**	110
Bank interest income	**355**	814
Government grants *(note (b))*	**3,741**	4,565
	13,070	20,821

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 2020 and 2019.

7. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Loss on write-off of property, plant and equipment	**(299)**	(316)
Fair value loss on financial assets at FVTPL	**(3,383)**	(4,793)
Net exchange (loss) gain	**(484)**	2,987
(Loss) gain on disposal of plant and equipment	**(933)**	27
Write back on trade payable	**360**	–
Gain on disposal of a subsidiary	**30**	–
Loss on partial disposal of an associate	**(436)**	–
Gain on disposal of an associate	**4,550**	106
	(595)	(1,989)

8. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**7,906**	8,559
Other borrowings	**3,306**	4,380
Lease liabilities	**14**	30
	11,226	12,969
Less: amounts capitalised *(note)*	**–**	(3,314)
	11,226	9,655

Note: Borrowing costs capitalised during the year ended 31 December 2019 arose as general borrowing pool and were calculated by applying a capitalisation rate of 5.88% (2020: nil) per annum.

9. INCOME TAX CREDIT

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**–**	4,172
Deferred tax:	**(1,069)**	(5,215)
	(1,069)	(1,043)

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2020 (2019: nil), nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. LOSS PER SHARE

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

	2020	2019
	RMB'000	*RMB'000*
Loss for the purpose of basic and diluted loss per share	**(29,622)**	(47,603)

Number of shares

	2020	2019
	'000	*'000*
Number of ordinary shares for the purpose of basic and diluted loss per share	**925,056**	925,056

12. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**314,043**	322,598
Less: allowance for impairment loss	**(66,540)**	(63,842)
	247,503	258,756
Bills receivables	**1,006**	8,166
Total trade and bills receivables	**248,509**	266,922

The bills receivables as at 31 December 2020 were fallen within the aged group of 0–90 days with approximately RMB1,006,000 (2019: RMB8,166,000), based on the dates of delivery of goods which approximately the respective revenue recognition dates.

At 31 December 2020, the carrying amount of the trade receivables which have been pledged as security for the borrowing, is approximately RMB139,239,000 (2019: RMB85,431,000).

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.

	2020	2019
	RMB'000	*RMB'000*
0 – 90 days	**137,812**	131,302
91 – 180 days	**24,719**	23,425
181 – 365 days	**49,164**	57,180
1 – 2 years	**23,050**	24,809
2 – 3 years	**12,758**	22,040
	247,503	258,756

13. TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**79,355**	88,010
Bills payables	**38,250**	28,096
Trade and bills payables	**117,605**	116,106

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:

	2020	2019
	RMB'000	*RMB'000*
0 – 90 days	**70,041**	72,126
91 – 180 days	**34,776**	21,743
181 – 365 days	**4,719**	13,314
1 – 2 years	**4,612**	4,430
Over 2 years	**3,457**	4,493
	117,605	116,106

The average credit period on purchases of goods is 90 days (2019: 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 2020 (the "Reporting Period"), the Group recorded revenue of approximately RMB275,592,000, representing a decrease of approximately 8.51% 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 2019 and 2020:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**115,788**	**42.01**	133,064	44.18
Charging equipment for electric vehicles	**138,547**	**50.27**	144,915	48.11
Construction under BOT arrangements	**–**	**–**	1,292	0.43
Charging services for electric vehicles	**18,836**	**6.83**	18,200	6.04
Others	**2,421**	**0.89**	3,743	1.24
Total	**275,592**	**100**	301,214	100

In 2020, the Group recorded the loss attributable to owners of the Company and total comprehensive expense attributable to owners of the Company of approximately RMB29,622,000 and RMB31,285,000, respectively, representing a decrease of approximately RMB17,981,000 and a decrease of approximately RMB10,295,000 over the loss of approximately RMB47,603,000 and RMB41,580,000 of the corresponding period last year.

Compared with 2019, the loss of the Group was mainly due to the impact of the novel coronavirus epidemic, the revenue of the major products has decreased compared with the previous year.

Electrical DC products

During the Reporting Period, the Group's revenue of the electrical DC product was approximately RMB115,788,000, representing a decrease of approximately 12.98% over 2019. The Directors consider that the main reason for the decrease in revenue was due to the impact of the novel coronavirus epidemic, the decrease of market's demand for the electrical DC products and a certain degree of delay in the supply and delivery of the products caused by the anti-epidemic measures. Since the second quarter, the production, operation, and sales of the business have gradually returned to their 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 RMB138,547,000, representing a decrease of approximately 4.39% over 2019. The Directors consider that during the Reporting Period, the overall domestic investment confidence was effected due to the impact of the novel coronavirus epidemic, the suspension or postponement of charging equipment projects across China, and the increasing competition in the electric vehicle charging equipment market.

Construction under BOT arrangements

During the Report Period, the Group had no revenue from construction under BOT arrangements. The Directors consider that the increased uncertainty of the economic market is attributable to the outbreak of the novel coronavirus epidemic. In order to implement a more stable investment and operation strategy, the investment of BOT projects has been suspended this year.

Charging services for electric vehicles

During the Reporting Period, the Group recorded revenue from charging services fees for electric vehicles of approximately RMB18,836,000 (2019: approximately RMB18,200,000), representing an increase of approximately 3.49%. The Directors consider the increase in revenue from electric vehicle charging services was mainly due to: (1) during the Reporting Period, the new charging project was put into operation; and (2) the franchisee cooperation modal 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 RMB2,421,000 (2019: approximately RMB3,743,000), being the income from the sales of power storage products and the leasing business in relation to electric vehicles, representing a decrease of approximately 35.32%.

The Group's major operating activities in 2020:

2020 was unusual and full of challenges, and the unprecedented novel coronavirus epidemic has brought huge impacts to the global economic and social development which significantly increased the uncertainties of the global economic market. Domestic economy has also been hit hard in the first half of the year, but supported by the sufficiently effective anti-epidemic measures and reasonable policy deployment, China has become a major economy with positive growth amid the global pandemic. The overall domestic performance related to the principal business of the Group is as follows:

1. According to the data released by China Association of Automobile Manufactures and China Electric Vehicle Charging Infrastructure Promotion Alliance, in 2020, the national production and sales volume of new energy vehicles (production: 1,366,000, sales volume: 1,367,000) and the number of charging infrastructure (increase in volume: 462,000) both showed year-on-year growth. The current vehicle pile ownership ratio is about 3:1, which shows that there is still a large gap in market demand for charging infrastructure.

2. According to data released by the National Energy Administration, China's total electricity consumption in 2020 was 7,511 billion kWh, with a year-on-year increase of 3.1%. Electrical DC products are an important part of power transmission and distribution equipment. Whether it is power supply construction, power grid construction expansion or technological transformation, there is still a demand for electrical DC products, which brings better market space for electrical DC product manufacturers.

2020 was also a year of proactive progress. The Group was in the midst of the pandemic and changes. The market-level problems caused by the novel coronavirus epidemic, such as the decline in supply chain efficiency, insufficient downstream demand, and relatively lagging project construction, have conscientiously constituted inevitable impacts on the Group's principal business. However, the Group has firm confidence and conscientiously carried out anti-epidemic work. Under the premises of strictly abiding by the relevant regulations of the government departments and ensuring the safety of employees, the Group has orderly implemented full-scale resumption of production. At the same time, the Group constantly reviewed and adjusted market strategies subject to the ever-changing external environment and policies. We did strive to seize every opportunity and minimize the impact of the raging novel coronavirus epidemic on the Group. During the Reporting Period, the revenue from the Group's principal business was approximately RMB275,592,000, with a year-on-year decrease of 8.51%. The specific principal business activities are as follows:

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

1. Electrical DC products

   During the Reporting Period, the electrical DC products recorded revenue of approximately RMB115,788,000, representing a decrease of 12.98% as compared to the corresponding period last year. In the first quarter, efficiency of the supply chain of the business operation was adversely affected by preventive and control measures for COVID-19 pandemic and disruptions in logistics and transportation throughout China. In face of the challenges, the Group, first of all, has placed great emphasis on enhancing overall competitive strength, including systematic reform of quality management center as originally planned, strengthening responsiveness of supply chain and exploring purchase channels. Secondly, the Group continued to closely monitor the market development of power equipment and maintain closer communications with customers in order to prepare well for resumption of production.

   Since the second quarter of the Reporting Period, China has achieved moderately economic growth from stable condition, facilitating release of market demand. To grasp such opportunity, the Group swiftly gave a reasonable operating instruction to sales and marketing department to catch up the production progress. For the market of electrical DC products, the new management system for customers classification has adopted, which is for instructing direct sales and tender submissions. Given the outstanding brand effect and product quality of the Group, the Group has keenly participated into a number of tenders for power equipment across China, the total amount of tenders the Group submitted increased by approximately 6% as compared to that of the previous year. Looking back for 2020, the Group was awarded majority of its tenders amidst fierce competition with leading market share in some regions. In addition to the tender projects mentioned above, the Group has increased its level of participation in single projects involving the sectors of, among others, transportation, transformation of rural power grids and new energy integration.

2. Charging equipment for electric vehicles

During the Reporting Period, the charging equipment for electric vehicles recorded revenue of approximately RMB138,547,000, representing a decrease of 4.39% as compared to the corresponding period last year. As affected by COVID-19 pandemic, construction progress of charging infrastructures was slowed down in the first half of 2020, resulting in decrease in product delivery in 2020, though the progress picked up gradually in the second half of 2020.

As the Group implemented dual-engine strategy, the Group is both supplier and operator of equipment, therefore, the Group has gradually grown into an equipment supplier that fully understand charging operator. In 2020, the Group was recognized as one of the top ten quality brands in charging industry in China. Leveraging its own strengths and advantages, the Group, as the "Priority Applicant of Tenders" was qualified as a supplier of charging equipment purchase projects in Fujian during the Reporting Period, expanding its business scope of charging equipment for electric vehicles.

The Group is committed to providing its customers an all-inclusive solution and quality services, and customers are offered bespoke design and production to suit their individual requirements, allowing its customers to achieve product differentiation to the largest extent. During the Reporting Period, rechargeable battery, replaceable battery, shore power and charging-storage integrated facility performed well, in particular, performance of replaceable battery grew by 6% as compared to the corresponding period of the previous year.

With the support of after-sales services, the Company is capable to offer its customers one-stop services for operation and repairs with the round-the-clock system of after-sales technical services, high professional level and responsiveness of the system and display to the market our strength in after-sales services, achieving further progress of developing repair and maintenance projects of charging equipment for electric vehicles.

3. New products, new technologies

The Group has always been committed to applying power electronic technology into green energy, energy saving and energy storage related products. In order to consolidate technological research and development advantages of the Company and improve product competitiveness in the market, the Company has continued to invest in research and development. During the Reporting Period, the Group carried forward various research and development through both internal and external approaches. For example, the AVC (Automatic Voltage Control) product developed for the field of smart energy has possessed conditions to enter the market. This product adopts distributed, multi-point management, and on-site management to effectively solve power quality accidents caused by power supply drops or short-term power outages.

In addition, in terms of electric vehicle charging equipment, the follow-up research and development in shore power products and customized charging equipment have been completed. At the same time, the research and development of the DC-powered bus bar charging system has also achieved phased results. The Directors believe that, the sustainable development of the Group can be better enhanced through continuous technological innovation of products, solving customer's pain points and enhancing customer experience.

II. Investment, construction and operation

The sudden emergence of the novel coronavirus epidemic severely impacted the overall economic environment. The Group adjusted its annual investment and operation strategy, where it sought to increase its share in existing projects and suspended investment in new projects.

During the Reporting Period, revenue from charging services for electric vehicles was approximately RMB18,836,000, representing a year-on-year increase of 3.49%. In the first quarter, to comply with the measures taken against the pandemic, personal travel and public transportation were restricted, and the demand for charging services dropped rapidly. With the relief of the pandemic and the support from charging services promotion activities, the demand for charging services began to recover since the second quarter of the Reporting Period, which increased steadily in the second half of 2020. Meanwhile, compared with 2019, the Group has new charging facilities put into operation since 2020 which continuously generate income. Accordingly, the Group will use its best endeavours in the operation and management of each charging station, and ensure to provide powerful charging services for users of new energy vehicles.

The Group strengthened the computing and service capabilities of the "EV Link" platform, which deepened its cooperation with external franchisees in addition to serving the self-operated charging infrastructure. During the Reporting Period, the Group realized interoperability with independent third-party electric vehicle ecological service platform companies for the first time, and enhanced the statistical analysis functions of franchisees and customers, which improved the end-to-end charging service capabilities of the "EV Link" operating platform. As a result, it became more convenient for users to obtain resources from charging stations, satisfying the different operational needs of franchisees in various regions.

III. Fundamental management

1. To improve the overall operating efficiency of the Group and realize the full-chain interoperability of business and financial processes, we strived to achieve "three penetrations" in our processes, where we penetrated front-end business processes, upstream and downstream suppliers and customers and the industry chain. The Group will commence the integration of industry and finance within this year, which will be divided into three stages: construction, evaluation, and implementation. We have now entered the evaluation stage.

2. We introduced the concept of individual work indicators to improve personal and departmental efficiency. As agreed by relevant departments of the Group, the key financial indicators are applied to departments and individuals, and statistics are collected on a monthly basis, where each department and individual has a deeper understanding of the performance of various tasks. Not only does it clearly reflect the operation and performance of each department, but also deepen the relationship between individual performance and group performance.

3. We raised and utilized funds in a reasonable and efficient manner to ensure the normal operation of the Company's operations. Meanwhile, the debt collection team has played an active role in effectively recovering receivables during the Reporting Period.

   Looking back for 2020, while the Group's revenue was below expectation, the Directors believe, that with the economy having gone through the test of the pandemic, all colleagues of the Group will join hand in hand, and give their best effort in contributing to the development of the Group one brick at a time.

The Group's Business Focuses and Related Plans for 2021:

2021 is the first year of the Fourteen Five-Year Plan on National Economics and Social Development of the PRC ("Fourteen Five-Year Plan"), from the content available in the Fourteen Five-Year Plan, the PRC highly values the development of the energy power industry and strategic emerging industry, regarding the above two industries as an important part of the future domestic economic work deployment. Amongst them, the energy power industry, as the basic industry of the new infrastructure, must comprehensively promote its intelligence, digitization and integration to meet the power demand of the emerging industrial structure. The Group's products, electrical DC products, energy storage products and so on, will be benefited.

In October 2020, the General Office of the State Council of the PRC issued the "Planning for the development of the new energy automobile industry (2021-2035)" (the "Planning"), the Planning clarifies the future development goals and key tasks of the new energy automobile industry, and is the first industrial development plan of the PRC in the Fourteen Five-Year Plan and beyond. The Planning proposes that by 2025, the sales volume of new energy vehicles will reach about 20% of the total sales of new vehicles; by 2035, pure electric vehicles will become the mainstream of new sales vehicles, and public transportation will be fully electrified, effectively driving the energy saving and emission reduction level and the improvement of social operating efficiency. The Planning requires financial support for the construction of charging piles as public facilities, and preferential policies regarding the parking and charging of new energy vehicles. The Planning provides clear guidelines for the development of the electric vehicle industry in all aspects. In addition, each of the low carbon technologies, such as the New Energy Automobile Industry, photovoltaic, wind power and storage fields will play an important role for the government's first "carbon neutral" goal, creating new opportunities for China's manufacturing industry. As of the date of this announcement, multiple local governments have successively announced development plans and detailed work arrangements, and a number of policies, indicators and regulations that have a positive impact on the industry have also been implemented. The Group's electric vehicle charging equipment and energy storage products will be benefited.

The Board is aware that the continuing pandemic would constitute short-term uncertainties, however, at the same time firmly believes that under the general environment of policy support and the overall economic recovery, the industry would likely be presented with more investment and development opportunities. In 2021, the Group will follow the guidance of the national development plan and seek new breakthroughs from the market segments, business models and business regions of its principal business. The following is the specific business development plan:

1. *Seeking progress while maintaining stability as well as exploring new models to remove customer and geographical restrictions*

   Relying on the Group's years of industry status and operating experience, the market share of the Group's principal business and the relationship between important customers groups are in a stable state. Under the premise of ensuring high-quality business with stable income, the Group has gained its core advantages by, among others, exploring operation and maintenance market, improving service capabilities and refining management, in an effort to seek potential customers in new markets and regions.

   According to the Group's analysis of the current product market, the overall development distribution is uneven, and the lower-tier domestic market has been significantly developing its own potential. With the enhancement of spending power and urban construction, the demand in the lower-tier market will be further expanded. Combining with China's new energy vehicles subsidy policy in rural market, we will understand and deploy non-first and second-tier regions in advance to broaden the Group's business coverage.

   In terms of energy storage products, the Group will rely on the brand advantage of "Titans" to focus on exploring the market for energy storage facilities on the side of traditional thermal power sources and new energy power generation.

   Through the above measures, the Group strives to achieve rapid growth in revenue from principal operation in 2021.

2. *Adjusting and controlling costs and expenses as well as establishing a reasonable supply chain system*

   Based on the operating conditions in 2020, the Group realizes that there is still room for improvement in costs and expenses related to production. The Group will adopt more refined control measures, establish special task teams to effectively monitor and evaluate all links in the production process, and establish effective management of personnel and production materials, in order to further increase production capacity and control costs.

   In addition, a new round of optimization was carried out on the production supply chain, taking into account of both low cost and high efficiency. According to the plan, in 2021, we will focus on promoting the regular product standardization process, paying attention to the impact of design schemes on product costs, optimizing the internal communication costs of the production process, and pursuing the improvement of order delivery efficiency.

3. *Adjusting functional departments to improve efficiency and improving market information analysis capabilities*

   The market environment is changing rapidly and opportunities are fleeting. The Group has established a new functional department for marketing and information processing purposes. The major duties of this department will be focusing on the overall planning of brand building, market information collection, customer management and new product incubation. The Directors believe that the implementation of the functions of the new department will help the Group understand its position in market competition more accurately, and then provide support for the accuracy of judgments in production, operation and investment.

4. *Strengthening contract management and reducing posterior risks*

   The daily business activities of an enterprise are closely related to contracts, and the ability and level of contract management directly affect the healthy and sustainable development of the enterprise. In 2021, the Group will strengthen the legal review of contract management, further strengthening litigation and arbitration works in order to reduce posterior risks.

FINANCIAL REVIEW

Revenue

Our revenue decreased from RMB301,214,000 for the year ended 31 December 2019 to RMB275,592,000 for the year ended 31 December 2020, representing a decrease of approximately 8.51%. The decrease in the Group's revenue is mainly attributable to the outbreak and control of the novel coronavirus epidemic during the Reporting Period, which not only weakened economic activity in the market, but also put pressure on the supply, production and sales of the Group's major products, resulting in a decline in the Group's overall revenue this year. Among which, electrical DC products decreased by 12.98%, electric vehicle equipment decreased by 4.39%, charging services for electric vehicles increased by 3.49% and others decreased by 35.32%.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, decreased by approximately 2.63% from RMB212,932,000 for the year ended 31 December 2019 to RMB207,328,000 for the year ended 31 December 2020. The decreased in cost of sales was main attributable to the decreased 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 2019 and 2020:

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Gross Profit (loss) *RMB'000*	**Percentage of total gross profit (loss)** %	**Gross profit (loss) margin** %	Gross Profit *RMB'000*	Percentage of total gross profit %	Gross profit margin %
Electrical DC products	**25,382**	**37.18**	**21.92**	33,515	37.96	25.19
Charging equipment for electric vehicles	**44,040**	**64.51**	**31.79**	49,916	56.54	34.45
Construction under BOT arrangements	**–**	**–**	**–**	351	0.40	27.17
Charging services for electric vehicles	**(2,196)**	**(3.22)**	**(11.66)**	4,235	4.80	23.27
Others	**1,038**	**1.53**	**42.87**	265	0.30	7.08
Total/average	**68,264**	**100**	**24.77**	88,282	100	29.31

Our gross profit decreased by approximately 22.68% from RMB88,282,000 for the year ended 31 December 2019 to RMB68,264,000 for the year ended 31 December 2020. Our gross profit margin decreased from approximately 29.31% for the year ended 31 December 2019 to approximately 24.77% for the year ended 31 December 2020. The decrease in gross profit margin as compared to that of the corresponding period of last year was primarily due to the principal business being affected by the novel coronavirus epidemic during the Reporting Period, leading to the decline in revenue and the increase in competition and price reductions.

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, decreased by approximately 37.23% from RMB20,821,000 for the year ended 31 December 2019 to RMB13,070,000 for the year ended 31 December 2020.

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 RMB824,000, decrease in interest income from loan receivables of RMB4,492,000, and decrease in VAT refund of RMB1,959,000 during the year.

Selling and distribution expenses

Our selling and distribution expenses, which mainly comprised the relevant expenses in sales and after-sales services, salaries of sales personnel, benefits and travelling expenses, and office expenses, entertainment expenses and other expenses, increased by approximately 4.40% from RMB46,885,000 for the year ended 31 December 2019 to RMB48,946,000 for the year ended 31 December 2020. Our selling and distribution expenses as a percentage of revenue increased from approximately 15.57% for the year ended 31 December 2019 to approximately 17.76% for the year ended 31 December 2020. The increase in the Group's selling and distribution expenses was mainly due to the following integrated factors during the Reporting Period: (1) sales-related expenses such as salaries, travelling and entertainment expenses increased by approximately RMB2,173,000; (2) sales-related expenses such as office and advertising expenses decreased by approximately RMB677,000; (3) sales-related fees such as bid-winning services fees decreased by approximately RMB607,000; (4) sales-related expenses such as transportation, installing and testing expenses increased by approximately RMB44,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses increased by approximately RMB1,128,000.

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 4.09% from RMB61,544,000 for the year ended 31 December 2019 to RMB59,029,000 for the year ended 31 December 2020. Our administrative and other expenses as a percentage of revenue increased from approximately 20.43% for the year ended 31 December 2019 to approximately 21.42% for the year ended 31 December 2020. The decrease of approximately RMB2,515,000 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 RMB837,000; (2) bank charges and payment to lawyers and professionals decreased by approximately RMB3,844,000; (3) rental, transportation and other taxes increased by approximately RMB401,000; (4) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management decreased by approximately RMB873,000; (5) asset handling fees decreased by approximately RMB2,982,000; (6) expenses such as salaries, research and development and depreciation expenses relating to management increased by approximately RMB6,231,000; and (7) amortization and other sundry expenses decreased by approximately RMB610,000.

Share of results of associates

As at 31 December 2020, the Group owned 20% (as at 31 December 2019: 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 RMB3,000.

As at 31 December 2020, the Group owned 49% (as at 31 December 2019: 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 RMB31,000.

As at 31 December 2020, the Group owned 20% (as at 31 December 2019: 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 RMB32,000.

As at 31 December 2020, the Group owned 30.96% (as at 31 December 2019: 36%) 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 RMB2,547,000.

As at 31 December 2020, the Group owned 11% (as at 31 December 2019: 11%) equity interests in Zhuhai Huada Taineng Smart Energy Co., Ltd* (珠海華大泰能智慧能源有限公司) ("Huada Taineng"). Huada Taineng is principally engaged in the research and development, manufacturing and sales of photovoltaic power and microgrid equipment. Huada Taineng was accounted for as the Group's associate, and the Group's share of loss from Huada Taineng during the Reporting Period was approximately RMB5,000.

As at 31 December 2020, the Group owned 20% (as at 31 December 2019: 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 RMB500,000.

Finance costs

Our finance costs increased by approximately 16.27% from RMB9,655,000 for the year ended 31 December 2019 to RMB11,226,000 for the year ended 31 December 2020. Our finance costs as a percentage of revenue increased from approximately 3.21% for the year ended 31 December 2019 to approximately 4.07% for the year ended 31 December 2020. The increase in our finance costs was mainly due to the decrease in effective interest expense on the capitalisation.

Income tax credit

Our income tax credit was RMB1,069,000 for the year ended 31 December 2020 whereas income tax credit was RMB1,043,000 for the year ended 31 December 2019. The effective tax rate (being the ratio of our tax credit to our loss before tax) for the year ended 31 December 2020 was -3.4% (2019: -2.1%).

Loss attributable to non-controlling interests

For the year ended 31 December 2020, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB589,000, as compared with a loss of approximately RMB1,189,000 for the year ended 31 December 2019. This amount represents the loss of the Company's non-wholly owned subsidiaries.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2020 was RMB29,622,000 whilst loss for the year ended 31 December 2019 was RMB47,603,000, representing a decrease of RMB17,981,000.

The significant decrease in loss attributable to owners of the Company was mainly due to: (1) reversal of impairment losses on loan receivables; and (2) proceeds from disposal of associates.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2020 was approximately RMB31,285,000 whilst total comprehensive expense for the year ended 31 December 2019 was approximately RMB41,580,000, representing a decrease of approximately RMB10,295,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2019 and 2020:

	Year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**11,285**	**10.56**	14,243	17.62
Work-in-progress	**9,040**	**8.46**	9,407	11.64
Finished goods	**86,553**	**80.98**	57,186	70.74
	106,878	**100.00**	80,836	100.00

The Group's inventory balances increased from RMB80,836,000 as at 31 December 2019 to RMB106,878,000 as at 31 December 2020.

Our average inventory turnover days increased from approximately 139 days for the year ended 31 December 2019 to approximately 165 days for the year ended 31 December 2020. The increase was due to the epidemic resulting in decrease 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 2020.

Analysis on Trade and Bills Receivables

As at 31 December 2019 and 2020, our trade and bills receivables (net of allowance) amounted to RMB266,922,000 (comprising trade receivables of RMB258,756,000 and bills receivables of RMB8,166,000) and RMB248,509,000 (comprising trade receivables of RMB247,503,000 and bills receivables of RMB1,006,000) respectively. The decrease in trade and bills receivables was mainly due to the decrease 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 2019 and 2020:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Net amount		Net amount	
	RMB'000	*%*	*RMB'000*	*%*
0 to 90 days	**137,812**	**55.69**	131,302	50.74
91 days to 180 days	**24,719**	**9.99**	23,425	9.05
181 days to 365 days	**49,164**	**19.86**	57,180	22.10
Over 1 year to 2 years	**23,050**	**9.31**	24,809	9.59
Over 2 years to 3 years	**12,758**	**5.15**	22,040	8.52
Total	**247,503**	**100%**	258,756	100.00

Our key product, namely electrical DC product series, is being supplied to, among others, power generation plants and power grid companies. Sales are recognised upon product delivery which may be before the date when the trade receivables are due for payment. Our customers are only required to pay us the purchase price pursuant to the terms of the sales contracts. In respect of the sale of our electrical DC products, we may require the payment of a deposit of 10% of the total contract sum to be paid after the signing of the contract, and 80% of the contract sum to be paid by the customer after our products have been delivered and satisfactorily installed and tested. It is normally stipulated in the contract that the balance of 10% will be withheld, being the retention money as a form of product performance surety, and will be paid by the customer to us 12 to 18 months after on-site installation and testing for the 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 2020, we made an impairment loss on trade receivables of approximately RMB3,995,000 (2019: approximately RMB1,107,000).

Analysis on Trade and Bills Payables

As at 31 December 2019 and 2020, our trade and bills payables amounted to approximately RMB116,106,000 (comprising trade payables of approximately RMB88,010,000 and bills payables of approximately RMB28,096,000) and approximately RMB117,605,000 (comprising trade payables of approximately RMB79,355,000 and bills payables of approximately RMB38,250,000 respectively. Trade and bills payables slightly increased. For the years ended 31 December 2019 and 2020, our trade and bills payable turnover days were approximately 151 days and approximately 182 days respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2019 and 2020:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 90 days	**70,041**	72,126
91 days to 180 days	**34,776**	21,743
181 days to 365 days	**4,719**	13,314
1 year to 2 years	**4,612**	4,430
Over 2 years	**3,457**	4,493
	117,605	116,106

Indebtedness

The following table sets out our indebtedness as at 31 December 2019 and 2020.

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	RMB'000	***Interest rates***	*RMB'000*	*Interest rates*
Current				
Bank borrowings	**90,660**	**4.79% to 4.85%**	79,001	5.66% to 6.53%
Other borrowings	**22,555**	**7% to 14.44%**	28,890	7% to 14.44%
Non-current				
Bank borrowings	**52,624**	**5.88%**	64,238	5.88% to 6.64%
Other borrowings	**3,000**	**7%**	12,055	7% to 14.44%
	168,839		184,184	

As at 31 December 2020, total bank borrowings and other borrowings amounted to RMB168,839,000 (as at 31 December 2019: RMB184,184,000), among which RMB168,839,000 were secured loans (as at 31 December 2019: RMB184,184,000) and none of them were unsecured loans (as at 31 December 2019: Nil). Bank borrowings as at 31 December 2020 were subject to the floating interest rates ranging from 4.79% to 5.88% per annum (as at 31 December 2019: from 5.66% to 6.64% 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 2020. The capital of the Group only comprises ordinary shares.

As at 31 December 2020, the total equity of the Group amounted to RMB504,893,000 (as at 31 December 2019: RMB544,344,000), the Group's current assets were RMB549,081,000 (as at 31 December 2019: RMB580,091,000) and current liabilities were RMB254,706,000 (as at 31 December 2019: RMB246,083,000). As at 31 December 2020, the Group had short-term bank deposits, bank balances and cash of RMB72,803,000 (as at 31 December 2019: RMB100,152,000), excluding restricted bank balances of RMB19,224,000 (as at 31 December 2019: RMB19,393,000). Our total assets less our total liabilities equals to our net assets, which was RMB504,893,000 as at 31 December 2020 (as at 31 December 2019: RMB544,344,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2020, the Group had aggregate amount of outstanding bank borrowings and other borrowings of RMB168,839,000 (as at 31 December 2019: RMB184,184,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was 20.43% as at 31 December 2020.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the year ended 31 December 2020.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2020, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2020 and the date of this announcement, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB26,921,000 (as at 31 December 2019: approximately RMB16,930,000) in respect of investment, factory renovation and purchase of equipment.

Save as disclosed above, as at 31 December 2020 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 RMB149,705,000 as at 31 December 2020 (as at 31 December 2019: approximately RMB156,887,000) were pledged to secure the bank borrowings and other facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2020, the Group had 410 employees in total (as at 31 December 2019: 438 employees). The remuneration paid to our employees and Directors is based on experience, responsibility, workload and the time devoted to the Group.

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

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

SHARE OPTION SCHEME

The Company adopted the share option scheme on 8 May 2010 (the "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 RMB484,000 (2019: exchange gain of RMB2,987,000). 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 2020. As at 31 December 2020, 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 2020.

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 2020.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 18 June 2021. 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, 18 June 2021, the register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 June 2021.

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 2020 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 2020.

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 2020.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Group's internal controls and financial reporting matters, including the review of the audited final results of the Group for the year ended 31 December 2020.

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 2020 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 2020.

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 2020 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, 26 March 2021

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