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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 2023

FINANCIAL HIGHLIGHTS

– Revenue increased from approximately RMB344,848,000 to RMB374,277,000 as compared to last year.

– Loss for the year attributable to owners of the Company amounted to approximately RMB43,979,000 as compared to loss of approximately RMB18,227,000 in 2022.

– The Board did not recommend the payment of any final dividend for the year ended 31 December 2023.

* *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 2023 together with comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	NOTES	***RMB'000***	*RMB'000*
Revenue	*4*	**374,277**	344,848
Cost of revenue		**(266,475)**	(234,529)
Gross profit		**107,802**	110,319
Other revenue and income	*6*	**15,802**	8,941
Other gains and losses	*7*	**5,653**	260
Selling and distribution expenses		**(68,453)**	(56,205)
Administrative and other expenses		**(80,016)**	(64,317)
Impairment losses in respect of interests in associates		**(697)**	–
Impairment losses of financial assets and contract assets, net		**(25,124)**	(12,939)
Share of results of associates		**2,782**	2,396
Finance costs	*8*	**(8,815)**	(9,726)
Loss before tax		**(51,066)**	(21,271)
Income tax credit	*9*	**4,763**	2,670
Loss for the year		**(46,303)**	(18,601)

	NOTE	2023 RMB'000	2022 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		**(10,993)**	(3,894)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**562**	77
Other comprehensive expense for the year, net of income tax		**(10,431)**	(3,817)
Total comprehensive expense for the year		**(56,734)**	(22,418)
Loss for the year attributable to:			
– Owners of the Company		**(43,979)**	(18,227)
– Non-controlling interests		**(2,324)**	(374)
		(46,303)	(18,601)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(54,410)**	(22,044)
– Non-controlling interests		**(2,324)**	(374)
		(56,734)	(22,418)
LOSS PER SHARE	*11*		
Basic (RMB)		**(3.41 cents)**	(1.97 cents)
Diluted (RMB)		**(3.41 cents)**	(1.97 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**155,024**	161,362
Right-of-use assets		**9,755**	7,052
Goodwill		**–**	–
Intangible assets		**13,498**	19,816
Interests in associates		**19,290**	22,326
Financial assets at fair value through other comprehensive income		**9,628**	20,621
Financial asset at fair value through profit or loss		**1,209**	2,834
Deferred tax assets		**16,704**	12,213
		225,108	246,224
Current assets			
Inventories		**192,099**	177,466
Trade receivables	*12*	**306,613**	299,547
Contract assets		**42,436**	32,411
Loan receivables		**–**	1,401
Prepayments, deposits and other receivables		**54,530**	48,366
Amounts due from associates		**841**	313
Finance lease receivable		**–**	187
Tax recoverable		**4,469**	3,362
Restricted bank balances		**32,979**	12,974
Bank balances and cash		**219,772**	84,713
		853,739	660,740

	NOTES	2023 RMB'000	2022 RMB'000
Current liabilities			
Trade and bills payables	*13*	**215,509**	196,989
Accruals and other payables	*13*	**8,431**	11,345
Contract liabilities		**62,906**	16,896
Amounts due to associates		**555**	458
Bank and other borrowings		**105,441**	111,202
Lease liabilities		**1,884**	–
Tax payable		**132**	975
		394,858	337,865
Net current assets		**458,881**	322,875
Total assets less current liabilities		**683,989**	569,099
Non-current liabilities			
Bank and other borrowings		**51,108**	53,381
Lease liabilities		**1,963**	–
Deferred tax liabilities		**12,281**	13,115
		65,352	66,496
Net assets		**618,637**	502,603
Capital and reserves			
Share capital		**13,093**	8,087
Share premium and reserves		**596,315**	482,963
Equity attributable to owners of the Company		**609,408**	491,050
Non-controlling interests		**9,229**	11,553
Total equity		**618,637**	502,603

1. GENERAL

China Titans Energy Technology Group Co., Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is 唐山國控科技創新投資集團有限公司 (Tangshan Guokong Science and Technology Innovation Investment Group Co., Limited*) ("Tangshan Guokong"), and its shares is ultimately owned by 唐山國控集團有限公司 ("Tangshan Guokong Group Company Limited"*) ("Tangshan Group"). The ultimate controlling party of Tangshan Group is 唐山市人民政府國有資產監督管理委員會 (Tangshan Municipal People's Government State-owned Assets Supervision and Administration Commission*) ("Tangshan SASAC") in the People's Republic of China (the "PRC").

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are (i) supply of power electric products and equipment; (ii) the leases of electric vehicles; and (iii) provision of charging services for electric vehicles and 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)")

New and amendments to HKFRSs that are mandatory effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Impact on application of Amendments to HKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual period beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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) 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:

	2023	2022
	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		
– DC Power system	**141,021**	123,813
– Charging equipment	**206,661**	198,377
Provision of charging services for electric vehicles	**26,517**	22,521
	374,199	344,711
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	**78**	137
	374,277	344,848

Disaggregation of revenue by timing of recognition

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**374,199**	344,711

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 reportable segments under HKFRS 8 are as follows:

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

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 2023

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Types of goods or service					
Sales of electric products	**141,021**	**206,661**	**–**	**–**	**347,682**
Provision of charging services for electric vehicles	**–**	**–**	**26,517**	**–**	**26,517**
Revenue from contracts with customers	**141,021**	**206,661**	**26,517**	**–**	**374,199**
Lease of electric vehicles	**–**	**–**	**–**	**78**	**78**
Segment revenue	**141,021**	**206,661**	**26,517**	**78**	**374,277**
Segment profit	**13,235**	**71,092**	**1,311**	**47**	**85,685**
Other revenue					**15,802**
Unallocated other gains and losses					**5,859**
Unallocated expenses					**(152,379)**
Share of results of associates					**2,782**
Finance costs					**(8,815)**
Loss before tax					**(51,066)**

Year ended 31 December 2022

	DC Power System *RMB'000*	Charging Equipment *RMB'000*	Charging Services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Types of goods or service					
Sales of electric products	123,813	198,377	–	–	322,190
Provision of charging services for electric vehicles	–	–	22,521	–	22,521
Revenue from contracts with customers	123,813	198,377	22,521	–	344,711
Lease of electric vehicles	–	–	–	137	137
Segment revenue	123,813	198,377	22,521	137	344,848
Segment profit	12,547	75,131	1,074	53	88,805
Other revenue					8,941
Unallocated other gains and losses					873
Unallocated expenses					(112,560)
Share of results of associates					2,396
Finance costs					(9,726)
Loss before tax					(21,271)

6. OTHER REVENUE AND INCOME

	2023	2022
	RMB'000	*RMB'000*
Value added tax ("VAT") refunds *(Note (a))*	**5,720**	2,979
Interest income on loan receivables	**29**	83
Interest income on finance lease receivable	**38**	53
Bank interest income	**415**	187
Government grants *(Note (b))*	**9,600**	5,639
	15,802	8,941

Notes:

(a) The amount represent the VAT refund in respect of sales of electric products qualified under the PRC tax bureau's policy.

(b) During the years ended 31 December 2023 and 2022, the government grants are subsidies received regarding the research and development on technology innovation and promotion of electric vehicles. As at 31 December 2023 and 2022, there are no unfulfilled conditions or contingencies relating to those subsidies and they are recognised as other income upon receipt.

7. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Loss on write-off of property, plant and equipment	**(205)**	(66)
Fair value loss on financial assets at FVTPL	**(1,625)**	(1,312)
Net exchange gain	**6,605**	622
Loss on disposal of plant and equipment	**(1)**	(547)
Gain on deemed partial disposal of an associate	**–**	1,563
Gain on partial disposal an associate	**879**	–
	5,653	260

8. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interests on:		
Bank borrowings	**8,440**	9,673
Other borrowings	**297**	53
Lease liabilities	**78**	–
	8,815	9,726

9. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
Deferred tax		
Current year	**4,763**	2,670

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023 (2022: nil), nor has any dividend been proposed since the end of the reporting period.

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:

	2023	2022
	RMB'000	*RMB'000*
Loss for the purpose of basic and diluted loss earnings per share	**(43,979)**	(18,227)

Number of shares

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss earnings per share	**1,290,091**	925,056

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**394,773**	365,808
Less: Allowance for impairment loss	**(88,160)**	(66,261)
	306,613	299,547

The Group allows an average credit period of 90 days (2022: 90 days) to its trade customers.

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.

	2023	2022
	RMB'000	*RMB'000*
0 – 90 days	**173,387**	160,624
91 – 180 days	**28,799**	25,931
181 – 365 days	**44,495**	57,495
1 – 2 years	**43,256**	49,398
2 – 3 years	**16,676**	6,099
	306,613	299,547

13. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**170,859**	144,261
Bills payables	**44,650**	52,728
Trade and bills payables	**215,509**	196,989
Accruals and other payables:		
Accruals	**7,528**	10,012
Other payables	**903**	1,333
	8,431	11,345

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:

	2023	2022
	RMB'000	*RMB'000*
0 – 90 days	**132,158**	126,710
91 – 180 days	**46,770**	57,695
181 – 365 days	**20,075**	4,797
1 – 2 years	**15,590**	6,900
Over 2 years	**916**	887
	215,509	196,989

The average credit period on purchases of goods is 90 days (2022: 90 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2023 (the "Reporting Period"), the Group recorded revenue of approximately RMB374,277,000, representing an increase of approximately 8.53% 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 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Electrical DC products	**141,021**	**37.68**	123,813	35.92
Charging equipment for electric vehicles	**206,661**	**55.22**	198,377	57.52
Charging services for electric vehicles	**26,517**	**7.08**	22,521	6.53
Others	**78**	**0.02**	137	0.03
Total	**374,277**	**100**	344,848	100

In 2023, the Group recorded a loss attributable to owners of the Company and total comprehensive expense attributable to owners of the Company of approximately RMB43,979,000 and RMB54,410,000, respectively, representing an increase of approximately RMB25,752,000 and approximately RMB32,366,000 as compared to the loss of approximately RMB18,227,000 and the total comprehensive expense of approximately RMB22,044,000 of last year.

Compared with 2022, 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 RMB141,021,000, representing an increase of approximately 13.90% over 2022.

Charging equipment for electric vehicles

During the Reporting Period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB206,661,000, representing an increase of approximately 4.18% over 2022. 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 for electric vehicles of approximately RMB26,517,000, representing an increase of approximately 17.74% as compared to that recorded in 2022. The Directors consider the increase in revenue from electric vehicle charging services was mainly due to the growth of domestic electric vehicles charging demand, leading to increase in the revenue of Company's charging services.

Others

During the Reporting Period, the Group's revenue of other businesses amounted to approximately RMB78,000, being the income from the sales of power storage products and the leasing business in relation to electric vehicles, representing a decrease of approximately 43.07% as compared to that recorded in 2022.

The Group's major operating activities in 2023:

During the Reporting Period, accompanied by the continued boost of several national policies related to the development of the new energy automobile industry, the industrial chain of new energy vehicles continued to maintain its rapid development.

According to the statistics released by China Electric Vehicle Charging Infrastructure Promotion Alliance, from January to December 2023, the sales volume of new energy vehicles was 9,495,000 units. The number of charging infrastructure increased by 3,386,000 units, representing a year-on-year increase of 30.6%, of which, public charging poles increased by 929,000 units, representing a year-on-year increase of 42.7%. The private charging poles built with vehicles increased by 2,458,000 units, representing a year-on-year increase of 26.6%. As of December 2023, the cumulative number of charging infrastructure nationwide was 8,596,000 units, representing a year-on-year increase of 65%, with 3,567 battery swap stations. The charging infrastructure and new energy vehicles continue to grow rapidly.

According to the data released by the China Electricity Council, in 2023, China's total electricity consumption was 9,220 billion kWh, representing a year-on-year increase of 6.7%. 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.

During the Reporting Period, total revenue from the Group's principal business was approximately RMB374,277,000, representing a year-on-year increase of 8.53%. The main operating conditions are set out as below:

1. *Electrical DC products*

   During the Reporting Period, the Group's electrical DC products recorded a revenue of approximately RMB141,021,000, representing a year-on-year increase of 13.90%.

   The Group still adopts the sales model of "direct sales + agency". After 31 years of intensified development in the electrical DC industry, the Group has a deep understanding of its technology and market. During the Reporting Period, our traditional electrical DC products won the bid for several procurement projects of Guangdong Province, Henan Province, Jilin Province, Inner Mongolia Autonomous Region and Fujian Province. In addition to being effectively applied in the semiconductor, automobile manufacturing, metallurgy and food production industries, the electricity-dazzling products of our new offerings were promoted to the chemical industry during the Reporting Period, through which the stability of the power system was improved, the downtime of equipment was reduced, the risk of damage to equipment was lowered, and the stable operation of customer's production equipment as well as safety in production was safeguarded.

2. *Charging equipment for electric vehicles*

During the Reporting Period, the Group's electrical DC products recorded a revenue of approximately RMB206,661,000, representing a year-on-year increase of 4.18%.

Since Titans entered the new energy vehicles charging business in 2005, it has insisted on independent research and development and innovation to provide the market with a full range of charging equipment. In 2023, we even launched a supercharging terminal based on liquid-cooling technology. Liquid-cooling technology not only reduces the internal temperature of charging equipment, but also improves the conversion efficiency and stability of charging equipment. Liquid-cooled supercharger has powerful performance, stable functions and flexible allocation, and can cover most of the charging scenarios. During the Reporting Period, the product has been put into operation at the supercharging demonstration stations in Beijing, Shanghai, Guangdong, Hubei and other regions, and has been widely recognised by the market.

During the Reporting Period, leveraging on our professional brand reputation, high-quality services, reliable product functions and efficient responsiveness, Titans Group successively won the bids of numerous procurement projects of charging equipment for electric vehicles including large-scale state-owned enterprises like China Tower Corporation Limited, China Southern Power Grid Co., Ltd., and China National Petroleum Corporation ("PetroChina"). Among them, the charging equipment provided for PetroChina's charging stations has covered the provinces and cities like Shanxi, Beijing, Sichuan, Hainan, Jiangsu, Shandong and Guangxi. As of the end of 2023, Titans had supplied equipment and services to approximately 80 PetroChina charging stations.

In addition to providing powerful charging services for new energy passenger cars and buses, in terms of charging for heavy electric trucks, the Group constructed dozens of charging equipment for heavy trucks for six cities, namely, Baotou City in the Inner Mongolia Autonomous Region, Xingtai City in Hebei Province, Shenyang City in Liaoning Province, Beijing City, Datong City and Changzhi City in Shanxi Province during the Reporting Period. In terms of battery swapping for heavy electric trucks, the Group deployed several sets of advanced battery swapping technology equipment in Yangquan City, Shanxi Province, to solve the problem of rapid replenishment of power for heavy electric trucks. Such charging and replaceable equipment has the advantages of intelligence, automation, high efficiency and low energy consumption, and is capable of realizing full life-cycle data monitoring of the equipment, which significantly improves the operational efficiency of heavy trucks.

3. *Charging services for electric vehicles*

During the Reporting Period, revenue from charging services for electric vehicles amounted to approximately RMB26,517,000, representing a year-on-year increase of 17.74%. During the Reporting Period, with regards to investments and operations, we focused on the further development of existing stations, aiming at increasing the number of effective stations, optimizing and upgrading the host equipment of the existing stations to improve the quality of service, expanding a wide network of franchisees and cooperators, and carrying out joint activities on platforms as well as marketing activities to increase revenues, while conducting management of the entire product lifecycle on the charging poles products of electric vehicles. In terms of research and development, the Group emphasized the delivery of software research and development and optimized those functions with higher market demands. These include upgraded features such as remote power adjustment of charging poles, monitoring of battery status to ensure vehicle charging safety and provision of credit charging on a pay-in-arrears-after-power-charging basis, laying the foundation for subsequent application in overseas markets.

4. *Supporting measures*

During the Reporting Period, the information technology department, in collaboration with the production and supply chain department, introduced the Manufacturing Execution System (MES) to improve the automation and intelligence of the workshop production process management through information integration and sharing, so as to gradually realize a digital intelligent factory. Human resources are closely centered on the Company's operational priorities and team effectiveness, and resources are rationally allocated. During the Reporting Period, the Group continued to provide employees with a wide variety of training programs covering a wide range of areas and organized staff skills competitions to promote skills enhancement through competitions. At the same time, the Group actively promoted the development of cadres and cross-competency training as key programs, and conducted regular talent assessments to ensure that duties and roles were fulfilled.

Future business prospect and plans

In 2024, the new energy automobile industry is still the national key development industry, it is expected that by 2025 the new energy automobile ownership will exceed 40 million volume. With the intensive catalyzing of the charging pole policy, as well as the collaborative construction of the distribution network, the charging infrastructure construction will continue to gain momentum.

In January 2024, the National Development and Reform Commission and other three Ministries and Commissions issued the "Implementation Opinions on Strengthening the Integration and Interaction Between New Energy Vehicles and Power Grids", which makes it clear that by 2030, China's vehicle-grid interaction technical standard system will be basically completed, the market mechanism will be more improved, the vehicle-grid interaction will be applied on a large scale, the intelligent and orderly charging will be comprehensively promoted, and the new energy vehicles will become an important part of the electrochemical energy storage system, and we will strive to provide the power system to provide ten million kilowatts of two-way flexibility adjustment ability. Encouraging cooperation between power grid enterprises and charging operators to establish an efficient interaction mechanism between the power grid and battery charging and swapping stations, and enhance the power response adjustment ability of battery charging and swapping stations. Encouraging charging operators to build integrated optical storage and charging stations according to local conditions, and promote the integrated development of transport and energy.

In February 2024, the Ministry of Transport issued the "Notice on Accelerating the Construction of Charging Infrastructure in Highway Service Areas in 2024" (the "Notice"), which made it clear that this year, China plans to add 3,000 charging poles and 5,000 charging parking spaces in highway service areas and continue to improve the powerful charging services capacity along highways. According to the requirements of the Notice, by the end of this year, the coverage rate of charging poles in highway service areas in regions other than high-cold and high-altitude should reach 100%.

In March 2024, the National Development and Reform Commission and the National Energy Board issued the "Guiding Opinions on the High-Quality Development of Distribution Grids under New Circumstances", pointing out that by 2025, the distribution grid network structure will be stronger and clearer, with reasonably abundant supply and distribution capacity, the carrying capacity and flexibility of distribution grids will be significantly improved, with about 500 million kilowatts of distributed new energy and 12 million charging piles accessing capacity, the active distribution grid will be compatible with the large power grid, the digital transformation of the distribution grid will be comprehensively promoted, and the open sharing system will be gradually formed to support diversified and innovative development, the intelligent regulation and operation system will be accelerated and upgraded, and the coordination and interaction of the vehicle and network and the new energy source and energy storage technologies will be promoted in the areas with the conditions.

In China's dual-carbon target strategy, the electrification of transport and the reform of new energy power are regarded as two core strategies. Charging infrastructure happens to carry the dual transformation of new energy vehicles and new power systems, playing the key role of information interaction hub and energy management node, and charging infrastructure is urgently needed to move towards high-quality development. The Group will respond positively to China's development needs, make full use of the existing conditions, continue to improve its products and technologies, actively expand its business areas and further enhance the overall image of the Group. The following are the Group's business and management priorities for 2024:

1. *Improving the production and sales system, and actively expanding the market territory*

   In terms of manufacturing, the Group will focus on improving the workshop support of the new plant of approximately 17,400 square meters in Tangshan, Hebei Province, as well as upgrading the existing design and process of the Zhuhai plant in Guangdong Province, optimizing the inspection equipment, and continuing to push forward the transformation of digital and intelligent production. In terms of sales and marketing, the Group will optimize and upgrade the sales management system, integrate the product lines, optimize market penetration and expand market share. Based on stabilizing the existing high-power fast charging market and intelligent flexible charging market, we will further promote the implementation of standardized products. Increase investment in heavy truck battery charging and swapping projects, focusing on the urgent need for electrification of heavy trucks, relying on the accumulated experience in implementing heavy truck battery swapping projects, exploring in-depth customer groups of heavy trucks for battery swapping, and laying out intelligent heavy truck battery charging and swapping stations at key nodes of the logistics system. The Group will continue to optimize its industrial chain structure with the goal of achieving high-quality development.

2. *Restarting new projects for investment, construction and operation of charging stations*

Due to the prolonged COVID-19 pandemic and its severe impact on the economy, the Group quickly adjusted its development strategy in 2020 and decided to suspend its investment in self-operated charging station projects. During this period, the Group focused on improving the use and management of the platform and its computing services, and the "EV Link" platform was continuously upgraded and iterated to better meet the charging operation and management. With the end of the pandemic and the gradual recovery of the economy, governments have increased their support and capital investment in infrastructure facilities. Among them, in the "Development Plan for Charging Infrastructure Construction in Tangshan City (2023-2025)", the focus is on promoting the comprehensive coverage of the charging service network in Tangshan City and creating a new engine for the high-quality development of charging infrastructure in Tangshan City. Accordingly, the Group plans to restart its investment and operation business, with Tangshan City as the key development city, and plans to invest in the construction of new energy battery swapping stations and new energy battery charging stations within the Caofeidian District of Tangshan City, as well as the construction of charging station demonstration projects in its urban areas and farms. Leveraging on its accumulated investment and construction experience in the past, the Group will focus on promoting the construction of comprehensive intelligent energy service stations and the popularization of integrated products of light, storage, charging and swapping, and improving the level of battery charging services, with high-quality battery charging equipment products and continuously optimized technology as the core, in combination with modern means of investment and financing, and with a constantly innovative business model. By leveraging the synergistic effect of the Group's various business areas and the combination of points, lines and surfaces of battery charging stations, the effective development of the northern market will be realized as soon as possible.

3. Strengthening research and development, enhancing the core competitiveness of products

In terms of product research and development and technology, we will maintain the core technology advantages of power electronics, achieve breakthroughs in intelligent power products, plan and develop a new monitoring product system, and upgrade the existing battery charging pole products from the three dimensions of power, heat dissipation and safety, especially the upgraded entire liquid-cooled super-charging series products with liquid-cooled heat dissipation, which can reach a power of 720 kilowatts, with an average efficiency of 96%, and help technological upgrading and development of the industry. Meanwhile, the Group will complete the upgrade of all standard products, the supplementation of small-power featured products, and the landing of new-generation industrial and commercial energy storage systems, BMS control systems, and high-power electricity dazzling products. In terms of platforms, the Group will focus on strengthening the construction of monitoring product platforms, software platforms and system integration capabilities, and continue to shape and enhance the core competitiveness of its products by focusing on customer needs. At the same time, the Group will strengthen its cooperation with the research and development teams of various universities and continue to iterate its existing products and reserve new technologies ahead of time, aiming to produce safer, more efficient and intelligent products to improve the future market suitability.

4. Optimizing internal management and enhancing comprehensive resilience

Focus on enhancing digital production, optimizing the use of the MES system in the production process, continuously improving the integration of business and finance, optimizing and expanding the product lifecycle management ("PLM") system, and enhancing overall work efficiency. The Group will strengthen the training of management cadres, improve management capability, promote the development of cross-competence in the form of job rotation, optimize the personnel structure and continue to promote the rejuvenation of cadres. Also, it will deepen the assessment mechanism by combining Key Performance Indicators (KPI) and the Objectives and Key Results (OKR) method, promote the introduction of AI tools into office application scenarios, enhance the overall quality and work efficiency of employees, and build an efficient team.

5. Leveraging on the state-owned platform to create a better future

With the introduction of a 38% equity stake in state-owned capital through a reserved capital increase in 2023, the Group will fully utilize the advantages of the state-owned capital operation platform to actively empower the Company in terms of strategy, finance, operation and management. Through the synergistic development of the state-owned platform and the listed platform in multiple dimensions, the Group will promote the high-quality development of itself. Firstly, we will work together to improve the layout of the new energy industry chain in which the Group is located, and jointly invest in the construction of new energy infrastructures such as air-cooled and liquid-cooled charging and swapping stations, charging and swapping stations for heavy trucks, and industrial and commercial energy storage systems. Secondly, both parties will jointly conduct in-depth market development, maintain existing mainstream customers while expanding promotional channels, and proactively seek new points of convergence between products and market demand, so as to enhance the Group's market position in the industry. In addition, we will work together to build the foundation for the development of the enterprise by jointly exploring and formulating the enterprise's external investment strategy, strengthening and supplementing the construction of various qualification certificates, and stepping up the research and development of independent innovations, so as to improve the enterprise's internal skills. Finally, relying on the strengths of state-owned enterprises, we will continue to implement organizational integration and reform, and vigorously promote the deep integration of functions and businesses, so as to give full play to the unique and comprehensive competitiveness of "state-owned enterprises + listed companies".

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB344,848,000 for the year ended 31 December 2022 to approximately RMB374,277,000 for the year ended 31 December 2023, representing an increase of approximately 8.53%. 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 increased by approximately 13.90%, charging equipment for electric vehicle increased by approximately 4.18%, charging services for electric vehicles increased by approximately 17.74% and others decreased by approximately 43.07%.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 13.62% from RMB234,529,000 for the year ended 31 December 2022 to RMB266,475,000 for the year ended 31 December 2023. 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 2023 and 2022:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	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	**33,411**	**30.99**	**23.69**	28,803	26.11	23.26
Charging equipment for electric vehicles	**72,836**	**67.57**	**35.24**	80,265	72.76	40.46
Charging services for electric vehicles	**1,534**	**1.42**	**5.78**	1,196	1.08	5.31
Others	**21**	**0.02**	**27.15**	55	0.05	40.14
Total/average	**107,802**	**100**	**28.80**	110,319	100	31.99

Our gross profit decreased by approximately 2.28% from RMB110,319,000 for the year ended 31 December 2022 to RMB107,802,000 for the year ended 31 December 2023. Our gross profit margin decreased from approximately 31.99% for the year ended 31 December 2022 to approximately 28.80% for the year ended 31 December 2023. 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 charging equipment for electric vehicle 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, increased by approximately 76.74% from RMB8,941,000 for the year ended 31 December 2022 to RMB15,802,000 for the year ended 31 December 2023.

The increase in other revenue of the Group was mainly attributable to the combined effects of factors such as the increase in subsidies received from the government by approximately RMB4,000,000 in 2023.

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 21.79% from RMB56,205,000 for the year ended 31 December 2022 to RMB68,453,000 for the year ended 31 December 2023. Our selling and distribution expenses as a percentage of revenue increased from approximately 16.29% for the year ended 31 December 2022 to approximately 18.29% for the year ended 31 December 2023. 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 RMB8,529,000; (2) sales-related fees such as bid-winning services fees increased by approximately RMB776,000; (3) sales-related expenses such as office and advertising expenses increased by approximately RMB422,000; (4) sales-related expenses such as transportation, installing and testing expenses increased by approximately RMB1,720,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses increased by approximately RMB801,000.

Administrative and other expenses

Our administrative and other expenses, which mainly comprised, inter alia, management and back office staff costs, research and development expenses, travelling expenses and entertainment expenses, and foreign exchange gain and loss etc., increased by approximately 24.41% from RMB64,317,000 for the year ended 31 December 2022 to RMB80,016,000 for the year ended 31 December 2023. Our administrative and other expenses as a percentage of revenue increased from approximately 18.65% for the year ended 31 December 2022 to approximately 21.38% for the year ended 31 December 2023. The increase of approximately RMB15,699,000 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 increased by approximately RMB10,934,000; (2) bank charges and payment to lawyers and professionals increased by approximately RMB1,352,000; (3) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management increased by approximately RMB1,026,000; (4) amortization and other sundry expenses increased by approximately RMB189,000; (5) expenses such as benefits, travelling and entertainment expenses relating to management increased by approximately RMB1,684,000; and (6) rental, transportation and other taxes increased by approximately RMB514,000.

Share of results of associates

As at 31 December 2023, the Group owned 49% (as at 31 December 2022: 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 profit from Jiaoyun Titans during the Reporting Period was approximately RMB3,000.

As at 31 December 2023, the Group owned 20% (as at 31 December 2022: 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 loss from Qingdao Titans during the Reporting Period was approximately RMB32,000.

As at 31 December 2023, the Group owned 9.4% (as at 31 December 2022: 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 RMB1,850,000.

As at 31 December 2023, the Group owned 17% (as at 31 December 2022: 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 RMB961,000.

Finance costs

Our finance costs decreased by approximately 9.37% from RMB9,726,000 for the year ended 31 December 2022 to RMB8,815,000 for the year ended 31 December 2023. Our finance costs as a percentage of revenue decreased from approximately 2.82% for the year ended 31 December 2022 to approximately 2.36% for the year ended 31 December 2023. The decrease in our finance costs was mainly due to the decrease in the average borrowing costs of borrowings.

Income tax credit

Our income tax credit was approximately RMB4,763,000 for the year ended 31 December 2023 whereas our income tax credit was approximately RMB2,670,000 for the year ended 31 December 2022. The effective tax rate (being the ratio of our tax credit to our profit before tax) for the year ended 31 December 2023 was approximately 9.33% (2022: approximately 12.55%).

Loss attributable to non-controlling interests

For the year ended 31 December 2023, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB2,324,000, as compared with a loss of approximately RMB374,000 for the year ended 31 December 2022. 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 2023 was approximately RMB43,979,000 whilst loss attributable to owners of the Company for the year ended 31 December 2022 was approximately RMB18,227,000, representing an increase of loss of approximately RMB25,752,000.

The reason of the increase in loss 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 2023 was approximately RMB54,410,000 whilst total comprehensive expense for the year ended 31 December 2022 was approximately RMB22,044,000, representing an increase of approximately RMB32,366,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2023 and 2022:

	Year ended 31 December			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**10,618**	**5.53**	10,962	6.18
Work-in-progress	**18,923**	**9.85**	16,635	9.37
Finished goods	**162,558**	**84.62**	149,869	84.45
	192,099	**100**	177,466	100

The Group's inventory balances increased from approximately RMB177,460,000 as at 31 December 2022 to approximately RMB192,099,000 as at 31 December 2023.

Our average inventory turnover days increased from approximately 240 days for the year ended 31 December 2022 to approximately 253 days for the year ended 31 December 2023. The increase was due to the increase in sales of major products during the Reporting Period.

Analysis on Trade Receivables

As at 31 December 2022 and 2023, our trade receivables (net of allowance) amounted to approximately RMB299,547,000 and approximately RMB306,613,000, respectively. Trade receivables has also increased with the increase in sales of the Company.

The table below sets forth the ageing analysis of our trade receivables by date of delivery of goods as of 31 December 2023 and 2022:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Net amount		Net amount	
	RMB'000	*%*	*RMB'000*	*%*
0 to 90 days	**173,387**	**56.55**	160,624	53.62
91 days to 180 days	**28,799**	**9.39**	25,931	8.66
181 days to 365 days	**44,495**	**14.51**	57,495	19.19
Over 1 year to 2 years	**43,256**	**14.11**	49,398	16.49
Over 2 years to 3 years	**16,676**	**5.44**	6,099	2.04
Total	**306,613**	**100**	299,547	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) increase in the trade receivables, as a result of increase in revenue.

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 2023, we made an impairment loss on trade receivables of approximately RMB25,991,000 (2022: approximately RMB12,940,000).

Analysis on Trade and Bills Payables

As at 31 December 2022 and 2023, our trade and bills payables amounted to approximately RMB196,989,000 (comprising trade payables of approximately RMB144,261,000 and bills payables of approximately RMB52,728,000) and approximately RMB215,509,000 (comprising trade payables of approximately RMB170,859,000 and bills payables of approximately RMB44,650,000, respectively. Trade and bills payables slightly increased. For the years ended 31 December 2022 and 2023, our trade and bills payable turnover days were approximately 223 days and approximately 250 days, respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**132,158**	126,710
91 days to 180 days	**46,770**	57,695
181 days to 365 days	**20,075**	4,797
1 year to 2 years	**15,590**	6,900
Over 2 years	**916**	887
	215,509	196,989

Bank and Other Borrowings

The following table sets out our bank and other borrowings as at 31 December 2023 and 2022.

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	RMB'000	***Interest rates***	*RMB'000*	*Interest rates*
Current				
Bank borrowings	**93,886**	**4.0% to 4.45%**	102,512	3.70% to 4.79%
Other borrowings	**11,555**	**4.5% to 7.92%**	8,690	4.5%
Non-current				
Bank borrowings	**51,108**	**5.43%**	53,381	5.53%
	156,549		164,583	

As at 31 December 2023, total bank borrowings and other borrowings amounted to approximately RMB156,549,000 (as at 31 December 2022: approximately RMB164,583,000), among which approximately RMB156,549,000 were secured loans (as at 31 December 2022: approximately RMB164,583,000) and none of them were unsecured loans (as at 31 December 2022: nil). Bank borrowings as at 31 December 2023 were subject to the floating interest rates ranging from 4.00% to 7.92% per annum (as at 31 December 2022: from 3.70% to 5.53% per annum).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Use of net proceeds from subscription

On 18 October 2022 (after trading hours), the Company entered into the subscription agreement (the "Subscription Agreement") with 唐山國控科創有限公司 (Tangshan Guokong Science and Technology Limited*) ("Tangshan Guokong"), the parent company of Tangshan Guokong Science and Technology Innovation Investment Group Co., Limited (唐山國控科技創新投資集團有限公司) (the "Offeror"), a company incorporated in Hong Kong with limited liability, to subscribe for 566,970,000 new ordinary Shares (the "Subscription Shares"). Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Tangshan Guokong has conditionally agreed to subscribe the Subscription Shares at HK$0.34 per Subscription Share (the "Subscription Price") for a total consideration of HK$192,769,800 (the "Subscription"). The aggregate nominal value of the Subscription Shares is HK$5,669,700. The market price of the Shares of the Company is HK$0.33 per Share as quoted on the Stock Exchange on 18 October 2022, being the date of the Subscription Agreement. The net issue price per Subscription Share will be approximately HK$0.332 per Subscription Share.

Reasons for the Subscription

In order to seize the opportunities under the PRC national strategy and achieve repaid growth, the Company has to seek financial and market resources during the process of its business expansion. It was considered that the Subscription will expand the Company's shareholder base, and, as a result of which, to further strengthening the market's confidence in the development of the Company in the long run. The date of completion is 11 May 2023 and the net proceeds from the Subscription, after deducting all relevant costs and expenses of the Subscription are approximately HK$188.29 million, and were utilized as follows:

Objective	Percentage of the total amount	Net proceeds	Utilised amount as of 31 December 2023	Unutilised net proceeds as of 31 December 2023	Expected time period of the balance to be fully utilized
		HK$ million	*HK$ million*	*HK$ million*	
Investments in the expansion of the charging services or electric vehicles business	50%	94.14	–	94.14	By the end of 2025
Investments in the expansion of the charging equipment for electric vehicles business	40%	75.32	24.11	51.21	By the end of 2024
General working capital of the Group	10%	18.83	12.90	5.93	By the end of 2024
Total	100%	188.29	37.01	151.28	

Saved as disclosed above, there has been no change in the capital structure of the Group during the year ended 31 December 2023. The capital of the Group only comprises ordinary shares.

As at 31 December 2023, the total equity of the Group amounted to approximately RMB618,637,000 (as at 31 December 2022: approximately RMB502,603,000), the Group's current assets were approximately RMB853,739,000 (as at 31 December 2022: approximately RMB660,740,000) and current liabilities were approximately RMB394,858,000 (as at 31 December 2022: approximately RMB337,865,000). As at 31 December 2023, the Group had bank balances and cash of approximately RMB219,772,000 (as at 31 December 2022: approximately RMB84,713,000), excluding restricted bank balances of approximately RMB32,979,000 (as at 31 December 2022: approximately RMB12,974,000). Our total assets less our total liabilities equals to our net assets, which was approximately RMB618,637,000 as at 31 December 2023 (as at 31 December 2022: approximately RMB502,603,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2023, the Group had aggregate amount of outstanding bank borrowings and other borrowings of approximately RMB156,549,000 (as at 31 December 2022: approximately RMB164,583,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was approximately 14.51% as at 31 December 2023.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the year ended 31 December 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2023 and the date of this announcement, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB9,170,000 (as at 31 December 2022: approximately RMB9,170,000) in respect of investment capital.

Save as disclosed above, as at 31 December 2023 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 RMB130,638,000 as at 31 December 2023 (as at 31 December 2022: approximately RMB137,727,000) were pledged to secure the bank borrowings and bank facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group had 442 employees in total (as at 31 December 2022: 396 employees). During the year ended 31 December 2023, total employees' remuneration amounted to approximately RMB61,230,000 (2022: approximately RMB59,101,000). 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 2022 and 2023, 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 2022 and 2023, 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 D2 to the Listing Rules.

For the two years ended 31 December 2022 and 31 December 2023, 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 RMB6,605,000 (2022: exchange gain of approximately RMB622,000). Such foreign exchange gain 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 2023. As at 31 December 2023, 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 2023.

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 2023.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 21 June 2024. 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, 21 June 2024, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024 (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, 17 June 2024.

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 C1 to the Listing Rules throughout the year ended 31 December 2023 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 C3 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 2023.

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 2023.

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 Ms. Jiang Yan, Mr. Li Xiang Feng and Mr.Liu Wei. Ms. Jiang Yan 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 2023.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2023. 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 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 28 March 2024. The work performed by Messrs. 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 HKICPA and consequently no opinion or assurance conclusion has been expressed by Messrs. SHINEWING (HK) CPA Limited on the preliminary announcement.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed herein, no important events took place subsequent to 31 December 2023.

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 2023 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
Gao Xia
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Xia, Mr. Li Xin Qing, Mr. Bi Jingfeng and Mr. An Wei, the non-executive Director of the Company is Mr. Jiang Wenqi, and the independent non-executive Directors of the Company are Mr. Li Xiang Feng, Mr. Liu Wei and Ms. Jiang Yan.

* *for identification purpose only*